Taiwan Fire & Marine Insurance Co., Ltd.

Financial Reports and ICPA's Review Report

First Quarter, 2023 and 2022

The reader is advised that these financial statements have been prepared originally in Chinese. These financial statements do not include additional disclosure information that is required for Chinese-language reports under the Regulations Governing the Preparation of Financial Reports by Insurance Enterprises. If there is any conflict between these financial statements and the Chinese version or any difference in the interpretation of the two versions, the Chinese language financial statements shall prevail.

Address: 8-9F., No. 49, Guanqian Rd., Taipei 100, Taiwan (R.O.C)

Tel: (02)2382-1666

§ TABLE OF CONTENTS §

ICPA's Review Report

To Taiwan Fire & Marine Insurance Co., Ltd.:

Prelude

We, as the CPAs, have completed the review of the balance sheets dated March 31 of 2023 and 2022 and the consolidated comprehensive income statement, consolidated statement of changes in equity, consolidated statement of cash flows, and consolidated financial statement from January 1 to March 31 of 2023 and 2022, including summaries of major accounting policies of Taiwan Fire & Marine Insurance Co., Ltd. Based on the Regulations Governing the Preparation of Financial Reports by Insurance Enterprises, and the International Accounting Standards No. 34 "Interim Financial Reporting" recognized and released by the Financial Supervisory Commission, the preparation of financial statements fairly presented is the responsibility of the management. The responsibility of the CPAs is to conclude the financial statements based on the result of review.

Scope

The CPAs have performed the review based on Statements on International Standard on Review Engagements (ISRE) 2410. The procedures performed during the review of financial statements include inquiries (mainly the inquiries to the personnel in charge of finance and accounting affairs), analytical procedures and other review procedures. The scope of review is apparently smaller than the scope of an audit; therefore the CPAs may not detect all the material matters that may be identifiable under audit, and thus no audit opinion may be provided.

Conclusion

Based on the results of review, as CPAs, we do not find any incompliance in the preparation of the above-mentioned financial statements, in all major respects, with the Regulations Governing the Preparation of Financial Reports by Insurance Enterprises and the International Accounting Standards No. 34 "Interim Financial Reporting" recognized and released by the Financial Supervisory Commission, that may result in inability to fairly presented the financial position of Taiwan Fire & Marine Insurance Co., Ltd. as of March 31, 2023 and 2022, and the financial performance and cash flows during January 1 to March 31, 2023 and 2022.

Deloitte & Touche

CPA: Wang-Sheng Lin

CPA: Wen-Ya Hsu

Financial Supervisory Commission Approval No. Jin-Guan-Zheng-Shen-Zi No. 1060023872

Securities and Futures Commission Approval No. Tai-Cai-Zheng-Liu-Zi No. 0920123784

April 27, 2023

Taiwan Fire & Marine Insurance Co., Ltd.
BALANCE SHEET
March 31, 2023, and December 31, and March 31, 2022

Unit: NT$ Thousand

Code	ASSETS	March 31, 2023 (Reviewed) Amount	%	December 31, 2022 (Audited) Amount	%	March 31, 2022 (Reviewed) Amount	%
11000	CASH AND CASH EQUIVALENTS (Note 6, 25)	$ 3,257,020	15	$ 3,074,610	15	$ 3,433,737	16
	RECEIVABLES (Note 7)						
12100	Notes receivable	125,749	-	121,749	1	111,587	1
12210	Premiums receivable	685,444	3	531,932	3	571,141	3
12500	Other receivables	132,912	1	102,761	-	107,749	-
12000	Total receivables	944,105	4	756,442	4	790,477	4
	INVESTMENTS						
14110	Financial assets at fair value through profit or loss (Note 8, 24)	2,543,253	12	2,493,173	12	2,329,205	11
14145	Financial assets carried at amortized cost (Note 10, 11 and 24)	983,995	4	884,773	4	-	-
14150	Investment under equity method (Note 12)	210,135	1	182,648	1	263,019	1
14180	Other financial assets - net (Note 13)	2,947,761	13	2,656,561	13	2,879,860	14
14190	Financial assets at fair value through other comprehensive income (Note 9, 11 and 24)	5,271,591	24	5,183,150	25	5,727,928	28
14200	Investment Properties (Note 14)	2,234,449	10	2,234,868	10	2,141,580	10
14000	Total investments	14,191,184	64	13,635,173	65	13,341,592	64
	REINSURANCE CONTRACT ASSET (Note 19, 26 and 27)						
15100	Claim recoverable from reinsurers - net	63,917	-	84,280	-	16,115	-
15200	Due from reinsurers and ceding companies	156,445	1	163,022	1	126,909	1
15300	Reinsurance reserve asset - net	2,312,328	11	2,015,234	10	1,989,527	9
15000	Total reinsurance contract asset	2,532,690	12	2,262,536	11	2,132,551	10
16000	PROPERTY AND EQUIPMENT (Note 15)	371,953	2	375,278	2	467,321	2
16700	RIGHT-OF-USE ASSETS (Note 16)	53,178	-	40,051	-	41,494	-
17100	INTANGIBLE ASSETS	17,293	-	14,864	-	10,411	-
17800	DEFERRED INCOME TAX ASSETS	19,311	-	19,771	-	34,078	-
	OTHER ASSETS						
18300	Refundable deposit (Note 17)	670,728	3	670,844	3	681,011	3
18700	Other assets - others	47,378	-	41,621	-	60,349	1
18000	Total other assets	718,106	3	712,465	3	741,360	4
1XXXX	TOTAL	$ 22,104,840	100	$ 20,891,190	100	$ 20,993,021	100
Code	LIABILITIES AND EQUITY						
	PAYABLES						
21200	Claims payable	$ 670	-	$ -	-	$ 4,355	-
21400	Commissions payable	175,904	1	152,992	1	182,515	1
21500	Due to reinsurers and ceding companies	628,699	3	442,452	2	466,807	2
21600	Other payable	309,095	1	458,918	2	493,399	3
21000	Total payables	1,114,368	5	1,054,362	5	1,147,076	6
21700	INCOME TAX LIABILITIES OF THE PERIOD (Note 22)	177,504	1	133,525	1	49,234	-
23800	LEASE LIABILITIES (Note 16)	66,641	-	51,666	-	59,059	-
	INSURANCE LIABILITIES (Note 19, 26 and 27)						
24100	Unearned premium reserves	4,235,773	19	3,832,973	18	3,873,188	19
24200	Claim reserves	3,581,829	17	3,443,382	17	3,112,428	15
24400	Special reserves	2,017,041	9	1,998,464	10	2,175,742	10
24500	Premium deficiency reserves	5,780	-	7,065	-	9,830	-
24000	Total insurance liabilities	9,840,423	45	9,281,884	45	9,171,188	44
27000	RESERVE FOR LIABILITIES (Note 18)	56,014	-	66,079	-	83,053	1
28000	DEFERRED INCOME TAX LIABILITIES	272,025	1	276,685	1	264,150	1
	OTHER LIABILITIES						
25300	Guarantee deposits received (Note 25)	32,816	-	33,376	-	31,843	-
25900	Other liabilities - others	49,420	1	47,895	-	49,969	-
25000	Total other liabilities	82,236	1	81,271	-	81,812	-
2XXXX	Total liabilities	11,609,211	53	10,945,472	52	10,855,572	52
	EQUITY (Note 20)						
31100	Common stock	3,622,004	16	3,622,004	17	3,622,004	17
	Capital surplus						
32100	Issuance of common shares in excess of par	1,915	-	1,915	-	1,915	-
32200	Treasury stock transactions	97,047	-	97,047	1	97,047	1
32000	Total capital surplus	98,962	-	98,962	1	98,962	1
	Retained earnings						
33100	Legal reserve	2,632,619	12	2,632,619	12	2,524,209	12
33200	Special reserve	3,049,229	14	3,055,579	15	2,808,215	13
33300	Unappropriated earnings	1,106,583	5	788,424	4	391,691	2
33000	Total retained earnings	6,788,431	31	6,476,622	31	5,724,115	27
34000	Other equity	(13,768)	-	(251,870)	(1)	692,368	3
3XXXX	Total equity	10,495,629	47	9,945,718	48	10,137,449	48
	TOTAL	$ 22,104,840	100	$ 20,891,190	100	$ 20,993,021	100

Subsequent notes are incorporated as part of this individual financial statement.

Chairman: Steve Lee | Managers: Chao-Feng Chen | Chief of accountant: Pi-Chen Wang

Taiwan Fire & Marine Insurance Co., Ltd.
Statement of Comprehensive Income
From January 1 to March 31, 2023 and 2022
(Reviewed only, not audited based on the TWSA)

Unit: NT$ Thousand, but EPS is NT$

Code		From January 1 to March 31, 2023 Amount	%	From January 1 to March 31, 2022 Amount	%
	OPERATING REVENUES				
	Retained earned premium				
41110	Premium revenues from policy writing (Note 25, 26)	$ 2,333,619	143	$ 1,983,767	132
41120	Reinsurance premium revenues	108,790	7	107,632	7
41100	Premium revenues	2,442,409	150	2,091,399	139
51100	Less: Reinsurance premium outward	894,737	55	743,474	49
51310	Less: Net change in unearned premium reserves (Note 19, 26)	156,836	10	1,602	-
41130	Total retained earned premium	1,390,836	85	1,346,323	90
41300	Reinsurance commission earned (Note 26)	95,962	6	72,894	5
41400	Handing fee earned (Note 26)	14,764	1	14,854	1
	Net gains on investments				
41510	Interest income	42,800	3	29,870	2
41521	Gain (loss) on financial assets and liabilities at fair value through profit or loss (Note 21)	36,602	2	(30,179)	(2)
41527	Realized gain and losses on financial assets at fair value through other comprehensive income (Note 21)	6,273	1	1,170	-
41540	Share of profit of associates and joint ventures accounted for using equity method (Note 12)	27,487	2	(1,877)	-

(To be continued)

(Continued)

Code		From January 1 to March 31, 2023 Amount	%	From January 1 to March 31, 2022 Amount	%
41550	Exchange gain (loss) - investment (Note 21)	($ 10,981)	(1)	$ 38,857	2
41570	Gain (loss) on investment properties (Note 21, 25)	22,268	1	23,998	2
41585	Expected credit impairment losses and reversal of gains of investments (Note 21)	798	-	21	-
41800	Other operating revenues	1,285	-	4,782	-
41000	Total operating revenues	1,628,094	100	1,500,713	100
	OPERATING COSTS				
	Retained claims				
51200	Claims and payment (Note 25, 26)	807,455	50	1,045,529	70
41200	Less: Claims recovered from reinsurers	195,646	12	172,174	12
51260	Total retained claims	611,809	38	873,355	58
	Net changes in insurance liabilities (Note 19, 26)				
51320	Net change in claims reserves	87,323	5	(9,900)	(1)
51340	Net change in special reserves	18,577	1	28,231	2
51350	Net change in premium deficiency reserves	(1,285)	-	(4,066)	-
51300	Total net change in insurance liability	104,615	6	14,265	1
51500	Commission expenditure (Note 25, 26)	264,199	16	231,659	15
51800	Other operating cost	12,742	1	10,626	1
51000	Total operating costs	993,365	61	1,129,905	75
	OPERATING EXPENSES (Note 4, 18, 21 and 25)				
58100	Service Expenses	240,674	15	171,560	11
58200	Administrative Expenses	100,946	6	85,630	6
58300	Employee training expenses	46	-	25	-
58400	Impairment loss and reversal gain on expected credit - non-investment	9,204	1	11,684	1
58000	Total operating expenses	350,870	22	268,899	18

(To be continued)

(Continued)

Code		From January 1 to March 31, 2023 Amount	%	From January 1 to March 31, 2022 Amount	%
61000	OPERATING INCOME	$ 283,859	17	$ 101,909	7
59000	NON-OPERATING INCOME AND EXPENSES	(902)	-	409	-
62000	PROFIT BEFORE INCOME TAX FROM CONTINUING OPERATION	282,957	17	102,318	7
63000	TAX EXPENSE (Note 4, 22)	40,754	2	29,351	2
66000	NET PROFIT FOR THE PERIOD	242,203	15	72,967	5
	OTHER COMPREHENSIVE INCOME				
	Items that will not be reclassified subsequently to profit or loss				
83190	Equity instruments valuation profit or loss measured at fair value through other comprehensive income	287,960	18	202,050	13
	Items that may be reclassified subsequently to profit or loss				
83290	Debt instrument profit or loss measured at fair value through other comprehensive income	19,748	1	(47,208)	(3)
83000	Total other comprehensive income, net of income tax	307,708	19	154,842	10
85000	TOTAL COMPREHENSIVE INCOME IN THE PERIOD	$ 549,911	34	$ 227,809	15
	EARNINGS PER SHARE (EPS) (Note 23)				
97500	Basic EPS	$ 0.67		$ 0.20	
98500	Diluted EPS	$ 0.67		$ 0.20	

Subsequent notes are incorporated as part of this individual financial statement.

Chairman: Steve Lee Managers: Chao-Feng Chen Chief of accountant: Pi-Chen Wang

Taiwan Fire & Marine Insurance Co., Ltd.
STATEMENTS OF CHANGES IN EQUITY
From January 1 to March 31, 2023 and 2022
(Reviewed only, not audited based on the TWSA)

Unit: NT$ Thousand

Code		Capital	Capital surplus	Retained Earnings: Legal reserve	Retained Earnings: Special reserve	Retained Earnings: Unappropriated earnings	Other Equity (Note 20): Unrealized Gain and Losses on Financial Assets at Fair Value Through Other Comprehensive Income	Stockholders' Equity
A1	Balance at January 1, 2022	$ 3,622,004	$ 98,962	$ 2,524,209	$ 2,809,168	$ 556,232	$ 570,716	$ 10,181,291
	Appropriation of 2021 earnings							
B5	Cash dividends distributed by the Company	-	-	-	-	(271,651)	-	(271,651)
B17	Reversal of special Reserve	-	-	-	(953)	953	-	-
D1	Net Profit from January 1 to March 31, 2022	-	-	-	-	72,967	-	72,967
D3	Other comprehensive income after taxes from January 1 to March 31, 2022	-	-	-	-	-	154,842	154,842
D5	Total comprehensive income from January 1 to March 31, 2022	-	-	-	-	72,967	154,842	227,809
Q1	Disposal of equity instruments measured at fair value through other comprehensive gains and losses/Disposal of equity instruments measured at fair value through other comprehensive gains and losses by associates	-	-	-	-	33,190	(33,190)	-
Z1	Balance at March 31, 2022	$ 3,622,004	$ 98,962	$ 2,524,209	$ 2,808,215	$ 391,691	$ 692,368	$ 10,137,449
A1	Balance at January 1, 2023	$ 3,622,004	$ 98,962	$ 2,632,619	$ 3,055,579	$ 788,424	($ 251,870)	$ 9,945,718
B17	Reversal of special Reserve	-	-	-	(6,350)	6,350	-	-
D1	Net Profit from January 1 to March 31, 2023	-	-	-	-	242,203	-	242,203
D3	Other comprehensive income after taxes from January 1 to March 31, 2023	-	-	-	-	-	307,708	307,708
D5	Total comprehensive income from January 1 to March 31, 2023	-	-	-	-	242,203	307,708	549,911
Q1	Disposal of equity instruments measured at fair value through other comprehensive gains and losses/Disposal of equity instruments measured at fair value through other comprehensive gains and losses by associates	-	-	-	-	69,606	(69,606)	-
Z1	Balance at March 31, 2023	$ 3,622,004	$ 98,962	$ 2,632,619	$ 3,049,229	$ 1,106,583	($ 13,768)	$ 10,495,629

Subsequent notes are incorporated as part of this individual financial statement.

Chairman: Steve Lee   Managers: Chao-Feng Chen   Chief of accountant: Pi-Chen Wang

Taiwan Fire & Marine Insurance Co., Ltd.
STATEMENTS OF CASH FLOWS
From January 1 to March 31, 2023 and 2022
(Reviewed only, not audited based on the TWSA)

Unit: NT$ Thousand

Code		From January 1 to March 31, 2023	From January 1 to March 31, 2022
	CASH FLOWS FROM OPERATING ACTIVITIES		
A00010	Net Income before income tax from continuing operation	$ 282,957	$ 102,318
A20010	Adjustments to reconcile profit (loss)		
A20100	Depreciation expense	16,034	14,810
A20200	Amortization expenses	2,403	1,662
A21300	Dividends income	(7,429)	(1,170)
A20400	Net (gain) loss on financial assets and liabilities at fair value through profit or loss	(35,446)	30,179
A20900	Interest expense	397	361
A21200	Interest income	(42,800)	(29,870)
A21400	Net changes in insurance liabilities	261,451	15,867
A21830	Reversal gain on expected credit-investment	(798)	(21)
A21850	Impairment loss on non-investment assets	9,204	11,684
A22300	Share of (gain) loss on associates and joint ventures recognized using equity method	(27,487)	1,877
A23800	Impairment reversed benefits of reinsurance financial assets	(6)	(1)
A24100	Unrealized loss (gain) on foreign currency exchange	15,145	(43,536)
A29900	Lease Modification Loss	65	-
A50000	Changes in Operating Assets and Liabilities		
A51110	Notes receivable increase	(4,041)	(13,219)
A51120	Premiums receivable increase	(164,328)	(85,426)
A51130	Other accounts receivable increase	(5,579)	(12,930)
A51140	Increase in financial assets at fair value through profit or loss	(16,767)	(171,920)
A51141	Decrease (increase) in financial assets at fair value through other comprehensive income	212,350	(69,127)
A51145	Increase in financial assets carried at amortized cost	(101,097)	-
A51160	Decrease (increase) in other financial assets	(291,000)	(496,999)

(To be continued)

(Continued)

Code		From January 1 to March 31, 2023	From January 1 to March 31, 2022
A51170	Decrease in reinsurance contract asset	$ 24,574	$ 33,447
A51990	Increase in other assets	(5,757)	(8,724)
A52120	Increase in claims payable	670	4,355
A52140	Increase in commissions payable	23,016	2,505
A52150	Increase in due to reinsurers and ceding companies	186,247	81,556
A52160	Decrease in other payables	(149,823)	(116,183)
A52200	Decrease in employees' benefit reserve for liabilities	(10,065)	(214)
A52990	Increase in Other Liabilities	1,525	10,908
A33000	Cash inflow (outflow) from operations	173,615	(737,811)
A33100	Interest received	24,996	14,642
A33200	Dividends received	437	620
A33500	Income tax paid	(975)	(2,561)
AAAA	Net cash inflow (outflow) from operating activities	198,073	(725,110)
	CASH FLOWS FROM INVESTING ACTIVITIES		
B02700	Payments for property and equipment	(1,169)	(2,346)
B03700	Increase in refundable deposits	-	(7,141)
B03800	Decrease in refundable deposits	633	-
B04500	Payments for intangible assets	(4,832)	-
B05400	Payments for investment properties	(1,091)	(1,914)
BBBB	Net cash outflows generated from investing activities	(6,459)	(11,401)
	CASH FLOWS FROM FINANCING ACTIVITIES		
C03100	Decrease in guarantee deposits received	(560)	-
C04020	Repayment of the principal of the lease liabilities	(8,644)	(8,090)
CCCC	Net cash outflow used in financing activities	(9,204)	(8,090)
EEEE	CURRENT INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS FOR THE PERIOD	182,410	(744,601)
E00100	CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	3,074,610	4,178,338
E00200	CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	$ 3,257,020	$ 3,433,737

Subsequent notes are incorporated as part of this individual financial statement.

Chairman: Steve Lee　　Managers: Chao-Feng Chen　　Chief of accountant: Pi-Chen Wang

Taiwan Fire & Marine Insurance Co., Ltd.

Notes to Financial Statement

From January 1 to March 31, 2023 and 2022

(Reviewed only, not audited based on the TWSA)

(Expressed in Thousand New Taiwan Dollars unless specified otherwise)

I. Company profile

Taiwan Fire & Marine Insurance Co., Ltd. ("Company") was established in March 1948 as a non-life insurer. The products offered by the Company include aviation insurance, fire insurance, marine insurance, casualty insurance, automobile insurance, as well as the reinsurances for the abovementioned insurances. The headquarters is located in Taipei, with 10 branches and dozens of service centers throughout Taiwan. At the establishment, the paid-up capital was 10 million Old Taiwanese Dollars. Through several capital increases, as of March 31, 2023, the paid-up capital is NT$ 3,622,004 thousand.

The shares of the Company were approved for the public listing by Securities and Futures Commission, Ministry of Finance on June 11, 1997, and on September 30 of the year started the trading.

The financial statements are presented in NT$, the functional currency of the Company.

II. Date and Procedure for Authorization of Financial Statements

The financial statements were approved by the Board of Directors on April 27, 2023.

III. Applicability of newly promulgated and amended standard rules and interpretations

(I) The amended Regulations Governing the Preparation of Financial Reports by Insurance Enterprises, as well as International Financial Reporting Standards ("IFRS"), International Accounting Standards ("IAS"), International Financial Reporting Interpretations Committee ("IFRIC") and Standing Interpretations Committee ("SIC") Interpretations (collectively "IFRSs") approved and issued to be effective by the Financial Supervisory Commission, MOF are first time applied.

The applications of the amended Regulations Governing the Preparation of Financial Reports by Insurance Enterprises and IFRSs approved and issued to be effective by FSC will not cause any material changes to the accounting policies of the Company.

(II) IFRSs issued by IASB but not yet approved and issued to be effective by FSC

Newly Issued/ Amended/ Revised Standards and Interpretations	The effective date promulgated by IASB (Note 1)
"Sale or Contribution of Assets between an Investor and its Associate or Joint Venture", amendments to IFRS 10 and IAS 28.	To be determined
Amendments to IFRS 16 "Lease Liability in a Sale and Leaseback"	January 1, 2024 (Note 2)
IFRS 17 "Insurance Contracts"	January 1, 2023
Amendments to IFRS 17	January 1, 2023
Amendments to IFRS 17 "Initial Application of IFRS 17 and IFRS 9 – Comparative Information"	January 1, 2023
Amendments to IAS 1, "Classification of Liabilities as Current or Non-Current"	January 1, 2024
Amendments to IAS 1 "Non-current Liabilities with Covenants"	January 1, 2024

Note 1: Unless otherwise expressly remarked, the aforementioned newly promulgated/ Amendment/Amended Rules or Interpretation come into effect in the reporting year starting from the specified effective dates.

Note 2: The Seller and also Lessee shall retroactively apply the amendments to IFRS 16 to the sale and leaseback transactions executed after the date of the first-time application of IFRS 16.

IFRS 17 "Insurance Contracts" and related amendments

IFRS 17 regulates the accounting treatments for insurance contracts, and will replace IFRS 4 "Insurance Contracts." The major regulations of IFRS 17 and related amendments include the followings:

Level of Aggregation of Insurance Contracts

The Company shall identify portfolios of insurance contracts. A portfolio comprises contracts subject to similar risks and managed together. Contracts within a certain product line would be expected to have similar risks and hence would be expected to be in the same portfolio if they are managed together. The Company shall at least divide the issued insurance portfolios as:

1. A group of contracts that are onerous at initial recognition, if any;
2. A group of contracts that at initial recognition have no significant possibility of becoming onerous subsequently, if any; and
3. A group of the remaining contracts in the portfolio, if any.

The Company shall only divide groups into those including only contracts issued within a year, and shall apply the rules of recognitions and measurements of IFRS 17 to these contracts decided to be issued.

Recognition

The Company shall recognize a group of insurance contracts it issues from the earliest of the following:

1. The beginning of the coverage period of the group of contracts;
2. The date when the first payment from a policyholder in the group becomes due; and
3. For a group of onerous contracts, when the group becomes onerous.

Measurement of the Initial Recognitions

On initial recognition, the Company shall measure a group of insurance contracts at the total of the fulfillment cash flows, and the contractual service margin. The fulfillment cash flows comprise estimates of future cash flows, an adjustment to reflect the time value of money and the financial risks related to the future cash flows, and a risk adjustment for non-financial risk. The contractual service margin represents the unearned profit the entity will recognize as it provides services in the future. The Company shall measure the contractual service margin on initial recognition of a group of insurance contracts at an amount that, unless on the group of insurance contracts that are onerous contracts, results in no income or expenses arising from: (1) the initial recognition of an amount for the fulfillment cash flows; (2) all cash flows from the contracts in the group on the same day; (3) the derecognition at the date of initial recognition of the following items: (a) any assets for insurance acquisition cash flows; and (b) any other assets or liabilities previously recognized for the cash flows related to the group of contracts.

Subsequent Measuring

The Company shall report the carrying amount of a group of insurance contracts at the end of each reporting period as the sum of the liability for remaining coverage and the liability for incurred claims, comprising the fulfillment cash flows related to past service allocated to the group at that date. The liability for remaining coverage comprises the fulfillment cash flows related to future service and the contractual service margin; the liability for incurred claims, comprising the fulfillment cash flows related to past service. If a group of insurance contracts becomes onerous (or increasingly onerous) when subsequently measured, the losses shall be recognized immediately.

Onerous Contract

An insurance contract is onerous at the date of initial recognition if the fulfillment cash flows allocated to the contract, any previously recognized acquisition cash flows and any cash flows arising from the contract at the date of initial recognition in total are a net cash outflow. The Company shall recognize a loss in profit or loss for the net outflow for the group of onerous contracts immediately, resulting in carrying amount of the liability for the group being equal to the fulfillment cash flows and the contractual service margin of the group being zero. Before reversing the recognized amount of loss, no contractual service margin occurs, and no income from insurance contracts is recognized.

Premium Allocation Approach

The Company may simplify the measurement of a group of insurance contracts using the premium allocation approach if, and only if, at the inception of the group, alternatively:

1. The Company reasonably expects that such simplification would produce a measurement of the liability measured for remaining coverage for the group that would not differ materially from the one that would be produced; or
2. The coverage period of each contract in the group is one year or less.

The criterion in said (1) paragraph is not met if at the inception of the group an entity expects significant variability in the fulfillment cash flows that would affect the measurement of the liability for remaining coverage during the period before a claim is incurred.

Using the premium allocation approach, the liability for remaining coverage on initial recognition:

1. is the premium received at initial recognition;
2. minus any insurance acquisition cash flows on the same day; and
3. plus or minus the derecognition at the date of initial recognition of the following items:
   (1) all insurance acquisition cash flow assets; and
   (2) any other assets or liabilities previously recognized for the cash flows related to the group of contracts.

Subsequently, the liability for remaining coverage will adjust amount of the premiums received in the period plus the amortization of insurance acquisition cash flows, and minus the amount recognized as insurance revenue for services provided, as well as all investment component paid or transferred to the liability for incurred claims.

Discretionary Participation Feature Investment Contract

The discretionary participation feature investment contract refers to the financial instrument free from transfer of significant insurance risk. If the Company issues the discretionary participation feature investment contract and also insurance contract at the same time, such contract shall IFRS 17.

Modification and Derecognition

If the terms of an insurance contract are modified, and meet the certain conditions are met as substantial modification, the Company shall derecognized the original contract and recognize the modified contract as a new contract.

An entity shall recognized an insurance contract when, and only when it is extinguished or substantially modified.

Transitional Regulations

As a principle, the Company shall fully apply IFRS 17 retrospectively. However, if this is not practical, the Company may opt to apply the modified retrospective or fair value approach.

The modified retrospective approach refers to that the Company shall achieve the closest outcome to fully retrospective application possible using reasonable and supportable information available without undue cost or effort. If the reasonable and supportable information is not able to be obtained, it shall apply the fair value approach.

By applying the fair value approach, the Company determines the contractual service margin at the transition date as the difference between the fair value of a group of insurance contracts at that date and the fulfillment cash flows measured at that date.

Re-designation of financial assets

The enterprise which already applies IFRS 9 on the initial application of IFRS 17 may re-designate and re-classify the financial assets that satisfy the requirements referred to in Paragraph C29 of IFRS 17. The enterprise doesn’t need to re-prepare the comparative information to reflect the changes in reclassification of such assets. Therefore, the difference between the previous carrying amount of such financial assets and that on the date of initial application is stated in the initial retained earnings on the date of initial application (or in the appropriate other equities). If the enterprise re-prepares the comparative information, the re-prepared information needs to reflect the requirements imposed by IFRS 9 on the affected financial assets.

Meanwhile, the enterprise which applies IFRS 9 before the initial application of IFRS 17 may choose to apply the Classification overlay to the financial assets derecognized during the comparative period for the initial application of IFRS 17, based on individual financial assets, as if the financial assets were re-classified per the re-designation requirements referred to Paragraph C29 of IFRS 17 in the comparative period.

Except the abovementioned effects, as of the issuing date of the Financial Statement, the Company has been evaluating the effects to the financial positions and performance from the amendments of other standards and interpretations, and these related effects are to be disclosed when such evaluations are completed.

IV. Summary of significant accounting policies

(I) Declaration in compliance

The financial statements are prepared according to the Regulations Governing the Preparation of Financial Reports by Insurance Enterprises and IAS 34 "Interim Financial Reporting" approved by FSC. This financial report does not include all the IFRS disclosures required by the annual financial statement.

(II) Principles for preparation

The financial statements have been prepared on the historical cost basis except for financial instruments at fair value and net defined benefit liabilities at the present value of defined obligation less fair value of the plan assets.

Fair value measurement may be divided into three levels based on the observability and importance of related inputs:

1. Level 1 inputs: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.
2. Level 2 inputs: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (from price) or indirectly (induced from price).
3. Level 3 inputs: Unobservable inputs for the asset or liability.

(III) Other material accounting policies

Other than the following notes, please refer to the aggregated descriptions of the material accounting policies in the 2022 Annual Financial Report

1. Defined post-employment benefits

The interim pension costs applies the pension cost rate determined via actuarial on the end date of the previous year, and are calculated based on the period from the beginning of the year to the end of the period. The adjustments will be made for the material movement of the market during the period, major plan revision, repayment, or other material one-time matters.

2. Income tax

The term "income tax expenses" as set forth herein denotes total of the income tax payable in the current term and the deferred income tax. The interim income tax is evaluated based on the year; the tax rate applicable to the expected total annual earning is applied to calculate the interim pre-tax incomes.

V. Major Sources of Major Accounting Judgments, Estimate and Hypotheses

Please refer to the material accounting judgement, estimates, and the major sources of uncertainties for the estimates specified in the 2022 Annual Financial Report.

VI. Cash and cash equivalents

	March 31, 2023	December 31, 2022	March 31, 2022
Cash on hand and working capital	$ 32,995	$ 33,040	$ 38,297
Bank's notes and current deposit	2,573,411	2,550,489	2,427,692
Cash equivalents			
Commercial paper	549,319	349,419	799,059
Time deposits in banks due within 3 months in the date of initial maturity	170,200	211,200	232,700
Less: Deductible of refundable deposits (Note 17)	(68,905)	(69,538)	(64,011)
	$ 3,257,020	$ 3,074,610	$ 3,433,737

The market interest rate ranges of bank time deposits and commercial paper on the balance sheet date are as follows:

	March 31, 2023	December 31, 2022	March 31, 2022
Time deposits in banks due within 3 months in the date of initial maturity	0.85% ~ 1.16%	0.85% ~ 1.04%	0.06% ~ 0.66%
Commercial paper	1.17% ~ 1.23%	1.11% ~ 1.18%	0.29% ~ 0.54%

VII. Receivables

	March 31, 2023	December 31, 2022	March 31, 2022
Notes receivable	$ 127,019	$ 122,978	$ 112,714
Notes receivable - Non-accrual loan	-	-	10
Less: allowance loss	(1,270)	(1,229)	(1,137)
	$ 125,749	$ 121,749	$ 111,587
Premiums receivable	$ 625,219	$ 492,826	$ 523,052
Premiums receivable - Non-accrual loan	101,210	70,598	102,301
Less: allowance loss	(40,985)	(31,492)	(54,212)
	$ 685,444	$ 531,932	$ 571,141
Interest receivable	$ 105,300	$ 87,496	$ 79,641
Stock dividends receivable	7,429	437	1,170
Other receivable	15,642	14,997	11,701
Proceeds receivable from sale of investments	1,903	-	11,034
Other receivable - Non-accrual loan	7,347	4,316	11,347
Less: allowance loss	(4,709)	(4,485)	(7,144)
Other receivables	$ 132,912	$ 102,761	$ 107,749

(I) Receivables

To reduce the credit risks, the management of the Company has assigned the premium section to track the overdue payment, to ensure the proper actions have been taken for the recovery of overdue receivables. Besides, on the balance sheet dates, the Company review the recoverable amount of the receivables again one by one, to ensure the unrecoverable receivables are provided for the proper allowance loss. Therefore, the management of the Company believes the credit risks of the Company is significantly reduced.

The Company recognizes the allowance loss for receivables as the higher expected credit losses between from of the “Regulations Governing the Procedures for Insurance Enterprises to Evaluate Assets and Deal with Non-performing/Non-accrual Loans” and simplified method of IFRS 9, or of the lifetime. The lifetime expected credit losses are calculated using the reserve matrix, by considering the past default records and the current financial position of clients, industrial economic situations, as well as the GDP forecast and industrial outlooks. As the credit loss history of the Company shows that there is no significant difference among the loss patterns of different client groups, the reserve matrix does not further divide the client groups, but only establish the expected credit losses based on the aging of receivables.

Where any evidence shows that the counterparties of transactions have severe financial difficulties, and the Company cannot reasonably expect the recoverable amount, e.g. the counterparty is being liquidated, the Company writes off the related receivables upon the resolution passed by the Board of Directors. However the pursuit of recovery will be continued, and the amount recovered from such pursuit will be recognized in profit/loss.

The Company recognizes the allowance loss for receivables as the higher expected credit losses between the "Regulations Governing the Procedures for Insurance Enterprises to Evaluate Assets and Deal with Non-performing/Non-accrual Loans," or from the reserve matrix. The movement for the allowance loss for the receivables during January 1 to March 31, 2023 and 2022 are as follows:

March 31, 2023

	12-month expected credit loss I	Lifetime expected credit loss II	Lifetime expected credit loss III	Impairment provided based in IFRS 9	Impairment based on the "Regulations Governing the Procedures for Insurance Enterprises to Evaluate Assets and Deal with Non-performing/ Non-accrual Loans"	Total
Balance - beginning	$ 4,694	$ 5,825	$ 20,200	$ 30,719	$ 6,487	$ 37,206
Add: Provision (reversal) of the period	(49)	6,394	(161)	6,184	3,574	9,758
Balance - ending	$ 4,645	$ 12,219	$ 20,039	$ 36,903	$ 10,061	$ 46,964

March 31, 2022

	12-month expected credit loss I	Lifetime expected credit loss II	Lifetime expected credit loss III	Impairment provided based in IFRS 9	Impairment based on the "Regulations Governing the Procedures for Insurance Enterprises to Evaluate Assets and Deal with Non-performing/ Non-accrual Loans"	Total
Balance - beginning	$ 3,064	$ 47,159	$ 779	$ 51,002	$ 1,017	$ 52,019
Add: Provision (reversal) of the period	(158)	(38,741)	40,164	1,265	9,209	10,474
Balance - ending	$ 2,906	$ 8,418	$ 40,943	$ 52,267	$ 10,226	$ 62,493

The allowance loss as of March 31, 2023 and 2022 increased by NT$9,758 thousand and NT$10,474 thousand, respectively, mainly as a result of the net increase of NT$33,643 thousand and NT$26,534 thousand to the gross carrying amount of receivables transferred to the non-accrual loans.

(II) Non-accrual loan and allowance for loss

For the notes receivable, premium receivable, and non-accrual loans in other receivables, the allowances have been provided as NT$0 thousand, NT$34,739 thousand, and NT$4,406 thousand, respectively, as of March 31, 2023.

For the notes receivable, premium receivable, and non-accrual loans in other receivables, the allowances have been provided as NT$0 thousand, NT$27,101 thousand, and NT$3,110 thousand, respectively, as of December 31, 2022.

For the notes receivable, premium receivable, and non-accrual loans in other receivables, the allowances have been provided as NT$10 thousand, NT$49,055 thousand, and NT$6,047 thousand, respectively, as of March 31, 2022.

(III) The ageing analysis for the receivables

	March 31, 2023	December 31, 2022	March 31, 2022
0–30 days	$ 702,444	$ 618,639	$ 598,966
31–90 days	177,743	98,043	140,396
91–180 days	68,013	55,746	59,475
181–365 days	22,831	1,019	13,190
More than 365 days	20,038	20,201	40,943
Total	$ 991,069	$ 793,648	$ 852,970

The aging analysis is conducted based on the accounted dates.

VIII. Financial instruments measured at fair values through profit and/or loss

	March 31, 2023	December 31, 2022	March 31, 2022
Compulsory measurement at fair value through profit and loss			
— TWSE/GTSM listed shares	$ 80,570	$ 74,521	$ 189,191
— Unlisted domestic shares	200,589	194,490	-
— Funds and Beneficiary certificates	300,220	275,067	205,051
— Domestic financial bonds	1,242,766	1,234,712	1,198,666
— Domestic corporate bonds	499,872	497,548	510,453
— Overseas financial bonds	219,236	216,835	225,844
	$ 2,543,253	$ 2,493,173	$ 2,329,205

IX. Financial assets at fair value through other comprehensive income

	March 31, 2023	December 31, 2022	March 31, 2022
Equity instruments at fair value through other comprehensive income	$ 3,932,411	$ 3,856,103	$ 4,585,411
Bond instruments measured at fair value through other comprehensive income	1,917,858	1,905,208	1,736,372
Deductible of refundable deposits	(578,678)	(578,161)	(593,855)
	$ 5,271,591	$ 5,183,150	$ 5,727,928

(I) Investments in equity instruments

	March 31, 2023	December 31, 2022	March 31, 2022
Domestic investment			
TSEC/(GTSM listed) shares (Note)	$ 3,559,147	$ 3,533,273	$ 4,156,600
Unlisted Shares	373,264	322,830	428,811
	$ 3,932,411	$ 3,856,103	$ 4,585,411

Note: Including common stock and special stock.

The Company invests for the mid- and long-term strategies, and expects to gain through the long-term investments. The management of the Company believes that it is inconsistent to include the short-term fair value fluctuations of such investments in profit/loss for the said purpose of long-term investments; therefore, it opts to designate such investments as measured at FVTOCI.

From January 1 to March 31, 2023 and 2022, the Company adjusted the investment positions to diversify risks, and the sold some of the common shares at fair value for NT$215,625 thousand and NT$113,754 thousand. The related other equity - unrealized valuation gains and losses on other financial assets at fair value through comprehensive income, NT$69,606 thousand and NT$33,190 thousand were transferred to the retained earnings.

The Company recognized the dividend revenues, NT$6,273 thousand and NT$1,170 thousand, respectively, in January 1 to March 31, 2023 and 2022, including the amounts related to investments derecognized at the end of the period, NT$0 thousand and NT$0 thousand. The amounts related to the holders were NT$6,273 thousand and NT$1,170 thousand on March 31, 2023 and 2022.

(II) Investments in liability instruments

	March 31, 2023	December 31, 2022	March 31, 2022
Domestic investment			
Government Bonds	$ 578,678	$ 578,161	$ 593,855
Financial bonds	98,382	98,076	99,383
Corporate bonds	101,102	100,554	103,369
Deductible of refundable deposits (Note 17)	(578,678)	(578,161)	(593,855)
Subtotal	199,484	198,630	202,752
Foreign investment			
Financial bonds	152,048	153,346	142,957
Corporate bonds	987,648	975,071	796,808
Subtotal	1,139,696	1,128,417	939,765
Total	$ 1,339,180	$ 1,327,047	$ 1,142,517

For the information for credit risks management and the impairment evaluation related to bond instruments measured at fair value through other comprehensive income, please refer to Note 11.

X. Financial assets carried at amortized cost

	March 31, 2023	December 31, 2022	March 31, 2022
Domestic investment			
Financial bonds	$ 550,000	$ 450,000	$ -
Corporate bonds	184,252	183,748	-
Foreign investment			
Corporate bonds	249,954	251,472	-
	984,206	885,220	-
Less: allowance loss	(211)	(447)	-
	$ 983,995	$ 884,773	$ -

For the information about credit risks management and the impairment evaluation related to investment in bond instruments carried at amortized cost, please refer to Note 11.

XI. Credit risks management for Investments in liability instruments

The bond instruments invested in by the Company are stated as the assets at fair value through other comprehensive income and financial assets carried at amortized cost:

March 31, 2023

	At fair value through other comprehensive income	At amortized cost	Total
Total of Carrying Amount	$ 1,959,731	$ 984,206	$ 2,943,937
Allowance loss	(226)	(211)	(437)
Amortized cost	1,959,505	$ 983,995	2,943,500
Adjustment to fair value	(41,647)		(41,647)
	1,917,858		2,901,853
Deductible of refundable deposits	(578,678)		(578,678)
	$ 1,339,180		$ 2,323,175

December 31, 2022

	At fair value through other comprehensive income	At amortized cost	Total
Total of Carrying Amount	$ 1,967,391	$ 885,220	$ 2,852,611
Allowance loss	(788)	(447)	(1,235)
Amortized cost	1,966,603	$ 884,773	2,851,376
Adjustment to fair value	(61,395)		(61,395)
	1,905,208		2,789,981
Deductible of refundable deposits	(578,161)		(578,161)
	$ 1,327,047		$ 2,211,820

March 31, 2022

	At fair value through other comprehensive income	At amortized cost	Total
Total of Carrying Amount	$ 1,727,043	$ -	$ 1,727,043
Allowance loss	(758)	-	(758)
Amortized cost	1,726,285	$ -	1,726,285
Adjustment to fair value	10,087		10,087
	1,736,372		1,736,372
Deductible of refundable deposits	(593,855)		(593,855)
	$ 1,142,517		$ 1,142,517

The policies applied by the Company is to only invest the bond instruments with rating of investment grade and above (including) and low credit risk for impairment evaluation. The credit ratings are provided by independent rating agencies. The Company continuously track the external ratings to monitor the movement of the credit risk for the invested bond instruments, while reviewing other information such as the yield curves of bonds and material information of the debtors, for the purpose of evaluating if the credit risks of bond instruments increase significantly since the initial recognition.

By considering the default loss rate provided by the external rating agencies, current financial position of the debtors, and the outlook forecasts of the industries where they operates, to measure the 12-month ECLs or lifetime ECLs. The current credit risk rating mechanism of the Company is as the following:

Credit Rating	Definition	Basis for Recognizing ECLs
Normal	The credit risk of the debtor is low, or not increased significantly, with sufficient solvency for the contractual cash flow	12-month expected credit loss
Abnormal	The credit risk has been significantly increased since initial recognition	Lifetime expected credit loss (credit not impaired)
Default	Evidence of credit loss exists or the credit impairment loss is recognized	Lifetime expected credit loss (credit impaired)
Write Off	The available proof showed that the debtor was suffering serious financial difficulties and it was impossible for the Company to expect recoverability	Direct Write Off

The total carrying amounts of the debt instrument investments of each credit rating, and the applicable ECL rates are as the following:

March 31, 2023

Credit Rating	Expected Credit Loss (ECL)	March 31, 2023 Total of Carrying Amount
Normal	0.0001% ~ 0.2332%	$ 2,943,937
Abnormal	(Note)	-
Default	(Note)	-
Write Off	(Note)	-

December 31, 2022

Credit Rating	Expected Credit Loss (ECL)	December 31, 2022 Total of Carrying Amount
Normal	0.000% ~ 0.4823%	$ 2,852,611
Abnormal	(Note)	-
Default	(Note)	-
Write Off	(Note)	-

March 31, 2022

Credit Rating	Expected Credit Loss (ECL)	March 31, 2022 Total of Carrying Amount
Normal	0.000% ~ 0.4823%	$ 1,727,043
Abnormal	(Note)	-
Default	(Note)	-
Write Off	(Note)	-

(Note): The credit level of the bond investments as of March 31, 2023, and December 31 and March 31, 2022 were all normal and thus not applicable.

(I) Information about changes in allowance loss on the investment in bond instruments measured at fair value through other comprehensive income

	Credit Rating		
	Normal (12-month expected credit loss)	Abnormal (Lifetime expected credit loss whose credit not impaired)	Default (Lifetime expected credit loss exists and the credit is impaired)
Balance at January 1, 2023	$ 788	$ -	$ -
Exchange rate and other movement	(562)	-	-
Balance at March 31, 2023	$ 226	$ -	$ -
Balance at January 1, 2022	$ 779	$ -	$ -
Purchase of New Liability Instruments	46	-	-
Derecognition	(36)	-	-
Exchange rate and other movement	(31)	-	-
Balance at March 31, 2022	$ 758	$ -	$ -

(II) Information about changes in allowance loss on the investment in bond instruments carried at amortized cost

	Credit Rating		
	Normal (12-month expected credit loss)	Abnormal (Lifetime expected credit loss whose credit not impaired)	Default (Lifetime expected credit loss exists and the credit is impaired)
Balance at January 1, 2023	$ 447	$ -	$ -
Purchase of New Liability Instruments	50	-	-
Exchange rate and other movement	(286)	-	-
Balance at March 31, 2023	$ 211	$ -	$ -

XII. Investment under equity method

	March 31, 2023	December 31, 2022	March 31, 2022
Investments in associates	$ 210,135	$ 182,648	$ 263,019

Summarization About Associates With Immateriality Information

	Percentage of the shareholding and voting rights		
Company Name	March 31, 2023	December 31, 2022	March 31, 2022
Top Taiwan X Venture Capital Co., Ltd.	24.75%	24.75%	24.75%

	From January 1 to March 31, 2023	From January 1 to March 31, 2022
Shares Vested in the Company		
Net profit for the period from continuing operations	$ 27,487	($ 1,877)
Other comprehensive income	-	-
Total comprehensive income	$ 27,487	($ 1,877)

Top Taiwan X Venture Capital Co., Ltd. resolved at the shareholders' meeting on May 17, 2022 to refund the stock payment by NT$24,750 thousand.

For the business natures, major business locations, and the countries where the entities register, please refer to the Table 1: "Information, Location of the Invested Company"

The investment under equity method and shares of income and other comprehensive income remaining vested in the Company in it were recognized based on the affiliates' financial statements reviewed by the CPA review for the same fiscal period.

XIII. Other financial assets - net

	March 31, 2023	December 31, 2022	March 31, 2022
Time deposit with initial maturity date more than three months away	$ 2,970,906	$ 2,679,706	$ 2,903,005
Less: Deductible of refundable deposits (Note 17)	(23,145)	(23,145)	(23,145)
	$ 2,947,761	$ 2,656,561	$ 2,879,860

XIV. Investment Properties

	March 31, 2023	December 31, 2022	March 31, 2022
Investment Properties Completed	$ 2,223,648	$ 2,225,948	$ 2,128,171
Right-of-use assets	10,801	8,920	13,409
	$ 2,234,449	$ 2,234,868	$ 2,141,580

	Land	House and building	Right-of-use assets	Total
Cost				
Balance at January 1, 2022	$ 1,980,713	$ 407,709	$ 32,861	$ 2,421,283
Increase	-	1,914	-	1,914
Balance at March 31, 2022	$ 1,980,713	$ 409,623	$ 32,861	$ 2,423,197
Accumulated Depreciation				
Balance at January 1, 2022	$ -	$ 258,980	$ 17,956	$ 276,936
Depreciation expense	-	3,185	1,496	4,681
Balance at March 31, 2022	$ -	$ 262,165	$ 19,452	$ 281,617
Net at March 31, 2022	$ 1,980,713	$ 147,458	$ 13,409	$ 2,141,580
Cost				
Balance at January 1, 2023	$ 2,054,273	$ 448,825	$ 32,861	$ 2,535,959
Increase	-	1,091	3,379	4,470
Decrease in the period	-	-	(2,722)	(2,722)
Balance at March 31, 2023	$ 2,054,273	$ 449,916	$ 33,518	$ 2,537,707
Accumulated Depreciation				
Balance at January 1, 2023	$ -	$ 277,150	$ 23,941	$ 301,091
Depreciation expense	-	3,391	1,498	4,889
Decrease in the period	-	-	(2,722)	(2,722)
Balance at March 31, 2023	$ -	$ 280,541	$ 22,717	$ 303,258
Net at March 31, 2023	$ 2,054,273	$ 169,375	$ 10,801	$ 2,234,449

The Company amortized depreciation on the straight-line basis for its investment properties of the following useful life:

House and building	55–60 years
Right-of-use assets	5–15 years

The Company reduced the rent of the tenants still severely suffering from the COVID-19 epidemic from January 1 to December 31, 2022. The affected amount totaled NT$1,647 thousand.

The fair value of the investment properties as of December 31, 2022 and 2021 were NT$4,813,920 thousand and NT$4,378,483 thousand (exclusive of right-of-use assets). The fair value was measured at the level 3 inputs at each balance sheet date by the independent appraising company, Cathay Real Estate Appraisers Joint Firm. The appraisal was evaluated based on the "Regulations on Real Estate Appraisal," by applying appraisal approaches including market comparison, income, analysis of land development, or cost. The applied key unobservable input is the discount rate, namely 0.83%–3.73% and 0.98%–3.82%. Upon evaluation by the Company's management, the fair values substantially remained unchanged on March 31, 2023 and 2022.

The total amounts of the expected future lease payments from the investment properties leased as operating leases are as the following:

	March 31, 2023	December 31, 2022	March 31, 2022
1st year	$ 122,630	$ 128,788	$ 115,877
2nd year	106,398	114,932	89,759
3rd year	64,542	77,057	73,544
4th year	51,813	55,944	36,758
5th year	36,172	41,693	26,934
More than 5 years	113,822	121,195	81,000
	$ 495,377	$ 539,609	$ 423,872

XV. Property and Equipment

	Own land	Buildings and ancillary equipment	Computer equipment	Traffic and transport equipment	Other equipment	Leasehold improvements	Total
Cost							
Balance at January 1, 2022	$ 335,334	$ 205,159	$ 39,617	$ 5,311	$ 8,390	$ 7,958	$ 601,769
Increase	-	-	141	1,921	238	46	2,346
Balance at March 31, 2022	$ 335,334	$ 205,159	$ 39,758	$ 7,232	$ 8,628	$ 8,004	$ 604,115
Accumulated Depreciation							
Balance at January 1, 2022	$ -	$ 105,588	$ 14,826	$ 3,072	$ 4,235	$ 5,085	$ 132,806
Depreciation expense	-	1,032	1,944	172	294	546	3,988
Balance at March 31, 2022	$ -	$ 106,620	$ 16,770	$ 3,244	$ 4,529	$ 5,631	$ 136,794
Net at March 31, 2022	$ 335,334	$ 98,539	$ 22,988	$ 3,988	$ 4,099	$ 2,373	$ 467,321
Cost							
Balance at January 1, 2023	$ 261,774	$ 168,832	$ 52,337	$ 7,272	$ 7,252	$ 8,768	$ 506,235
Increase	-	173	996	-	-	-	1,169
Balance at March 31, 2023	$ 261,774	$ 169,005	$ 53,333	$ 7,272	$ 7,252	$ 8,768	$ 507,404
Accumulated Depreciation							
Balance at January 1, 2023	$ -	$ 104,280	$ 13,757	$ 4,056	$ 3,394	$ 5,470	$ 130,957
Depreciation expense	-	888	2,628	359	243	376	4,494
Balance at March 31, 2023	$ -	$ 105,168	$ 16,385	$ 4,415	$ 3,637	$ 5,846	$ 135,451
Net at March 31, 2023	$ 261,774	$ 63,837	$ 36,948	$ 2,857	$ 3,615	$ 2,922	$ 371,953

The depreciation expenses are provided on the straight-line basis during the durable life span:

Building	55 years
Auxiliary equipment	
Power transmission equipment	15 years
Telecommunication equipment	3–10 years
Fire-fighting equipment	5 years
Computer equipment	3–10 years
Traffic and transport equipment	5 years
Other equipment	3–10 years
Leasehold improvements	7 years

XVI. Lease Agreement

(I) Right-of-use assets

	Building	Transport equipment	Total
Cost			
Balance at January 1, 2022	$ 75,834	$ 5,145	$ 80,979
Increase	5,047	-	5,047
Decrease in the period	(4,343)	-	(4,343)
Balance at March 31, 2022	$ 76,538	$ 5,145	$ 81,683
Accumulated depreciation and impairment			
Balance at January 1, 2022	$ 35,257	$ 3,134	$ 38,391
Depreciation expense	5,738	403	6,141
Decrease in the period	(4,343)	-	(4,343)
Balance at March 31, 2022	$ 36,652	$ 3,537	$ 40,189
Net at March 31, 2022	$ 39,886	$ 1,608	$ 41,494
Cost			
Balance at January 1, 2023	$ 82,623	$ 3,952	$ 86,575
Increase	14,018	5,820	19,838
Decrease in the period	(11,159)	-	(11,159)
Balance at March 31, 2023	$ 85,482	$ 9,772	$ 95,254
Accumulated depreciation and impairment			
Balance at January 1, 2023	$ 44,997	$ 1,527	$ 46,524
Depreciation expense	5,891	760	6,651
Decrease in the period	(11,099)	-	(11,099)
Balance at March 31, 2023	$ 39,789	$ 2,287	$ 42,076
Net at March 31, 2023	$ 45,693	$ 7,485	$ 53,178

The land rented by the Company was subleased in the form of operating lease. The relevant right-of-use assets were stated as the investment properties. Please refer to Note 14. Said right-of-use assets excluded those defined as investment properties.

(II) Lease liabilities

	March 31, 2023	December 31, 2022	March 31, 2022
Carrying amount of lease liabilities	$ 66,641	$ 51,666	$ 59,059

	From January 1 to March 31, 2023	From January 1 to March 31, 2022
Interest expense of lease liabilities	$ 397	$ 361

Discount rates for the lease liabilities are as the following:

	March 31, 2023	December 31, 2022	March 31, 2022
Land	2.616%~2.992%	2.616%	2.616%
Building	2.366%~2.992%	2.366%~2.867%	2.366%~2.616%
Transport equipment	2.366%~2.867%	2.366%~2.616%	2.366%~2.616%

(III) Major lessee activities and terms and conditions

When the Company is a lessee of lands and buildings, the period is 1 to 12 years. When the lease period expires, the Company has no favorable right to purchase the leased lands.

Considering that the COVID-19 epidemic has severely affected the market economy in 2022, the Company engaged in the negotiation with the Irrigation Agency, Council of Agriculture, Executive Yuan for the rent concession for lease of building. As a result, the Agency agreed to reduce the rent by 20% from January to June 2022. The effect of said rent concession recognized by the Company from January 1 to June 30, 2022 was NT$37 thousand (stated as non-operating revenue and expense).

(IV) Other information of Leases

	From January 1 to March 31, 2023	From January 1 to March 31, 2022
Short-term lease expenses	$ 8	$ 2
Low-valued asset lease expenses	$ 5	$ 45
Total amount of cash (outflow) of lease	($ 8,657)	($ 8,137)

XVII. Refundable Deposit

	March 31, 2023	December 31, 2022	March 31, 2022
Refundable deposit			
Bond of Insurance Enterprises	$ 578,678	$ 578,161	$ 593,855
Bond of Litigation	-	-	3,337
Others	92,050	92,683	83,819
	$ 670,728	$ 670,844	$ 681,011

(I) Based on Article 141 and 142 of the Insurance Act, an insurance enterprise shall post bond at the national treasury in an amount equal to 15% of the total amount of its paid-in capital or paid-in fund. The bond posted is not to be returned except suspending business and having liquidation completed. The Company offset it with the government bonds.

(II) The Company has furnished the following assets to secure legal actions and others on March 31, 2023, and December 31 and March 31, 2022, respectively.

	March 31, 2023	December 31, 2022	March 31, 2022
Other financial assets			
— Time deposits	$ 23,145	$ 23,145	$ 23,145
Cash and cash equivalents	68,905	69,538	64,011
	$ 92,050	$ 92,683	$ 87,156

XVIII. Reserve for liabilities

	March 31, 2023	December 31, 2022	March 31, 2022
Net defined benefit liability	$ 56,014	$ 66,079	$ 83,053

The pension expense related to the defined benefit program are calculated at the pension cost rate determined via actuarial on December 31 of 2022 and 2021, and recognized into the following titles in respective periods:

	From January 1 to March 31, 2023	From January 1 to March 31, 2022
Operating Expenses	$ 536	$ 443

XIX. Reinsurance contract asset and Insurance liabilities

	March 31, 2023	December 31, 2022	March 31, 2022
Less benefits & claims recovered from reinsurers	$ 64,238	$ 84,704	$ 16,196
Less: allowance loss	(321)	(424)	(81)
	$ 63,917	$ 84,280	$ 16,115
Due from reinsurers and ceding companies	$ 158,678	$ 165,765	$ 129,066
Due from reinsurers and ceding companies - Non-accrual loan	2,036	1,977	9,670
Less: allowance loss	(4,269)	(4,720)	(11,827)
	$ 156,445	$ 163,022	$ 126,909
Reinsurance reserve asset - net			
Ceding unearned premium reserves	$ 1,138,550	$ 892,586	$ 987,619
Ceding claims reserves	1,173,803	1,122,679	1,002,150
Less: Accumulated impairment	(25)	(31)	(242)
	$ 2,312,328	$ 2,015,234	$ 1,989,527
Insurance liabilities			
Unearned premium reserves	$ 4,235,773	$ 3,832,973	$ 3,873,188
Claim reserves	3,581,829	3,443,382	3,112,428
Special reserves	2,017,041	1,998,464	2,175,742
Premium deficiency reserves	5,780	7,065	9,830
	$ 9,840,423	$ 9,281,884	$ 9,171,188

(I) Less benefits & claims recovered from reinsurers

Upon determination of the recoverability of claim recoverable from reinsurers, the Company took into account and all changes in the quality of credit of the claim recoverable from reinsurers during the period starting from the initial granting of the loan until the balance sheet date. The Company provides the allowance for loss based on the “Regulations Governing the Procedures for Insurance Enterprises to Evaluate Assets and Deal with Non-performing/Non-accrual Loans,” and all the claims that are overdue for nine months and recoverable from reinsurers are transferred to the non-accrued loans.

This is the current payment resulted from ceding reinsurance business among insurer’s peer, and thus the concentration of the credit risk is limited.

(II) Due from reinsurers and ceding companies

Upon determination of the recoverability of due from reinsurers and ceding companies, the Company took into account and all changes in the quality of credit of the due from reinsurers during the period starting from the initial granting of the loan until the balance sheet date. The Company provides the allowance for loss based on the "Regulations Governing the Procedures for Insurance Enterprises to Evaluate Assets and Deal with Non-performing/Non-accrual Loans," and all the due from reinsurers overdue for nine months are transferred to the non-accrued loans.

This is the current payment resulted from ceding and inward reinsurance business among insurer's peer, and thus the concentration of the credit risk is limited.

(III) Movement of allowance for loss for Claim recoverable from reinsurers and due from reinsurers and ceding companies are as follows:

	Impairment loss by individual assessment	Impairment loss by group assessment	Total
Balance at January 1, 2022	$ 5,475	$ 5,223	$ 10,698
Add: Provision (reversal) of the period	1,278	(68)	1,210
Balance at March 31, 2022	$ 6,753	$ 5,155	$ 11,908
Balance at January 1, 2023	$ 1,406	$ 3,738	$ 5,144
Add: Reversal in the current period	(34)	(520)	(554)
Balance at March 31, 2023	$ 1,372	$ 3,218	$ 4,590

The Company does not hold any collateral for the outstanding balances of such receivables.

(IV) Allowance for loss of the non-accrual loan

As of March 31, 2023, the impairment or unrecoverable amount has been evaluated for the due from reinsurers and ceding companies, and the allowance for loss has been provided as NT$1,372 thousand.

As of December 31, 2022, the impairment or unrecoverable amount has been evaluated for the due from reinsurers and ceding companies, and the allowance for loss has been provided as NT$1,406 thousand.

As of March 31, 2022, the impairment or unrecoverable amount has been evaluated for the due from reinsurers and ceding companies, and the allowance for loss has been provided as NT$6,753 thousand.

(V) Reinsurance reserve asset and Insurance liabilities

Movement of increase/decrease for reinsurance reserve assets and insurance liabilities during January 1 to March 31, 2023:

	January 1, 2023	Provision of the Period	Recovery of the Period	Others	March 31, 2023
Reinsurance reserve asset - net					
Ceding unearned premium reserves					
Total amount	$ 892,586	$ 721,812	$ 475,848	$ -	$ 1,138,550
Recognized impairment loss	-	-	-	-	-
	892,586	721,812	475,848	-	1,138,550
Ceding claims reserves					
Reported but not yet paid	756,243	810,099	756,243	-	810,099
Not yet reported	366,436	363,704	366,436	-	363,704
Recognized impairment loss	(31)	-	-	6	(25)
	1,122,648	1,173,803	1,122,679	6	1,173,778
Total of Reinsurance reserve asset	$ 2,015,234	$ 1,895,615	$ 1,598,527	$ 6	$ 2,312,328
Insurance liabilities					
Unearned premium reserves	$ 3,832,973	$ 2,271,659	$ 1,868,859	$ -	$ 4,235,773
Claim reserves					
Reported but not yet paid	2,399,713	2,545,842	2,399,713	-	2,545,842
Not yet reported	1,043,669	1,035,987	1,043,669	-	1,035,987
	3,443,382	3,581,829	3,443,382	-	3,581,829
Special reserves					
Special reserves for material accidents	161,825	-	2,023	-	159,802
Special reserves for hazard changes	599,144	-	-	-	599,144
Other special reserves	1,237,495	20,600	-	-	1,258,095
	1,998,464	20,600	2,023	-	2,017,041
Premium deficiency reserves	7,065	5,780	7,065	-	5,780
Total insurance liabilities	$ 9,281,884	$ 5,879,868	$ 5,321,329	$ -	$ 9,840,423

Movement of increase/decrease for reinsurance reserve assets and insurance liabilities during January 1 to March 31, 2022:

	January 1, 2022	Provision of the Period	Recovery of the Period	Others	March 31, 2022
Reinsurance reserve asset - net					
Ceding unearned premium reserves					
Total amount	$ 822,921	$ 598,624	$ 433,926	$ -	$ 987,619
Recognized impairment loss	-	-	-	-	-
	822,921	598,624	433,926	-	987,619
Ceding claims reserves					
Reported but not yet paid	704,895	637,101	704,895	-	637,101
Not yet reported	354,500	365,049	354,500	-	365,049
Recognized impairment loss	(243)	-	-	1	(242)
	1,059,152	1,002,150	1,059,395	1	1,001,908
Total of Reinsurance reserve asset	$ 1,882,073	$ 1,600,774	$ 1,493,321	$ 1	$ 1,989,527

(To be continued)

(Continued)

	January 1, 2022	Provision of the Period	Recovery of the Period	Others	March 31, 2022
Insurance liabilities					
Unearned premium reserves	$ 3,706,888	$ 1,994,903	$ 1,828,603	$ -	$ 3,873,188
Claim reserves					
Reported but not yet paid	2,104,685	2,080,709	2,104,685	-	2,080,709
Not yet reported	1,074,888	1,031,719	1,074,888	-	1,031,719
	3,179,573	3,112,428	3,179,573	-	3,112,428
Special reserves					
Special reserves for material accidents	169,917	-	2,023	-	167,894
Special reserves for hazard changes	796,548	-	-	-	796,548
Other special reserves	1,181,046	43,697	13,443	-	1,211,300
	2,147,511	43,697	15,466	-	2,175,742
Premium deficiency reserves	13,896	9,830	13,896	-	9,830
Total insurance liabilities	$ 9,047,868	$ 5,160,858	$ 5,037,538	$ -	$ 9,171,188

From January 1 to March 31, 2023 and 2022, the summary of effects produced by the Company’s application or failure in application of the “Directions for Strengthening Catastrophe Insurance Reserve by Non-Life Insurance Enterprises,” “Notes to Enhancing the Reserves of Members of Residential Earthquake Insurance Co-Insurance Organization” and “Regulations Governing Various Reserves for Nuclear Energy Insurance Operated by Non-Life Insurance Enterprises” are listed as follows:

From January 1 to March 31, 2023

	Net Profit for the Period	Earnings Per Share (EPS)	Total Liabilities	Equity
Amount applied	$ 242,203	$ 0.67	$ 11,609,211	$ 10,495,629
Amount not applied	240,585	0.66	10,619,960	11,324,160
Effects	$ 1,618	$ 0.01	$ 989,251	($ 828,531)

From January 1 to March 31, 2022

	Net Profit for the Period	Earnings Per Share (EPS)	Total Liabilities	Equity
Amount applied	$ 72,967	$ 0.20	$ 10,855,572	$ 10,137,449
Amount not applied	71,349	0.20	9,660,825	11,130,377
Effects	$ 1,618	$ -	$ 1,194,747	($ 992,928)

XX. Equity

(I) Capital

Common Stock

	March 31, 2023	December 31, 2022	March 31, 2022
Authorized shares (thousand shares)	600,000	600,000	600,000
Authorized capital	$ 6,000,000	$ 6,000,000	$ 6,000,000
The number of issued and outstanding shares with paid-in capital (thousand shares)	362,200	362,200	362,200
Issued and outstanding share capital	$ 3,622,004	$ 3,622,004	$ 3,622,004

(II) Capital surplus

	March 31, 2023	December 31, 2022	March 31, 2022
May be used for making up losses, or be distributed cash or provided as the share capital			
Premium in stock issuance	$ 1,915	$ 1,915	$ 1,915
Treasury stock transaction	97,047	97,047	97,047
	$ 98,962	$ 98,962	$ 98,962

Such capital surplus may be used to offset a deficit; when the Company has no deficit, such capital surplus may be distributed as cash dividends or stock dividends up to a certain percentage of the Company's paid-in capital.

(III) Retained earnings and dividend policy

Based on the distribution of earnings policy in the Company Charter, shall there be earnings after the annual settlement, the earnings shall offset the accumulated deficit from the previous years, and pay all the taxes, and 20% of the remaining shall be provided as the legal reserve. However, if the legal reserve reaches the total capital of the Company, the said requirement is not applicable. When the special reserve is provided or reversed based on laws, the remaining amount may be combined with the balance of the undistributed earnings at the beginning of the period and the adjusted amount of the undistributed earnings of the year, for the purpose of proposing the earnings distributions for the shareholders' meeting to determine. For the motion for distribution of earnings referred to in the preceding paragraph, the distributable dividends and bonuses, in whole or in part, are paid in cash after a resolution has been adopted by a majority votes at a meeting of the Board of Directors attended by two-thirds of the total number of directors, and a report of such distribution shall be submitted to the shareholders' meeting. For the policy for distributing compensation of employees and directors specified in the Company Charter, please refer to Note 21(7), "Compensations of Employees and Directors."

The Company is an insurance enterprise. As the competition has been intensifying since the opening of the insurance market, by taking into account of the ability of covering of the Company, enhancement of solvency, future needs of funds, and the long-term financial plans, as well as to properly meet the shareholders' demand for cash inflows, the Board of Directors takes stable and balanced dividend policy for the profit distribution proposal of the year, and adjust the percentage of the equity dividend and cash dividends upon its discretions. The cash dividends are no less than 10% of the total dividends; however, if the cash dividend per share is lower than NT$0.1, it may be distributed in equity dividend.

Based on the "Regulations on Provision of Various Reserves for Insurance Enterprises" amended by the Letter Jin-Guan-Bao-Cai-Zi No. 09802513192, December 28, 2009, from January 1, 2011, the new provisions of the special reserves for material accidents and the special reserves for hazard changes each year shall be accounted to special reserves at the end of each year. Therefore, the earning of this portion shall not be distributed or used of other purpose. As of March 31, 2023 and 2022, the net provision was NT$69,462 thousand and NT$70,899 thousand, respectively. The net provision as of December 31, 2022 was NT$246,781 thousand.

The legal reserve shall be provided until the balance achieve the amount of the total paid-up capital of the Company; the legal reserve can be used to offset the deficits. Where the Company did not operate at a loss, the part of the legal reserve in excess of 25% of the paid-in capital could be taken as capital and may be allocated in cash as well. Furthermore, based on Jin-Guan-Bao-Cai-Zi No. 10202501991, "the insurance enterprises that intend to distribute the legal reserve and capital surplus in cash pro rata to the original holdings of shareholders based on Article 241 of the Company Act shall meet certain criteria", to enhance the solvency and strengthen the operation of the companies, not only to meet the abovementioned criteria are to be met, the following requirements are also to be met, and such distribution shall be approved by FSC before the shareholders' meeting, the legal reserve and capital surplus may be distributed in cash based on Article 241 of the Company Act.

The criteria specified in Jin-Guan-Bao-Cai-Zi No. 10202501991 are as follows:

1. The legal reserve provided based on Paragraph 1, Article 145-1 of the Insurance Act has achieved the total amount of paid in capital or funds.
2. The ratio of the latest period of self-owned capital to the risk capital has achieved 250% after deducting the distribution of earnings in cash, cash distributed from capital reserve, and cash distributed from legal reserve.
3. The latest financial report for the year and six months (if the application date exceeding more than six month over the year) are certified by CPA without reserved opinion.
4. The improvements have been made according to the advices for internal control provided by CPA when conducting auditing and certification within the latest year and six months (if the application date exceeding more than six month over the year) .
5. No fine over NT$1 million has been enforced by the competent authorities within the past year. However, shall the tangible improvement against these violations have been made and approved by the competent authorities, the previous requirement does not apply.
6. Healthy financial business with solvency.
7. There is no deficit or accumulated deficit, and no other fact showing any material internal control defect or possible hurdle to healthy operations.

The Company has held the meeting of the Board on April 27, 2023, and the annual general meeting on June 10, 2022, and resolved to pass the distribution of the earnings for 2022 and 2021, respectively, as follows:

	Disposition of net earnings		Dividends Per Share ($)	
	2022	2021	2022	2021
Legal reserve	$ 171,733	$ 108,410		
Special reserve	246,411	242,300		
Cash dividend	362,201	271,651	$ 1	$ 0.75

The 2022 earnings distribution plan is pending resolution by the annual general meeting to be convened on June 16, 2023.

(IV) Special reserve

The changes in the special reserve from January 1 to March 31, 2023 and 2022 are stated as follows:

	Special reserves	Provisions by initial application of IFRSs	Special reserve form fin-tech employee transformation	Special reserve for personal travel insurance	Total
Balance at January 1, 2022	$ 2,150,575	$ 652,606	$ 4,877	$ 1,110	$ 2,809,168
Provision of the period	-	-	-	-	-
Recovery of the Period	(953)	-	-	-	(953)
Balance at March 31, 2022	$ 2,149,622	$ 652,606	$ 4,877	$ 1,110	$ 2,808,215
Balance at January 1, 2023	$ 2,397,356	$ 652,606	$ 2,763	$ 2,854	$ 3,055,579
Provision of the period	-	-	-	-	-
Recovery of the Period	(6,350)	-	-	-	(6,350)
Balance at March 31, 2023	$ 2,391,006	$ 652,606	$ 2,763	$ 2,854	$ 3,049,229

When the Company initially applied IFRSs, the unrealized value added amount from the re-evaluation is NT$698,510 thousand, and the special reserve has been provided for the same amount. As of the reporting date, for the disposal of property and equipment, NT$45,904 thousand of special reserve provided for the unrealized value added amount from the re-evaluation for real estate, will be reversed.

The special reserve provided for the investment properties other than lands when initially applying IFRSs, may be reversed period by period during the usage period. The special reserve provided for lands, may be reversed when being disposed or reclassified. When distributing earnings, the special reserve shall be provided for the difference between the net deduction under other equity to shareholders and the special reserve provided for the initial application of IFRSs. Afterwards, if there is any reversal for the deduction under other equity to shareholders, the reversed portion may be distributed of earnings.

Based on Jin-Guan-Bao-Cai-Zi No. 10502066461 Letter on July 13, 2016, to respond to the development trend of fin-tech, assist the employees of insurance enterprises, and protect their interests, an insurance enterprises shall, when distributing the earnings of FY 2016 to 2018, a special reserve shall be made based on the range of 0.5% to 1% of after-tax earning against the distributable earnings. According to the decree under Jin-Guan-Bao-Cai-Zi No. 10804932431 dated July 30, 2019, since the fiscal year of 2019, when disbursing related expenses, the insurance industry may reverse the same amount within the balance of the special reserve provided by the earnings of the fiscal years of 2016–2018.

According to the decree under Jin-Guan-Bao-Cai-Zi No. 10904939031 dated October 29, 2020, in order to build the insurance industry's robust financial structure, the insurance industry shall, at the end of each fiscal year, set aside the special reserve equivalent to 10% of the balance after the total insurance premium calculated based on the insured value and days for the personal travel accidental death and permanent disability benefits policies sold in that year less 20% nominal tax rate, in accordance with the "Personal Travel Insurance Accidental Death and Permanent Disability Benefits Standard Rate Table."

(V) Other equity

Unrealized valuation gain and losses on financial assets at fair value through other comprehensive income

	From January 1 to March 31, 2023	From January 1 to March 31, 2022
Balance - beginning	($ 251,870)	$ 570,716
Those yielded in the current term		
Unrealized profit/loss		
Liability instruments	20,310	(47,187)
Equity instrument	287,960	202,050
Adjustment to the allowance loss of bond instrument	(562)	(21)
Other comprehensive profit (loss) for the period	307,708	154,842
The accumulated profit/loss by disposing equity instrument transferred to the retained earnings	(69,606)	(33,190)
Balance - ending	($ 13,768)	$ 692,368

XXI. Net Income from Continuing Operation

(I) Gain (loss) on financial assets and liabilities at fair value through profit or loss

	From January 1 to March 31, 2023	From January 1 to March 31, 2022
Loss on disposal	$ 2,497	($ 4,265)
Dividend	1,156	-
Gain (loss) on valuation		
Equity instrument	17,301	(10,296)
Liability instruments	15,648	(15,618)
	$ 36,602	($ 30,179)

(II) Realized gain and losses on financial assets at fair value through other comprehensive income

	From January 1 to March 31, 2023	From January 1 to March 31, 2022
Dividend	$ 6,273	$ 1,170

(III) Gain (loss) on investment properties

	From January 1 to March 31, 2023	From January 1 to March 31, 2022
Rental revenue from investment properties	$ 31,142	$ 31,949
Direct operational expenses of investment properties	(8,874)	(7,951)
	$ 22,268	$ 23,998

(IV) Expected credit impairment losses and reversal of gains of investments

	From January 1 to March 31, 2023	From January 1 to March 31, 2022
Bond instruments measured at fair value through other comprehensive income	$ 562	$ 21
Financial assets carried at amortized cost	236	-
	$ 798	$ 21

(V) Gain (loss) of Foreign Currency Exchange

	From January 1 to March 31, 2023	From January 1 to March 31, 2022
Gain (loss) of investment exchange	($ 10,981)	$ 38,857
Other gain (loss) of exchange	(1,808)	4,782
	($ 12,789)	$ 43,639

(VI) Summary of nature of employee benefits, depreciation and amortization for the period

	From January 1 to March 31, 2023			From January 1 to March 31, 2022		
	Classified as operating cost	Classified as operating expense	Total	Classified as operating cost	Classified as operating expense	Total
Employee fringe benefit expenses	$ 66,502	$ 213,599	$ 280,101	$ 64,381	$ 164,076	$ 228,457
Salaries expense	66,502	169,416	235,918	64,381	128,605	192,986
Expenses for labor and health insurance	-	21,568	21,568	-	19,886	19,886
Pension expense	-	8,006	8,006	-	7,714	7,714
Remuneration to directors	-	13,249	13,249	-	6,884	6,884
Other employee fringe benefit expenses	-	1,360	1,360	-	987	987
Depreciation expense - Property and equipment	-	4,494	4,494	-	3,988	3,988
Depreciation expense - Investment properties	4,889	-	4,889	4,681	-	4,681
Depreciation expense - Right-of-use assets	-	6,651	6,651	-	6,141	6,141
Amortization expenses	-	2,403	2,403	-	1,662	1,662

Note: As of March 31, 2023 and 2022, the number of employees is 905 and 922, respectively; among them, 11 directors and 9 directors do not serve as employees concurrently.

(VII) Compensation to Employees and Remuneration to Directors

Based on the Articles of Incorporation, the Company allocated the remuneration to employees and directors at 1–5% and no more than 5% of the pre-tax profit before reduction of the remuneration to employees and directors in the year. No independent directors were allowed to participate in the allocation of remuneration to directors. From January 1 to March 31, 2023 and 2022, the estimated compensations to employees and directors are as the following:

Percentage of estimation

	From January 1 to March 31, 2023	From January 1 to March 31, 2022
Employee compensation	2.50%	2.50%
Directors' remuneration	2.50%	2.50%

Amount

	From January 1 to March 31, 2023	From January 1 to March 31, 2022
Employee Compensation	$ 7,446	$ 2,691
Directors' remuneration	$ 7,446	$ 2,691

Shall there be any change to the annual financial report after the reporting date, the accounting treatment shall be applied, and the adjustment is accounted in the next year.

The employees' compensation and directors' remuneration for 2022 and 2021 are respectively resolved by the Board on March 10, 2023 and March 18, 2022, as the following:

	2022	2021
	Cash	Cash
Employee Compensation	$ 22,167	$ 10,955
Directors' remuneration	$ 22,167	$ 10,955

The actual resolved amounts for the employees' compensation and directors' remuneration for 2022 and 2021 are not different from the amounts recognized in the financial statement of 2022 and 2021.

For the employees' compensation and directors' remuneration for 2023 and 2022 resolved by the Board of Directors, please check the "Market Observation Post System" at TWSE.

XXII. Income Tax of the Units in Continued Business Operation

(I) Income tax recognized in profit and/or loss

The income tax expenses are primarily composed of the following items:

	From January 1 to March 31, 2023	From January 1 to March 31, 2022
Income tax for the current		
Those yielded in the current period	$ 44,954	$ 18,744
Adjustment of previous year(s)	-	1,904
Deferred income tax		
Those yielded in the current period	(4,200)	8,703
The income tax expenses recognized in profit and/or loss	$ 40,754	$ 29,351

(II) Income tax liabilities of the period

	March 31, 2023	December 31, 2022	March 31, 2022
Income tax liabilities of the period			
Income tax payable	$ 177,504	$ 133,525	$ 49,234

(III) Verification of income tax

The Company's profit-seeking enterprise income tax returns through 2020 have been examined and approved by the tax authority.

XXIII. Earnings Per Share (EPS)

	From January 1 to March 31, 2023	From January 1 to March 31, 2022
Basic EPS	$ 0.67	$ 0.20
Diluted EPS	$ 0.67	$ 0.20

The average amounts of shares for calculating the net profit of EPS and the average weighted of common shares are as follows:

Net Profit for the Period

	From January 1 to March 31, 2023	From January 1 to March 31, 2022
Net profit attributed to the shareholders of the Company/ Net profit used to calculate EPS	$ 242,203	$ 72,967
Net profit attributed to the shareholders of the Company/ Net profit used to calculate diluted EPS	$ 242,203	$ 72,967

Share(s)

Unit: thousand shares

	From January 1 to March 31, 2023	From January 1 to March 31, 2022
The weighted average number of common shares to be used to calculate basic earnings per share (EPS)	362,200	362,200
Potential impact of common stock with dilution:		
Employee compensation	1,162	590
The weighted average number of common shares to be used to calculate diluted earnings per share (EPS)	363,362	362,790

If the Company may opt to release the employees' compensation in shares or cash, the calculation of diluted EPS assumes the employees' compensation is released in shares, and included the weighted average outstanding shares when such common shares have diluting effect, to calculate the diluted EPS. When calculating the diluted EPS before resolving the amount of shares to be released as the employees' compensation in the next year, the diluting effects of such potential common shares are taken into account still.

XXIV. Financial Instruments

(I) Information on fair value – financial instruments other than those at fair value

March 31, 2023

		Fair Value			
	Carrying amount	Level 1	Level 2	Level 3	Total
Financial assets					
Financial assets carried at amortized cost					
─ Domestic financial bonds	$ 549,865	$ -	$ 467,085	$ 99,717	$ 566,802
─ Domestic corporate bonds	184,182	-	189,867	-	189,867
─ Overseas corporate bonds	249,948	-	244,016	-	244,016

December 31, 2022

		Fair Value			
	Carrying amount	Level 1	Level 2	Level 3	Total
Financial assets					
Financial assets carried at amortized cost					
─ Domestic financial bonds	$ 449,778	$ -	$ 360,344	$ 98,651	$ 458,995
─ Domestic corporate bonds	183,603	-	187,950	-	187,950
─ Overseas corporate bonds	251,392	-	235,773	-	235,773

Said Level 2 and Level 3 fair value measurements are based on the cash flow discount method, and the formula price of TPEx or Bloomberg formula price. Among other things, the material unobservable input adopted by the Level 3 fair value measurement refers to the discount factor (yield), which is obtained by considering the premium reward of risks and the reference interest rate of corporate bonds.

(II) Information on fair value – financial instruments at fair value

1. Level of fair value

March 31, 2023

	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss				
TWSE/GTSM listed shares	$ 80,570	$ -	$ -	$ 80,570
Unlisted domestic shares	-	-	200,589	200,589
Funds and Beneficiary certificates	265,077	-	35,143	300,220
Domestic financial bonds	-	-	1,242,766	1,242,766
Overseas financial bonds	-	219,236	-	219,236
Domestic corporate bonds	-	-	499,872	499,872
Total	$ 345,647	$ 219,236	$ 1,978,370	$ 2,543,253
Financial assets at fair value through other comprehensive income				
Investments in equity instruments				
TWSE/GTSM listed shares (Note)	$ 3,559,147	$ -	$ -	$ 3,559,147
— Unlisted domestic shares	-	-	373,264	373,264
Investments in liability instruments				
— Domestic government bonds	-	578,678	-	578,678
— Domestic financial bonds	-	98,382	-	98,382
— Domestic corporate bonds	-	101,102	-	101,102
— Overseas corporate bonds	-	987,648	-	987,648
— Overseas financial bonds	-	-	152,048	152,048
Total	$ 3,559,147	$ 1,765,810	$ 525,312	$ 5,850,269

December 31, 2022

	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss				
TWSE/GTSM listed shares	$ 74,521	$ -	$ -	$ 74,521
Unlisted domestic shares	-	-	194,490	194,490
Funds and Beneficiary certificates	239,539	-	35,528	275,067
Domestic financial bonds	-	-	1,234,712	1,234,712
Overseas financial bonds	-	216,835	-	216,835
Domestic corporate bonds	-	-	497,548	497,548
Total	$ 314,060	$ 216,835	$ 1,962,278	$ 2,493,173
Financial assets at fair value through other comprehensive income				
Investments in equity instruments				
TWSE/GTSM listed shares (Note)	$ 3,533,273	$ -	$ -	$ 3,533,273
— Unlisted domestic shares	-	-	322,830	322,830
Investments in liability instruments				
— Domestic government bonds	-	578,161	-	578,161
— Domestic financial bonds	-	98,076	-	98,076
— Domestic corporate bonds	-	100,554	-	100,554
— Overseas corporate bonds	-	975,071	-	975,071
— Overseas financial bonds	-	-	153,346	153,346
Total	$ 3,533,273	$ 1,751,862	$ 476,176	$ 5,761,311

March 31, 2022

	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss				
TWSE/GTSM listed shares	$ 189,191	$ -	$ -	$ 189,191
Funds and Beneficiary certificates	160,583	-	44,468	205,051
Domestic financial bonds	-	-	1,198,666	1,198,666
Overseas financial bonds	-	225,844	-	225,844
Domestic corporate bonds	-	-	510,453	510,453
Total	$ 349,774	$ 225,844	$ 1,753,587	$ 2,329,205
Financial assets at fair value through other comprehensive income				
Investments in equity instruments				
TWSE/GTSM listed shares (Note)	$ 4,156,600	$ -	$ -	$ 4,156,600
— Unlisted domestic shares	-	-	428,811	428,811
Investments in liability instruments				
— Domestic government bonds	-	593,855	-	593,855
— Domestic financial bonds	-	99,383	-	99,383
— Domestic corporate bonds	-	103,369	-	103,369
— Overseas corporate bonds	-	796,808	-	796,808
— Overseas financial bonds	-	-	142,957	142,957
Total	$ 4,156,600	$ 1,593,415	$ 571,768	$ 6,321,783

Note: Including common stock and special stock.

There was no transfer between fair value measurement level 1 and level 2 in January 1 to March 31, 2023 and 2022.

2. Reconciliation for the financial instruments measured at fair value level 3

From January 1 to March 31, 2023

	Financial assets at fair value through profit or loss			Financial assets at fair value through other comprehensive income		
Financial assets	Liability instruments	Equity instrument	Beneficiary certificates	Liability instruments	Equity instrument	Total
Balance - beginning	$1,732,260	$ 194,490	$ 35,528	$ 153,346	$ 322,830	$2,438,454
Recognized in profit/loss (profit/loss on financial assets and liabilities at fair value through profit or loss)	10,378	6,099	(385)	-	-	16,092
Recognized into income — exchange profit and/or loss	-	-	-	(1,300)	-	(1,300)
Recognized in other comprehensive profit/loss (unrealized profit/loss at fair value through other comprehensive income)	-	-	-	2	50,434	50,436
Balance - ending	$1,742,638	$ 200,589	$ 35,143	$ 152,048	$ 373,264	$2,503,682
Other unrealized gain/loss of the current period recognized into the profit and/or loss	$ 10,378	$ 6,099	($ 385)	($ 1,300)	$ -	$ 14,792

From January 1 to March 31, 2022

Financial assets	Financial assets at fair value through profit or loss		Financial assets at fair value through other comprehensive income		
	Liability instruments	Beneficiary certificates	Liability instruments	Equity instrument	Total
Balance - beginning	$ 1,720,719	$ 44,742	$ 138,211	$ 466,176	$ 2,369,848
Recognized in profit/loss (profit/loss on financial assets and liabilities at fair value through profit or loss)	(11,600)	(274)	-	-	(11,874)
Recognized into income－exchange profit and/or loss	-	-	4,750	-	4,750
Recognized in other comprehensive profit/loss (unrealized profit/loss at fair value through other comprehensive income)	-	-	(4)	(37,365)	(37,369)
Purchase	100,000	-	-	-	100,000
Others (Note)	(100,000)	-	-	-	(100,000)
Balance - ending	$ 1,709,119	$ 44,468	$ 142,957	$ 428,811	$ 2,325,355
Other unrealized gain/loss of the current period recognized into the profit and/or loss	($ 11,600)	($ 274)	$ 4,750	$ -	($ 7,124)

Note: Primarily as result of the repayment of the bond instruments when due.

3. The evaluation skills and inputs for Level 2 fair value measurement

Categories of financial instruments	Evaluation skills and inputs
TSEC/GTSM listed bond investments	Cash Flow Discount Method: Discounting Based on the Market Interest Rate Reflecting the Similar Products of the Issuers at the End of Period and the Credit Rating. The quotation from the sources, such as TPEx, Bloomberg or other markets, is adopted.

4. The evaluation skills and inputs for Level 3 fair value measurement

Categories of financial instruments	Evaluation skills and inputs
TSEC/GTSM listed bond investments	Based on cash flow discount approach, the present value of incomes to be obtained by holding the investment. The material unobservable input is the discount factor (yield), is obtained by considering the premium reward of risks and the reference interest rate of corporate bonds.
Investments in unlisted domestic shares and beneficiary certificates	Based on the asset-based approach, reflect the entire value of the enterprise or business in terms of the total market values for the individual assets and liabilities applicable to the evaluated subject. The material unobservable input is the liquidity discount, minority interest discount, and financial information of the investees.

The Company's measurement of the fair value of financial instruments is reasonable; however, if different evaluation models or parameters are applied, the outcome of evaluations may be different. For the financial instrument classified as Level 3, the effects to market value when evaluation parameters change are as follows:

Item	Inputs value	Ranges	Upward or downward changes	Effect of changes in fair value	
				Positive change	Negative change
March 31, 2023					
ASSETS					
Bond investment	Discount rate	2.13%~4.67%	100BP change upward	$ -	($ 392,470)
Stock investment	Financial Information of the Investees	$19,929	5% change downward	-	(420)
	Liquidity Discount	0%~10%	10% change upward	-	(61,533)
	Minority Interest Discount	0%~10%	10% change upward	-	(61,533)
Beneficiary certificates	Financial Information of the Investees	$35,143	5% change downward	-	(1,209)
	Liquidity Discount	10%	10% change downward	-	(3,905)
	Minority Interest Discount	10%	10% change downward	-	(3,905)
December 31, 2022					
ASSETS					
Bond investment	Discount rate	2.32%~4.82%	100BP change upward	-	(395,381)
Stock investment	Financial Information of the Investees	$15,815	5% change downward	-	(435)
	Liquidity Discount	0%~10%	10% change downward	-	(55,319)
	Minority Interest Discount	0%~10%	10% change downward	-	(55,319)
Beneficiary certificates	Financial Information of the Investees	$35,527	5% change downward	-	(1,197)
	Liquidity Discount	10%	10% change downward	-	(3,947)
	Minority Interest Discount	10%	10% change downward	-	(3,947)
March 31, 2022					
Bond investment	Discount rate	1.61%~4.11%	100BP change upward	-	(405,140)
Stock investment	Financial Information of the Investees	$20,120	5% change downward	-	(317)
	Liquidity Discount	10%	10% change upward	-	(47,646)
	Minority Interest	10%	10% change upward	-	(47,646)
Beneficiary certificates	Financial Information of the Investees	$44,468	5% change downward	-	(910)

The positive and negative changes of the Company refer to the fluctuation of the fair value; the fair value is obtained by calculating with the evaluation skills of the unobservable input parameters at different degrees.

Shall the financial instrument is affected by one or more inputs, the table above only reflect the effect incurred from one single input change, without considering the relativeness and variability among inputs.

(III) Categories of financial instruments

	March 31, 2023	December 31, 2022	March 31, 2022
Financial assets			
At fair value through profit and loss	$ 2,543,253	$ 2,493,173	$ 2,329,205
Financial assets carried at amortized cost (Note 1)	9,023,971	8,290,532	7,928,109
At fair value through other comprehensive income			
Investments in equity instruments	3,932,411	3,856,103	4,585,411
Investments in liability instruments	1,339,180	1,327,047	1,142,517
Financial liabilities			
At amortized cost (Note 2)	1,147,184	1,087,738	1,178,919

Note 1: The balance includes the financial assets at amortized costs, such as cash and cash equivalents, investment in bond investments, note receivables, premium receivables, other receivables, claim recoverable from reinsurers, due from reinsurers and ceding companies, other financial assets – net, and refundable deposits.

Note 2: The balance includes financial liabilities at amortized costs, such as the claims payable, commissions payable, due to reinsurers and ceding companies, other payable, and refundable deposit.

(IV) The objectives and policies of financial risk management

The major financial instruments of the Company include the equity and bond instrument investment, receivables, and payables. The financial management department of the Company supervises, and manages the financial risks related to the Company's operation based on internal risk report analyzing the degrees and breadth of exposures. Such risks include market risks (including foreign exchange risks, interest rate risks, and other price risks), credit risks and liquidity risks. The Risk Management Committee , subordinated to the Board of Directors, established by the Company is the independent organization established solely for supervising risks and policy implementation to reduce exposures.

1. Market risk

The operating activities of the Company cause the Company to assuming the major financial risks as the risk of foreign exchange change (refer to following (1)) and the risk of interest rate change (refer to following (2)).

The Company's exposure to market risks of financial instruments, and approaches toward managing and measuring such exposures have not changed.

(1) Foreign exchange rate risk

For the currency assets and currency liabilities denominated in non-functional currency on the balance sheet date, please refer to Note 30.

Analysis of sensitivity

The Company is mainly affected by the fluctuation of USD.

The following table explains in detail the analysis of sensitivity when the exchange rates of NT$ (the functional currency) against other related foreign currencies increase or decrease 1%. 1% is the sensitivity percentage used when internally reporting the exchange rate risks to the major management, as well as represents the evaluation for the reasonably possible extent of changes of foreign exchange by the management. The analysis of sensitivity only includes the outstanding foreign currency items, and the translation at the end of period is adjusted at 1% of exchange rate change. The positive figures in the following table are the amount increased for the pre-tax net profit or equity when NT$ against the related currencies appreciate 1%; when NT$ against the related currencies depreciate 1%, the effects to the pre-tax net profit or equity will be negative at the same amount.

	Effects from USD		Effects from RMB	
	From January 1 to March 31, 2023	From January 1 to March 31, 2022	From January 1 to March 31, 2023	From January 1 to March 31, 2022
Profit and loss (i)	$ 15,634	$ 10,665	$ 3,155	$ 3,165

(i) Mainly originated from the outstanding USD and CNY denominated financial instruments without being hedged against the cash flows.

(2) Interest rate risks

At the balance sheet date, the carrying amount of financial assets exposed to interest rates are as follows:

	March 31, 2023	December 31, 2022	March 31, 2022
Interest rate risk with fair value			
－ Financial assets	$ 4,863,727	$ 4,739,076	$ 3,671,336

Analysis of sensitivity

The following analyses of sensitivity are determined based on the interest rate exposure of the non-derivative instruments at the balance sheet dates. When internally reporting the interest rates to the major management, the variable interest rates applied is the interest rates increase or decrease 100 base points, and also represent the evaluation for the reasonably possible extent of changes of interest rate by the management.

If the interest rate increases by 100 base points, while other variables are kept the same, the Company's pre-tax net profit will decrease by NT$399,454 thousand and NT$414,913 thousand, respectively, during January to March 31, 2023 and 2022, primarily as a result of the changes in the fair value of fixed interest rate bond instruments at fair value through profit or loss, and the Company's other comprehensive income before tax will decrease by NT$100,015 thousand and NT$100,335 thousand, respectively, during January 1 to March 31, 2023 and 2022, primarily as a result of the changes in the fair value of the fixed interest rate bond instruments at fair value through other comprehensive income.

(3) Other Price Risks

The Company suffered the equity price risk arising from the investment in equity securities and beneficiary certificates.

Analysis of sensitivity

The following analyses of sensitivity are determined based on the price risk over equity securities and beneficiary certificates at the balance sheet dates.

If the equity price increased/dropped by 1%, the income before tax would have increased/decreased by NT$5,814 thousand and NT$3,942 thousand due to the increase/decrease in the fair value of financial assets at fair value through profit or loss from January 1 to March 31, 2023 and 2022. The other comprehensive income would have increased/decreased by NT$39,324 thousand and NT$45,854 thousand due to the increase/decrease in the fair value of other financial assets at fair value through comprehensive income from January 1 to March 31, 2023 and 2022.

2. Credit risk

Credit risk represents the potential loss that would be incurred by the Company if the counter-parties or third parties breached the contracts. The Company's financial instruments are affected by its credit risk concentration, component, contract amounts and other receivables. As the counterparties of the Company are the creditworthy financial institutions with low possibility of default, it is expect the material credit risk is unlikely.

Credit risk exposure - by territory

March 31, 2023

Financial assets	Taiwan	Asia	America	Others	Total
Cash and cash equivalents	$ 3,292,930	$ -	$ -	$ -	$ 3,292,930
Financial assets at fair value through profit or loss	1,961,874	-	-	-	1,961,874
Financial assets at fair value through other comprehensive income	1,212,240	175,339	166,340	363,939	1,917,858
Financial assets carried at amortized cost	734,047	-	249,948	-	983,995
Total	$ 7,201,091	$ 175,339	$ 416,288	$ 363,939	$ 8,156,657
% by territory	88.29%	2.15%	5.10%	4.46%	100%

December 31, 2022

Financial assets	Taiwan	Asia	America	Others	Total
Cash and cash equivalents	$ 3,111,108	$ -	$ -	$ -	$ 3,111,108
Financial assets at fair value through profit or loss	1,949,095	-	-	-	1,949,095
Financial assets at fair value through other comprehensive income	1,207,098	173,007	163,264	361,839	1,905,208
Financial assets carried at amortized cost	633,380	-	251,393	-	884,773
Total	$ 6,900,681	$ 173,007	$ 414,657	$ 361,839	$ 7,850,184
% by territory	87.91%	2.20%	5.28%	4.61%	100%

March 31, 2022

Financial assets	Taiwan	Asia	America	Others	Total
Cash and cash equivalents	$ 3,459,451	$ -	$ -	$ -	$ 3,459,451
Financial assets at fair value through profit or loss	1,934,963	-	-	-	1,934,963
Financial assets at fair value through other comprehensive income	1,087,065	204,287	78,085	366,935	1,736,372
Total	$ 6,481,479	$ 204,287	$ 78,085	$ 366,935	$ 7,130,786
% by territory	90.89%	2.86%	1.10%	5.15%	100%

3. Liquidity risk

The Company maintained sufficient fund to meet our operating capital requirements. Therefore, no liquidity risks associated with failure to source required funding are anticipated.

Liquidity of non-derivative financial liabilities and statement of interest rate risk

The following Table shows the analysis on the remaining contractual maturity for the non-derivative financial liabilities for which the Company has agreed on the repayment term. It was prepared based on the earliest date the Company might be asked to make the repayment, as well as the undiscounted cash flow from the financial liabilities.

March 31, 2023

	On demand or shorter than 3 months	3 months – 1 year	1-5 years	More than 5 years
Liabilities without interest	$ 885,384	$ 49,160	$ 23,964	$ 10,209
Lease liabilities	5,456	21,771	41,363	447
	$ 890,840	$ 70,931	$ 65,327	$ 10,656

December 31, 2022

	On demand or shorter than 3 months	3 months – 1 year	1-5 years	More than 5 years
Liabilities without interest	$ 878,842	$ 12,320	$ 21,531	$ 11,470
Lease liabilities	5,041	18,122	29,512	558
	$ 883,883	$ 30,442	$ 51,043	$ 12,028

March 31, 2022

	On demand or shorter than 3 months	3 months – 1 year	1-5 years	More than 5 years
Liabilities without interest	$ 1,011,634	$ 11,396	$ 23,075	$ 8,192
Lease liabilities	5,234	23,883	30,277	-
	$ 1,016,868	$ 35,279	$ 53,352	$ 8,192

(V) Based on Article 7 of the “Regulations Governing Insurance Enterprises Engaging in Operating Reinsurance and Other Risk Spreading Mechanisms”, the unqualified counterparties for the ceding reinsurance of the Company by March 31, 2023 are as follows:

Counterparties of Reinsurance	Insurance type
Tugu Insurance Company Limited	Temporary ceding reinsurance for commercial fire insurance, marine cargo insurance, and marine hull insurance.
Asia Capital Reinsurance Group Pte Ltd	Temporary ceding reinsurance for commercial fire insurance, marine hull insurance and aviation insurance, and commercial fire reinsurance and cargo reinsurance.

The unqualified premium expense is NT$ 0 thousand, the reserves for unqualified reinsurance is NT$494 thousand, all belongs to the ceding claims reported but not claimed reserves.

Based on Article 7 of the “Regulations Governing Insurance Enterprises Engaging in Operating Reinsurance and Other Risk Spreading Mechanisms”, the unqualified counterparties for the ceding reinsurance of the Company by March 31, 2022 are as follows:

Counterparties of Reinsurance	Insurance type
Lemma Insurance Company	Temporary ceding reinsurance for marine hull insurance
Tugu Insurance Company Limited	Temporary ceding reinsurance for commercial fire insurance, marine cargo insurance, and marine hull insurance.
Trust International Insurance & Reinsurance Company B.S.C.(c), Trust Re	Temporary ceding reinsurance for commercial fire insurance, and marine hull insurance.
Asia Capital Reinsurance Group Pte Ltd	Temporary ceding reinsurance for marine hull insurance and aviation insurance, and cargo reinsurance.
Asia Capital Reinsurance Group Pte Ltd Hong Kong Branch Office	Temporary ceding reinsurance for commercial fire insurance, and commercial fire reinsurance and cargo reinsurance.

The unqualified premium expense is NT$0 thousand, the reserves for unqualified reinsurance is NT$736 thousand, all belongs to the ceding claims reported but not claimed reserves.

XXV. Transactions with Related Parties

(I) Information about the Company’s related parties were as follows

Name of the Related Parties	Relationship with the Company
Bank of Taiwan Co., Ltd.	Major Management
Yong-Shin Development Co., Ltd.	Major Management
Tong-Sheng Development Co., Ltd.	Investor with significant effects
Navigator Real Estate Co., Ltd.	Investor with significant effects
Navigator Investment Co., Ltd.	Investor with significant effects
Taiwan Navigator Asset Investment Co., Ltd.	Related party in substance
Taiwan Business Bank, Ltd.	Related party in substance
Goldsun Building Materials Co., Ltd.	Related party in substance (non-related party on March 10, 2023)
Bank Taiwan Insurance Brokers Co., Ltd.	Related party in substance
Taiming Assurance Broker Co., Ltd.	Related party in substance
Link-Aim Life Insurance Broker Co., Ltd.	Related party in substance

Name of the Related Parties	Relationship with the Company
Sirtec International Co., Ltd.	Related party in substance
Hua Nan Commercial Bank, Ltd.	Related party in substance
Forland Auto Trade Holding Co., Ltd. Taipei Branch (Cayman)	Related party in substance
Yuan Chou Chemical and Pharmaceutical Co., Ltd.	Related party in substance
Great Taipei Co., Ltd.	Related party in substance
Aiya Industrial Co., Ltd.	Related party in substance
Other related parties	Directors, supervisors, chairman, president, managers, their spouses, and the relatives within 2nd degree of kinship

(II) Significant related-party transactions were as follows

1. Deposit

Checking deposits and Demand deposits:

	March 31, 2023	December 31, 2022	March 31, 2022
Major Management			
Bank of Taiwan Co., Ltd.	$ 871,462	$ 846,333	$ 893,783
Related party in substance			
Taiwan Business Bank	79,095	84,789	77,561
Hua Nan Commercial Bank	4,442	4,490	4,050
	$ 954,999	$ 935,612	$ 975,394

Time deposits (including cash and cash equivalents, and other financial assets listed in accounts):

	March 31, 2023	December 31, 2022	March 31, 2022
Major Management			
Bank of Taiwan Co., Ltd.	$ 246,905	$ 251,865	$ 247,065
Related party in substance			
Taiwan Business Bank	115,861	117,861	131,461
	$ 362,766	$ 369,726	$ 378,526

The time deposits in the related parties have the interest rate of 0.13%–1.57% and 0.06%–1.52% for March 31, 2023 and 2022, respectively, and 0.13%–1.52% for December 31, 2022, with same transaction terms as non-related parties.

2. Premium income (direct policy writing)

	From January 1 to March 31, 2023	From January 1 to March 31, 2022
Major Management		
Bank of Taiwan Co., Ltd.	$ 423	$ 361
Related party in substance		
Taiwan Business Bank	2,801	6
Yuan Chou Chemical and Pharmaceutical Co., Ltd.	252	278
Great Taipei Co., Ltd.	252	260
Aiya Industrial Co., Ltd.	226	226
Other related parties	1,978	1,264
	$ 5,932	$ 2,395

The insurances to the abovementioned related parties provide the same insurance conditions to unrelated parties.

3. Claims (direct policy writing)

	From January 1 to March 31, 2023	From January 1 to March 31, 2022
Major Management		
Bank of Taiwan Co., Ltd.	$ 12	$ -
Related party in substance		
Goldsun Building Materials Co., Ltd.	-	3,516
Taiwan Business Bank	63	-
Other related parties	143	91
	$ 218	$ 3,607

The insurances to the abovementioned related parties provide the same claim conditions to unrelated parties.

4. Commission expenditure

	From January 1 to March 31, 2023	From January 1 to March 31, 2022
Major Management		
Bank of Taiwan Co., Ltd.	$ 1,063	$ 386
Related party in substance		
Bank Taiwan Insurance Brokers Co., Ltd.	7,235	7,173
Taiming Assurance Broker Co., Ltd. (TABC)	3,374	3,032
Link-Aim Life Insurance Broker Co., Ltd.	245	-
Other related parties	3,560	2,730
	$ 15,477	$ 13,321

The insurances to the abovementioned related parties provide the same commission conditions to unrelated parties.

5. Lessor Agreement

Operating lease

The operating leases of the Company for the investment properties have the lease period of 1 to 10 years. When the lessees exercise the right of continual lease, the rents are agreed to be adjusted based on the market price. Upon the end of the leasehold duration, the lessees are not entitled to preferential lease right over the investment properties.

The future lease payments to be received are aggregated as the following:

Type/Name of the Related Parties	March 31, 2023	December 31, 2022	March 31, 2022
Major Management			
Yong-Shin Development Co., Ltd.	$ 570	$ 600	$ 90
Investor with significant effects			
Navigator Real Estate Co., Ltd.	1,368	1,440	216
Tong-Sheng Development Co., Ltd.	855	900	135
Navigator Investment Co., Ltd.	570	600	90
Related party in substance			
Taiwan Navigator Assets	3,363	3,540	531
Forland Auto Trade Holding Co., Ltd. Taipei Branch (Cayman)	1,995	2,100	315
Sirtec International Co., Ltd.	12,454	14,182	6,943
Taiming Assurance Broker Co., Ltd. (TABC)	30,847	33,009	8,731
	$ 52,022	$ 56,371	$ 17,051

(1) The details of the rents received by leasing the investment properties to the related parties are as follows:

	From January 1 to March 31, 2023	From January 1 to March 31, 2022
Major Management		
Yong-Shin Development Co., Ltd.	$ 29	$ 19
Investor with significant effects		
Navigator Real Estate Co., Ltd.	69	46
Tong-Sheng Development Co., Ltd.	43	29
Navigator Investment Co., Ltd.	29	19
Related party in substance		
Taiwan Navigator Assets	169	113
Forland Auto Trade Holding Co., Ltd. Taipei Branch (Cayman)	100	67
Sirtec International Co., Ltd.	1,652	1,649
Taiming Assurance Broker Co., Ltd. (TABC)	2,064	2,062
	$ 4,155	$ 4,004

(2) The deposits the Company received for leasing properties to the related parties as of March 31, 2023, and December 31 and March 31, 2022 are as follows:

	March 31, 2023	December 31, 2022	March 31, 2022
Major Management			
Yong-Shin Development Co., Ltd.	$ 20	$ 20	$ 20
Investor with significant effects			
Navigator Real Estate Co., Ltd.	48	48	48
Tong-Sheng Development Co., Ltd.	30	30	30
Navigator Investment Co., Ltd.	20	20	20

(To be continued)

(Continued)

	March 31, 2023	December 31, 2022	March 31, 2022
Related party in substance			
Forland Auto Trade Holding Co., Ltd. Taipei Branch (Cayman)	$ 70	$ 70	$ 70
Taiwan Navigator Assets	118	118	118
Sirtec International Co., Ltd.	1,652	1,652	1,652
Taiming Assurance Broker Co., Ltd. (TABC)	1,615	1,615	1,615
	$ 3,573	$ 3,573	$ 3,573

The abovementioned property leasing to the related parties provided the transaction conditions similar to ordinary transactions.

6. Lessee Agreement

Type/Name of the Related Parties	March 31, 2023	December 31, 2022	March 31, 2022
Right-of-use assets			
Investor with significant effects			
Navigator Real Estate Co., Ltd.	$ 9,606	$ 4,595	$ 6,281
Lease liabilities			
Investor with significant effects			
Navigator Real Estate Co., Ltd.	$ 9,754	$ 4,707	$ 6,375

Type/Name of the Related Parties	From January 1 to March 31, 2023	From January 1 to March 31, 2022
Interest expense		
Investor with significant effects		
Navigator Real Estate Co., Ltd.	$ 64	$ 38
Total amount of cash (outflow) of lease		
Investor with significant effects		
Navigator Real Estate Co., Ltd.	$ 602	$ 587

Leasing properties from Navigator Real Estate Co., Ltd. that has significant effects provided the transaction conditions similar to ordinary transactions.

The Company has leased properties from Navigator Real Estate Co., Ltd. which has significant effects, the outstanding balance of paid deposits at March 31, 2023, and December 31 and March 31, 2022 were NT$509 thousand, NT$482 thousand and NT$482 thousand, respectively.

(III) Incentive remuneration to key management level

The total salaries and remunerations to directors and other key management in January 1 to March 31, 2023 and 2022 are enumerated below:

	From January 1 to March 31, 2023	From January 1 to March 31, 2022
Short-term employee benefits	$ 34,781	$ 31,249
Post-employment benefits	582	597
	$ 35,363	$ 31,846

The salaries and remunerations to directors and other key management were determined by the Salary Committee in accordance with the personal performances and trends in the markets.

XXVI. Others

(I) Gross retained earned premium

1. As of March 31, 2023, the balance of the gross retained earned premium for the compulsory and non-compulsory insurance, and the calculation are as follows:

Insurance type	Premium revenues (1)	Reinsurance premium revenues (2)	Reinsurance premium outward (3)	Premium retained (4)=(1)+(2)−(3)
Compulsory insurance	$ 213,401	$ 64,217	$ 100,768	$ 176,850
Non-Compulsory insurance	2,120,218	44,573	793,969	1,370,822
	$ 2,333,619	$ 108,790	$ 894,737	$ 1,547,672

Item	Unearned premium reserves for direct insurance		Unearned premium reserves for reinsurance inwards		Net change in unearned premium reserves
	Reserve (5)	Recovery (6)	Reserve (7)	Recovery (8)	(9)=(5)−(6)+(7)−(8)
Compulsory insurance	$ 356,365	$ 357,259	$ 153,422	$ 152,506	$ 22
Non-Compulsory insurance	1,700,215	1,290,293	61,657	68,801	402,778
	$ 2,056,580	$ 1,647,552	$ 215,079	$ 221,307	$ 402,800

Item	Unearned premium reserves for ceding reinsurance inward		Ceding net change in unearned premium reserves	Gross retained earned premium
	Reserve (10)	Recovery (11)	(12)=(10)－(11)	(13)=(4)－(9)+(12)
Compulsory insurance	$ 213,827	$ 214,361	($ 534)	$ 176,294
Non-Compulsory insurance	507,985	261,487	246,498	1,214,542
	$ 721,812	$ 475,848	$ 245,964	$ 1,390,836

2. As of March 31, 2022, the balance of the gross retained earned premium for the compulsory and non-compulsory insurance, and the calculation are as follows:

Insurance type	Premium revenues (1)	Reinsurance premium revenues (2)	Reinsurance premium outward (3)	Premium retained (4)＝(1)＋(2)－(3)
Compulsory insurance	$ 214,855	$ 62,816	$ 102,041	$ 175,630
Non-Compulsory insurance	1,768,912	44,816	641,433	1,172,295
	$ 1,983,767	$ 107,632	$ 743,474	$ 1,347,925

Item	Unearned premium reserves for direct insurance		Unearned premium reserves for reinsurance inwards		Net change in unearned premium reserves
	Reserve (5)	Recovery (6)	Reserve (7)	Recovery (8)	(9)=(5)－(6)+(7)－(8)
Compulsory insurance	$ 353,468	$ 352,629	$ 150,091	$ 149,456	$ 1,474
Non-Compulsory insurance	1,431,738	1,258,595	59,606	67,923	164,826
	$ 1,785,206	$ 1,611,224	$ 209,697	$ 217,379	$ 166,300

Item	Unearned premium reserves for ceding reinsurance inward		Ceding net change in unearned premium reserves	Gross retained earned premium
	Reserve (10)	Recovery (11)	(12)=(10)－(11)	(13)=(4)－(9)+(12)
Compulsory insurance	$ 212,086	$ 211,582	$ 504	$ 174,660
Non-Compulsory insurance	386,538	222,344	164,194	1,171,663
	$ 598,624	$ 433,926	$ 164,698	$ 1,346,323

(II) Retained claims

1. As of March 31, 2023, the balance of the gross retained claims for the compulsory and non-compulsory insurance, and the calculation are as follows:

Insurance type	Claims (including the claim expenses) (1)	Claims for reinsurance (2)	Refundable Claims for Reinsurance (3)	Retained claims (4)＝(1)＋(2)－(3)
Compulsory insurance	$ 142,398	$ 61,360	$ 81,974	$ 121,784
Non-Compulsory insurance	594,616	9,081	113,672	490,025
	$ 737,014	$ 70,441	$ 195,646	$ 611,809

2. As of March 31, 2022, the balance of the gross retained claims for the compulsory and non-compulsory insurance, and the calculation are as follows:

Insurance type	Claims (including the claim expenses) (1)	Claims for reinsurance (2)	Refundable Claims for Reinsurance (3)	Retained claims (4)=(1)+(2)−(3)
Compulsory insurance	$ 116,400	$ 65,874	$ 68,843	$ 113,431
Non-Compulsory insurance	833,915	29,340	103,331	759,924
	$ 950,315	$ 95,214	$ 172,174	$ 873,355

(III) Unearned premium reserves

1. The balances of the retained unearned premium reserves for each insurance type as of March 31, 2023 are summarized as the followings:

	Unearned premium reserves		Ceding unearned premium reserves	
Item	Direct business	Reinsurance inward business	Ceding reinsurance business	Retained business
General Personal Automobile Liability Insurance	$1,018,840	$ -	$ 5,958	$1,012,882
General Personal Automobile Physical Damage Insurance	619,407	-	4,814	614,593
Personal Accident Insurance	329,375	2,421	53,161	278,635
One-year Residential Fire Insurance	194,556	-	-	194,556
General Commercial Automobile Liability Insurance	172,560	-	1,169	171,391
Other Insurance (Note)	1,630,508	268,106	1,073,448	825,166
	3,965,246	270,527	1,138,550	3,097,223
Less: Accumulated impairment	-	-	-	-
	$3,965,246	$ 270,527	$1,138,550	$3,097,223

Note: the balance of each insurance type less than 5% of the total are stated collectively.

2. The balances of the retained unearned premium reserves for each insurance type as of March 31, 2022 are summarized as the followings:

Item	Unearned premium reserves: Direct business	Unearned premium reserves: Reinsurance inward business	Ceding unearned premium reserves: Ceding reinsurance business	Retained business
General Personal Automobile Liability Insurance	$ 938,875	$ 88	$ 4,828	$ 934,135
General Personal Automobile Physical Damage Insurance	574,697	-	5,625	569,072
Personal Accident Insurance	294,072	1,862	37,277	258,657
One-year Residential Fire Insurance	192,612	-	-	192,612
Other Insurance (Note)	1,600,133	270,849	939,889	931,093
	3,600,389	272,799	987,619	2,885,569
Less: Accumulated impairment	-	-	-	-
	$3,600,389	$ 272,799	$ 987,619	$2,885,569

Note: the balance of each insurance type less than 5% of the total are stated collectively.

(IV) Claim reserves

1. As of March 31, 2023, the balance of the reported but not paid and unreported claim reserves, and the calculation are as follows:

(1) Claim reserves and ceding claims reserves

Item	Claim reserves: Direct Insurance (1)	Claim reserves: Reinsurance inward business (2)	Ceding claims reserves: Ceding reinsurance business (3)	Retained business (4)=(1)+(2)-(3)
Reported but not yet paid	$ 2,318,366	$ 227,476	$ 810,099	$ 1,735,743
Not yet reported	872,249	163,738	363,704	672,283
Less: Accumulated impairment	-	-	(25)	25
	$ 3,190,615	$ 391,214	$ 1,173,778	$ 2,408,051

(2) Ceding net change in claims reserves and net change in ceding claims reserves

Item	Direct Insurance: Reserve (1)	Direct Insurance: Recovery (2)	Reinsurance inward business: Reserve (3)	Reinsurance inward business: Recovery (4)	Net change in claims reserves (5)= (1)-(2)+(3)-(4)
Reported but not yet paid	$ 2,318,366	$ 2,144,141	$ 227,476	$ 255,572	$ 146,129
Not yet reported	872,249	880,171	163,738	163,498	(7,682)
	$ 3,190,615	$ 3,024,312	$ 391,214	$ 419,070	$ 138,447

Item	Ceding reinsurance business Reserve (6)	Ceding reinsurance business Recovery (7)	Ceding net change in claims reserves (8)=(6)-(7)
Reported but not yet paid	$ 810,099	$ 756,243	$ 53,856
Not yet reported	363,704	366,436	(2,732)
	$ 1,173,803	$ 1,122,679	$ 51,124

2. As of March 31, 2022, the balance of the reported but not paid and unreported claim reserves, and the calculation are as follows:

(1) Claim reserves and ceding claims reserves

	Claim reserves		Ceding claims reserves	
Item	Direct Insurance (1)	Reinsurance inward business (2)	Ceding reinsurance business (3)	Retained business (4)=(1)+(2)-(3)
Reported but not yet paid	$ 1,828,867	$ 251,842	$ 637,101	$ 1,443,608
Not yet reported	870,597	161,122	365,049	666,670
Less: Accumulated impairment	-	-	(242)	242
	$ 2,699,464	$ 412,964	$ 1,001,908	$ 2,110,520

(2) Ceding net change in claims reserves and net change in ceding claims reserves

	Direct Insurance		Reinsurance inward business		
Item	Reserve (1)	Recovery (2)	Reserve (3)	Recovery (4)	Net change in claims reserves (5)= (1)-(2)+(3)-(4)
Reported but not yet paid	$ 1,828,867	$ 1,818,548	$ 251,842	$ 286,137	($ 23,976)
Not yet reported	870,597	912,526	161,122	162,362	(43,169)
	$ 2,699,464	$ 2,731,074	$ 412,964	$ 448,499	($ 67,145)

Item	Ceding reinsurance business Reserve (6)	Ceding reinsurance business Recovery (7)	Ceding net change in claims reserves (8)=(6)-(7)
Reported but not yet paid	$ 637,101	$ 704,895	($ 67,794)
Not yet reported	365,049	354,500	10,549
	$ 1,002,150	$ 1,059,395	($ 57,245)

(V) Premium deficiency reserves

1. As of March 31, 2023, the balance of the premium deficiency reserves of each insurance type, and the calculation are as follows:

(1) Premium deficiency reserves and ceding premium deficiency reserves

	Premium deficiency reserves		Ceding premium deficiency reserves	
Item	Direct business	Reinsurance inward business	Ceding reinsurance business	Retained business
Aviation Insurance	$ 2,528	$ 64	$ -	$ 2,592
Marine Hull Insurance	1,748	91	-	1,839
Fishing Vessel Insurance	1,305	41	-	1,346
Miscellaneous Insurance	2	1	-	3
	$ 5,583	$ 197	$ -	$ 5,780

(2) Net change in premium deficiency reserves and ceding net change in premium deficiency reserves

Item	Direct Insurance		Reinsurance inward business		Net change in premium deficiency reserves for direct business and reinsurance inward
	Reserve (1)	Recovery (2)	Reserve (3)	Recovery (4)	(5)=(1)-(2)+(3)-(4)
Aviation Insurance	$ 2,528	$ 4,274	$ 64	$ 81	($ 1,763)
Marine Hull Insurance	1,748	702	91	36	1,101
Fishing Vessel Insurance	1,305	1,609	41	50	(313)
Miscellaneous Insurance	2	282	1	31	(310)
Premium deficiency reserves	$ 5,583	$ 6,867	$ 197	$ 198	($ 1,285)

Item	Ceding reinsurance business		Ceding net change in premium deficiency reserves	Loss recognized under the net provision of premium deficiency reserves for the period
	Reserve (6)	Recovery (7)	(8)=(6)-(7)	(9)=(5)-(8)
Aviation Insurance	$ -	$ -	$ -	($ 1,763)
Marine Hull Insurance	-	-	-	1,101
Fishing Vessel Insurance	-	-	-	(313)
Miscellaneous Insurance	-	-	-	(310)
Premium deficiency reserves	$ -	$ -	$ -	($ 1,285)

The abovementioned premium deficiency reserves does not apply discount when calculating.

2. As of March 31, 2022, the balance of the premium deficiency reserves of each insurance type, and the calculation are as follows:

(1) Premium deficiency reserves and ceding premium deficiency reserves

Item	Premium deficiency reserves		Ceding premium deficiency reserves	
	Direct business	Reinsurance inward business	Ceding reinsurance business	Retained business
Marine Cargo Insurance	$ 2,936	$ 13	$ -	$ 2,949
Aviation Insurance	2,613	55	-	2,668
Fishing Vessel Insurance	2,278	80	-	2,358
Miscellaneous Insurance	1,269	1	-	1,270
Marine Hull Insurance	561	24	-	585
	$ 9,657	$ 173	$ -	$ 9,830

(2) Net change in premium deficiency reserves and ceding net change in premium deficiency reserves

Item	Direct Insurance		Reinsurance inward business		Net change in premium deficiency reserves for direct business and reinsurance inward
	Reserve (1)	Recovery (2)	Reserve (3)	Recovery (4)	(5)=(1)-(2)+(3)-(4)
Marine Cargo Insurance	$ 2,936	$ -	$ 13	$ -	$ 2,949
Aviation Insurance	2,613	3,249	55	83	(664)
Fishing Vessel Insurance	2,278	2,627	80	93	(362)
Miscellaneous Insurance	1,269	7,843	1	1	(6,574)
Marine Hull Insurance	561	-	24	-	585
	$ 9,657	$ 13,719	$ 173	$ 177	($ 4,066)

Item	Ceding reinsurance business		Ceding net change in premium deficiency reserves	Loss recognized under the net provision of premium deficiency reserves for the period
	Reserve (6)	Recovery (7)	(8)=(6)-(7)	(9)=(5)-(8)
Marine Cargo Insurance	$ -	$ -	$ -	$ 2,949
Aviation Insurance	-	-	-	(664)
Fishing Vessel Insurance	-	-	-	(362)
Miscellaneous Insurance	-	-	-	(6,574)
Marine Hull Insurance	-	-	-	585
	$ -	$ -	$ -	($ 4,066)

The abovementioned premium deficiency reserves does not apply discount when calculating.

(VI) Special reserves

1. As of March 31, 2023, the special reserves for the compulsory and non-compulsory insurance increase/decrease as the following:

(1) Special reserves - Compulsory automobile liability insurance

Item	Amount
Balance - beginning	$ 1,007,190
Provision of the Period	20,600
Recovery of the Period	-
Balance - ending	$ 1,027,790

(2) Special reserves - Non-Compulsory automobile liability insurance

Item	Liabilities				Special reserve			
	Material accidents	Hazard changes	Others	Total	Material accidents	Hazard changes	Others	Total
Balance - beginning	$ 161,825	$ 599,144	$ 230,305	$ 991,274	$ 621,754	$ 1,187,505	$ 588,097	$ 2,397,356
Provision of the Period	-	-	-	-	-	-	-	-
Recovery of the Period	(2,023)	-	-	(2,023)	-	(6,350)	-	(6,350)
Balance - ending	$ 159,802	$ 599,144	$ 230,305	$ 989,251	$ 621,754	$ 1,181,155	$ 588,097	$ 2,391,006

Note: The recovery of the special reserves under the previous liability refers to the special reserves provided for non-compulsory automobile liability insurance before January 1, 2011.

2. As of March 31, 2022, the special reserves for the compulsory and non-compulsory insurance increase/decrease as the following:

(1) Special reserves - Compulsory automobile liability insurance

Item	Amount
Balance - beginning	$ 950,741
Provision of the Period	43,697
Recovery of the Period	(13,443)
Balance - ending	$ 980,995

(2) Special reserves - Non-Compulsory automobile liability insurance

	Liabilities				Special reserve			
Item	Material accidents	Hazard changes	Others	Total	Material accidents	Hazard changes	Others	Total
Balance - beginning	$ 169,917	$ 796,548	$ 230,305	$ 1,196,770	$ 554,051	$ 1,071,530	$ 524,994	$ 2,150,575
Provision of the Period	-	-	-	-	-	-	-	-
Recovery of the Period	(2,023)	-	-	(2,023)	-	(953)	-	(953)
Balance - ending	$ 167,894	$ 796,548	$ 230,305	$ 1,194,747	$ 554,051	$ 1,070,577	$ 524,994	$ 2,149,622

Note: The recovery of the special reserves under the previous liability refers to the special reserves provided for non-compulsory automobile liability insurance before January 1, 2011.

(VII) Details of balance sheet and income/cost of compulsory automobile liability insurance

1. Detailed balance sheet of compulsory automobile liability insurance

Item	Amount			Item	Amount		
ASSETS	March 31, 2023	December 31, 2022	March 31, 2022	Liabilities	March 31, 2023	December 31, 2022	March 31, 2022
Cash and Bank deposits	$1,684,269	$1,657,632	$1,626,217	Notes payable	$ -	$ -	$ -
Cash Equivalents	-	-	-	Claims payable	71	-	791
Notes receivable	13,759	21,277	12,044	Reinsurance benefits and claims payable	-	-	-
Premiums receivable	20,378	25,702	20,740				
Less benefits & claims recovered from reinsurers	32,085	23,318	22,295	Due to reinsurers and ceding companies	46,398	49,841	43,906
				Unearned premium reserves	509,787	509,765	503,559
Due from reinsurers and ceding companies	40,951	44,761	37,738	Claim reserves	722,336	725,647	693,370
				Special reserves	1,027,790	1,007,190	980,995
Other receivables	-	-	-	Temporary received and payment to be carried over	2,900	-	-
Financial assets at fair value through other comprehensive income	-	-	-	Other liabilities	2,140	1,969	2,514
Ceding unearned premium reserves	213,827	214,361	212,086				
Ceding claims reserves	306,005	307,287	293,635				
Temporary paid and payment to be carried over	148	74	380				
Other assets	-	-	-				
Total assets	$2,311,422	$2,294,412	$2,225,135	Total liabilities	$2,311,422	$2,294,412	$2,225,135

2. Detailed income/cost statement of compulsory automobile liability insurance

Item	From January 1 to March 31, 2023	From January 1 to March 31, 2022
Operating Revenues		
Premium Income (including reinsurance revenue NT$64,217 thousand and NT$62,816 thousand respectively)	$ 232,147	$ 232,879
Less: Reinsurance premium outward	(100,768)	(102,041)
Net change in unearned premium reserves	(556)	(970)
Retained earned premium	130,823	129,868
Interest income	3,652	1,795
Total operating revenues	$ 134,475	$ 131,663
Operating Costs		
Claims (including claims for reinsurance NT$61,360 thousand and NT$65,874 thousand respectively)	$ 203,758	$ 182,274
Less: Claim recovered from reinsurer	(81,974)	(68,843)
Retained claims	121,784	113,431
Net change in claims reserves	(2,029)	(6,092)
Net change in special reserves (Note)	20,600	30,254
Total operating costs	$ 140,355	$ 137,593

Note: According to the Order Jin-Guan-Bao-Chan-Zi No. 11004107771, as of April 1, 2021, non-life insurance enterprises shall contribute NT$30 from the service expenses of the insured per insurance contract as the reserve on a monthly basis.

(VIII) Acquisition Cost of Insurance Contracts

1. As of March 31, 2023, the amount of the insurance contracts at each insurance category and the calculations are as follows:

Item	Commission expenditure	Fee expenditure	Reinsurance commission expenditure	Other cost	Total
General Personal Automobile Liability Insurance	$ 57,848	$ -	$ -	$ 1,101	$ 58,949
General Personal Automobile Physical Damage Insurance	40,821	-	-	247	41,068
Personal Accident Insurance	24,240	-	-	21	24,261
One-year Commercial Fire Insurance	18,442	-	172	-	18,614
Compulsory Automobile Liability Insurance	-	17,343	-	-	17,343
One-year Residential Fire Insurance	13,859	-	-	2,362	16,221
Other Insurance (Note)	75,254	9,292	3,195	2	87,743
	$ 230,464	$ 26,635	$ 3,367	$ 3,733	$ 264,199

Note: the balance of each insurance type less than 5% of the total are stated collectively.

The acquisition costs of the said insurance contracts are not recognized as deferred.

2. As of March 31, 2022, the amount of the insurance contracts at each insurance category and the calculations are as follows:

Item	Commission expenditure	Fee expenditure	Reinsurance commission expenditure	Other cost	Total
General Personal Automobile Liability Insurance	$ 53,147	$ -	$ -	$ 1,040	$ 54,187
General Personal Automobile Physical Damage Insurance	37,416	-	-	236	37,652
Personal Accident Insurance	21,951	-	-	23	21,974
Compulsory Automobile Liability Insurance	-	16,781	-	-	16,781
One-year Residential Fire Insurance	13,931	-	-	2,358	16,289
One-year Commercial Fire Insurance	14,235	-	(1)	-	14,234
Other Insurance (Note)	58,941	8,839	2,761	1	70,542
	$ 199,621	$ 25,620	$ 2,760	$ 3,658	$ 231,659

Note: the balance of each insurance type less than 5% of the total are stated collectively.

The acquisition costs of the said insurance contracts are not recognized as deferred.

(IX) Analysis for business profit and loss

1. The amount of the profits and losses at each insurance category and the calculations during January 1 to March 31, 2023 are as follows:

(1) Direct Insurance

Item	Premium revenues (1)	Net change in unearned premium reserves (2)	Acquisition Cost of Insurance Contracts (3)	Claims (including the claim expenses) (4)	Net change in claims reserves (5)	Profit (loss) of Insurance (6)=(1)-(2)-(3)-(4)-(5)
Residential Earthquake Insurance	$ 143,301	$ -	$ 8,673	$ -	($ 100)	$ 134,728
General Personal Automobile Liability Insurance	520,246	85,112	58,949	220,647	61,468	94,070
General Personal Automobile Physical Damage Insurance	295,853	13,394	41,068	151,879	8,231	81,281
One-year Commercial Fire Insurance	176,340	24,251	18,442	57,389	7,824	68,434
One-year Residential Fire Insurance	79,331	(6,567)	16,221	2,103	2,158	65,416
Marine Cargo Insurance	115,213	52,574	7,930	10,712	(7,675)	51,672
Personal Accident Insurance	182,207	50,233	24,261	45,976	14,566	47,171
Commercial earthquake insurance	84,029	32,964	7,281	4,221	(4,039)	43,602
General Liability Insurance	123,987	41,510	13,185	22,179	4,812	42,301
Other Insurance (Note)	613,112	115,557	64,822	221,908	79,058	131,767
	$ 2,333,619	$ 409,028	$ 260,832	$ 737,014	$ 166,303	$ 760,442

(2) Reinsurance assumed

Insurance type	Reinsurance premium revenues (1)	Net change in unearned premium reserves (2)	Reinsurance commission expenditure (3)	Claims for reinsurance (4)	Net change in claims reserves (5)	Profit (loss) of reinsurance inward (6)=(1)-(2)-(3)-(4)-(5)
Engineering Insurance	$ 10,604	$ 2,862	$ 3,017	$ 2,698	($ 18,707)	$ 20,734
Residential Earthquake Insurance	22,501	3,513	-	202	(202)	18,988
One-year Commercial Fire Insurance	2,255	(6,519)	172	281	(248)	8,569
Commercial earthquake insurance	1,585	(4,579)	51	300	(278)	6,091
Compulsory Automobile Liability Insurance	35,808	74	-	31,994	(1,323)	5,063
Other Insurance (Note)	36,037	(1,579)	127	34,966	(7,098)	9,621
	$ 108,790	($ 6,228)	$ 3,367	$ 70,441	($ 27,856)	$ 69,066

(3) Ceding reinsurance business

Insurance type	Reinsurance premium outward (1)	Ceding net change in unearned premium reserves (2)	Reinsurance commission income and fee income (3)	Refundable Claims for Reinsurance (4)	Ceding net change in claims reserves (5)	Loss (profit) of Ceding reinsurance (6)=(1)-(2)-(3)-(4)-(5)
Residential Earthquake Insurance	$ 143,301	$ -	$ 14,764	$ -	$ -	$ 128,537
Marine Cargo Insurance	89,458	42,079	3,958	7,480	(4,866)	40,807
One-year Commercial Fire Insurance	178,805	65,884	44,775	35,706	(3,520)	35,960
Commercial earthquake insurance	74,321	37,133	3,234	2,062	(1,716)	33,608
Typhoon and Flood Insurance	40,251	16,602	2,158	3	(140)	21,628
Aviation Insurance	493	(16,284)	87	6,631	(4,937)	14,996
Other Insurance (Note)	368,108	100,550	41,750	143,764	66,303	15,741
	$ 894,737	$ 245,964	$ 110,726	$ 195,646	$ 51,124	$ 291,277

Note: the balance of each insurance type less than 5% of the total are stated collectively.

2. The amount of the profits and losses at each insurance category and the calculations during January 1 to March 31, 2022 are as follows:

(1) Direct Insurance

Item	Premium revenues (1)	Net change in unearned premium reserves (2)	Acquisition Cost of Insurance Contracts (3)	Claims (including the claim expenses) (4)	Net change in claims reserves (5)	Profit (loss) of Insurance (6)=(1)-(2)-(3)-(4)-(5)
Residential Earthquake Insurance	$ 144,425	$ -	$ 8,598	$ -	$ -	$ 135,827
General Personal Automobile Liability Insurance	471,778	66,456	54,187	218,682	44,860	87,593
General Personal Automobile Physical Damage Insurance	269,229	5,530	37,652	138,014	2,750	85,283
One-year Commercial Fire Insurance	124,061	(1,851)	14,235	68,072	(26,283)	69,888
One-year Residential Fire Insurance	79,654	(5,188)	16,289	7,552	(236)	61,237
Marine Cargo Insurance	78,170	30,068	10,195	18,943	(26,002)	44,966
General Liability Insurance	93,125	28,318	10,768	17,853	(6,981)	43,167
Compulsory Automobile Liability Insurance	130,899	(950)	16,781	64,103	10,320	40,645
Commercial earthquake insurance	58,673	17,866	5,499	149	(779)	35,938
Engineering Insurance	77,361	14,295	5,263	17,343	5,687	34,773
Other Insurance (Note)	456,392	19,438	49,432	399,604	(34,946)	22,864
	$ 1,983,767	$ 173,982	$ 228,899	$ 950,315	($ 31,610)	$ 662,181

(2) Reinsurance assumed

Insurance type	Reinsurance premium revenues (1)	Net change in unearned premium reserves (2)	Reinsurance commission expenditure (3)	Claims for reinsurance (4)	Net change in claims reserves (5)	Profit (loss) of reinsurance inward (6)=(1)-(2)-(3)-(4)-(5)
Compulsory Automobile Liability Insurance	$ 35,661	$ 341	$ -	$ 36,164	($ 21,364)	$ 20,520
Residential Earthquake Insurance	21,950	3,489	-	-	-	18,461
One-year Commercial Fire Insurance	2,681	(7,943)	(1)	25,518	(29,715)	14,822
Commercial earthquake insurance	7,765	1,845	736	-	199	4,985
Compulsory Commercial Automobile Liability Insurance	5,834	(141)	-	6,031	(3,533)	3,477
Typhoon and Flood Insurance	857	(2,029)	(10)	9	(51)	2,938
Other Insurance (Note)	32,884	(3,244)	2,035	27,492	18,929	(12,328)
	$ 107,632	($ 7,682)	$ 2,760	$ 95,214	($ 35,535)	$ 52,875

(3) Ceding reinsurance business

Insurance type	Reinsurance premium outward (1)	Ceding net change in unearned premium reserves (2)	Reinsurance commission income and fee income (3)	Refundable Claims for Reinsurance (4)	Ceding net change in claims reserves (5)	Loss (profit) of Ceding reinsurance (6)=(1)-(2)-(3)-(4)-(5)
Residential Earthquake Insurance	$ 144,425	$ -	$ 14,854	$ -	$ -	$ 129,571
One-year Commercial Fire Insurance	126,167	35,825	14,528	59,955	(43,113)	58,972
Marine Cargo Insurance	69,698	35,367	4,114	10,004	(22,724)	42,937
Commercial earthquake insurance	50,080	20,637	2,479	39	(282)	27,207
General Liability Insurance	52,445	15,244	11,470	9,362	(3,667)	20,036
Other Insurance (Note)	300,659	57,625	40,303	92,814	12,541	97,376
	$ 743,474	$ 164,698	$ 87,748	$ 172,174	($ 57,245)	$ 376,099

Note: the balance of each insurance type less than 5% of the total are stated collectively.

(X) Non-insurance assets acquired by executing recovery rights - residuals taken over and right for pursuit of recovery

	March 31, 2023	December 31, 2022	March 31, 2022
Credit Insurance	$ 19,818	$ 21,353	$ 23,592
Miscellaneous Insurance	1,077	1,077	754
Bonding Insurance	1,627	1,627	1,742
General Liability Insurance	65	65	65
Personal Comprehensive Insurance	6	-	-
Engineering Insurance	1	1	1
	$ 22,594	$ 24,123	$ 26,154

(XI) Requirements for Asset Segmentation for Certain Assets

The Company has an operation for compulsory automobile liability insurance ("the insurance"), and the insurance has an independent accounting based on the "Compulsory Automobile Liability Insurance Act", to record the operation and financial position of the insurance.

FSC issued Jin-Guan-Bao-Chan-Zi No. 11104520199 to amend "Regulations for the Management of the Various Reserves for Compulsory Automobile Liability Insurance" on November 25, 2022, and enforced the regulations on the date of promulgation, except Article 2 of the amended Regulations, which should be enforced as of November 30, 2022.

Based on Article 5 of the "Regulations for the Management of the Various Reserves for Compulsory Automobile Liability Insurance", the special reserves provided for the insurance shall be deposited in financial institutions via the purchase of treasury bills or in the format of time deposit. However, with the approval of the competent authorities, the following domestic negotiation securities may be purchased:

1. Government bond. Exchangeable government bonds are excluded.

2. Financial bonds, NCD, bank's acceptance bill, and commercial papers guaranteed by financial institutions. But the financial bonds are limited to the general financial bonds.

The treasury bills purchased and the amount of time deposits in financial institution specified previously, shall not be lower than 30% of the total amount of retained earned pure premiums audited or reviewed by CPA of the latest period. The competent authorities may properly raise the percentage depending on the operation status of the Company.

Shall the balance of the special reserves not meet 30% of the total amount of retained earned pure premiums audited or reviewed by CPA of the latest period, all the reserves shall purchase treasury bills or have been deposited in financial institutions as time deposits.

According to Article 6 of the "Regulations for the Management of the Various Reserves for Compulsory Automobile Liability Insurance", the funds held by the insurance (various reserves, payables, temporary receipts and payment to be carried over), shall be deposited in the banks as demand deposits and time deposits, except the special reserve, which should be handled in accordance with said requirements. However, with the approval of the competent authorities, the following domestic negotiation securities may be purchased:

1. Treasury Bills.
2. NCD, bank's acceptance Bill, and commercial papers guaranteed by financial institutions.
3. Repo Government Bonds.

The amount of time deposits in financial institution specified previously, shall not be lower than 45% of the balance of funds held by the insurance minus special reserves, and 30% of the amount of retained earned pure premiums audited or reviewed by CPA of the latest period. The competent authorities may properly raise the percentage depending on the operation status of the Company.

Shall the sum of the unearned premium reserves and claim reserves not meet 30% of the total amount of retained earned pure premiums audited or reviewed by CPA of the latest period, all the reserves shall be deposited in financial institutions as time deposits.

Based on Article 11 of the "Regulations for the Management of the Various Reserves for Compulsory Automobile Liability Insurance", when a non-life insurance enterprise suspends or cease to provide the said insurance, all the reserves of the insurance shall be transferred and included to the reserve provisions of the non-life insurance enterprise succeeding the business.

Where an insurance enterprise is ordered to suspend business and undergo rehabilitation, ordered to dissolve, or its permit to provide the insurance is abrogated but no other insurer takes over the insurance business, and the liabilities of the insurance are terminated with positive balance of special reserves, the corresponding assets of such special reserves shall be transferred to Motor Vehicle Compensation Fund Accident.

XXVII. Claim Liabilities to Policyholders

(I) As of March 31, 2023, the information of the claim liabilities to the policyholders by the Company is summarized as the following:

1. The claim liabilities reported and paid, reported but not paid, and unreported to the policyholders

	Claims payable	Claim reserves		
Item	Reported and paid	Reported but not yet paid	Not yet reported	Total
General Personal Automobile Liability Insurance	$ 159	$ 771,329	$ 140,495	$ 911,824
One-year Commercial Fire Insurance	-	399,534	25,569	425,103
Compulsory Automobile Liability Insurance	17	101,931	264,437	366,368
Compulsory Motorcycle Liability Insurance	54	41,754	238,740	280,494
General Personal Automobile Physical Damage Insurance	62	221,392	53,935	275,327
Engineering Insurance	-	224,325	12,886	237,211
Marine Hull Insurance	-	186,046	31,616	217,662
Other Insurance (Note)	378	599,531	268,309	867,840
	$ 670	$ 2,545,842	$ 1,035,987	$ 3,581,829

2. Reinsurance reserve assets - Claim recoverable from reinsurers to the reported and paid claims to the policyholders

Insurance type	Claim paid	Reported and paid	Total
Compulsory Automobile Liability Insurance	$ 19,502	$ 10	$ 19,512
General Liability Insurance	9,378	147	9,525
Compulsory Motorcycle Liability Insurance	8,874	32	8,906
Engineering Insurance	8,758	-	8,758
Personal Accident Insurance	6,442	-	6,442
Compulsory Commercial Automobile Liability Insurance	3,666	-	3,666
One-year Commercial Fire Insurance	3,488	-	3,488
Other Insurance (Note)	3,941	-	3,941
	64,049	189	64,238
Accumulated impairment	(320)	(1)	(321)
	$ 63,729	$ 188	$ 63,917

3. Reinsurance reserve assets - Claim recoverable from reinsurers to the reported but not paid and unreported ceding claims to the policyholders

Insurance type	Reported but not yet paid	Not yet reported	Total
One-year Commercial Fire Insurance	$ 243,961	$ 13,700	$ 257,661
Marine Hull Insurance	158,622	19,800	178,422
Compulsory Automobile Liability Insurance	39,127	117,913	157,040
Engineering Insurance	143,490	5,300	148,790
Compulsory Motorcycle Liability Insurance	10,768	105,104	115,872
Marine Cargo Insurance	66,796	37,300	104,096
Other Insurance (Note)	147,335	64,587	211,922
	$ 810,099	$ 363,704	1,173,803
Accumulated impairment			(25)
			$1,173,778

Note: the balance of each insurance type less than 5% of the total are stated collectively.

(II) As of December 31, 2022, the information of the claim liabilities to the policyholders by the Company is summarized as the following:

1. The claim liabilities reported and paid, reported but not paid, and unreported to the policyholders

Item	Claims payable	Claim reserves		
	Reported and paid	Reported but not yet paid	Not yet reported	Total
General Personal Automobile Liability Insurance	$ -	$ 714,219	$ 136,137	$ 850,356
One-year Commercial Fire Insurance	-	391,521	26,006	417,527
Compulsory Automobile Liability Insurance	-	110,150	262,680	372,830
Compulsory Motorcycle Liability Insurance	-	41,691	238,249	279,940
General Personal Automobile Physical Damage Insurance	-	210,981	56,115	267,096
Engineering Insurance	-	209,209	14,182	223,391
Marine Hull Insurance	-	144,536	29,694	174,230
Other Insurance (Note)	-	577,406	280,606	858,012
	$ -	$ 2,399,713	$ 1,043,669	$ 3,443,382

2. Reinsurance reserve assets - Claim recoverable from reinsurers to the reported and paid claims to the policyholders

Insurance type	Claim paid	Reported and paid	Total
Marine Cargo Insurance	$ 28,968	$ -	$ 28,968
General Liability Insurance	10,696	-	10,696
Compulsory Automobile Liability Insurance	10,580	-	10,580
Compulsory Motorcycle Liability Insurance	9,930	-	9,930
Engineering Insurance	9,307	-	9,307
Marine Hull Insurance	5,596	-	5,596
Other Insurance (Note)	9,627	-	9,627
	84,704	-	84,704
Accumulated impairment	(424)	-	(424)
	$ 84,280	$ -	$ 84,280

3. Reinsurance reserve assets - Claim recoverable from reinsurers to the reported but not paid and unreported ceding claims to the policyholders

Insurance type	Reported but not yet paid	Not yet reported	Total
One-year Commercial Fire Insurance	$ 247,081	$ 14,100	$ 261,181
Compulsory Automobile Liability Insurance	43,635	116,981	160,616
Marine Hull Insurance	116,592	18,600	135,192
Engineering Insurance	117,523	5,800	123,323
Compulsory Motorcycle Liability Insurance	9,982	105,063	115,045
Marine Cargo Insurance	70,763	38,200	108,963
Other Insurance (Note)	150,667	67,692	218,359
	$ 756,243	$ 366,436	1,122,679
Accumulated impairment			(31)
			$ 1,122,648

Note: the balance of each insurance type less than 5% of the total are stated collectively.

(III) As of March 31, 2022, the information of the claim liabilities to the policyholders by the Company is summarized as the following:

1. The claim liabilities reported and paid, reported but not paid, and unreported to the policyholders

	Claims payable	Claim reserves		
Item	Reported and paid	Reported but not yet paid	Not yet reported	Total
General Personal Automobile Liability Insurance	$ 1,847	$ 617,177	$ 128,381	$ 745,558
Compulsory Automobile Liability Insurance	791	101,606	252,606	354,212
One-year Commercial Fire Insurance	-	301,887	23,564	325,451
Compulsory Motorcycle Liability Insurance	-	38,694	234,852	273,546
General Personal Automobile Physical Damage Insurance	1,518	159,991	45,977	205,968
Marine Cargo Insurance	-	113,272	54,291	167,563
Other Insurance (Note)	199	748,082	292,048	1,040,130
	$ 4,355	$ 2,080,709	$ 1,031,719	$ 3,112,428

2. Reinsurance reserve assets - Claim recoverable from reinsurers to the reported and paid claims to the policyholders

Insurance type	Claim paid	Reported and paid	Total
Compulsory Automobile Liability Insurance	$ 11,751	$ 474	$ 12,225
Marine Cargo Insurance	9,134	-	9,134
Engineering Insurance	8,918	-	8,918
Compulsory Motorcycle Liability Insurance	7,416	-	7,416
General Liability Insurance	4,385	-	4,385
Personal Accident Insurance	3,518	-	3,518
Compulsory Commercial Automobile Liability Insurance	2,653	-	2,653
General Personal Automobile Liability Insurance	2,486	-	2,486
Fishing Vessel Insurance	849	-	849
Other Insurance (Note)	(35,388)	-	(35,388)
	15,722	474	16,196
Allowance loss	(79)	(2)	(81)
	$ 15,643	$ 472	$ 16,115

3. Reinsurance reserve assets - Claim recoverable from reinsurers to the reported but not paid and unreported ceding claims to the policyholders

Insurance type	Reported but not yet paid	Not yet reported	Total
One-year Commercial Fire Insurance	$ 159,512	$ 11,500	$ 171,012
Compulsory Automobile Liability Insurance	40,231	111,409	151,640
Marine Cargo Insurance	102,412	43,100	145,512
Compulsory Motorcycle Liability Insurance	9,946	103,758	113,704
Engineering Insurance	77,967	3,000	80,967
Marine Hull Insurance	57,982	20,400	78,382
Other Insurance (Note)	189,051	71,882	260,933
	$ 637,101	$ 365,049	1,002,150
Accumulated impairment			(242)
			$1,001,908

Note: the balance of each insurance type less than 5% of the total are stated collectively.

XXVIII. Effects from Changes of Estimates and Assumptions

(I) The estimate amount of claims for the following significant claim events, is the neutral estimation for the current forecast of future amount of claim, based on the inspection of the insurance accidents. However, the estimation and assumption are uncertain, and may not be consistent to the actual claim outcomes in the future. The said estimation may be revised due to re-evaluation of the case by the insurance notary or the claim personnel after inspection and collection of information; or may be modified because the delegated attorneys change the future claim amount specified in the arising litigation and related legal fees. The Company will re-evaluated and account based on the said changes, and cause the estimated claim amount of the claim event. The changed amount will directly affect the profit/loss of the current when changes occur. The estimation of the amount of each insurance type and the amount after changes are listed as follows:

1. From January 1 to March 31, 2023

Insurance type	Estimated amount	Amount after changes
One-year Commercial Fire Insurance	$ 248,979	$ 248,979
Marine Hull Insurance	57,752	88,923
	$ 306,731	

The abovementioned effects do not take into account of ceding reinsurance.

2. From January 1 to March 31, 2022

Insurance type	Estimated amount	Amount after changes
One-year Commercial Fire Insurance	$ 233,469	$ 230,290
Cargo Insurance	52,947	52,947
Aviation Insurance	30,190	30,190
	$ 316,606	

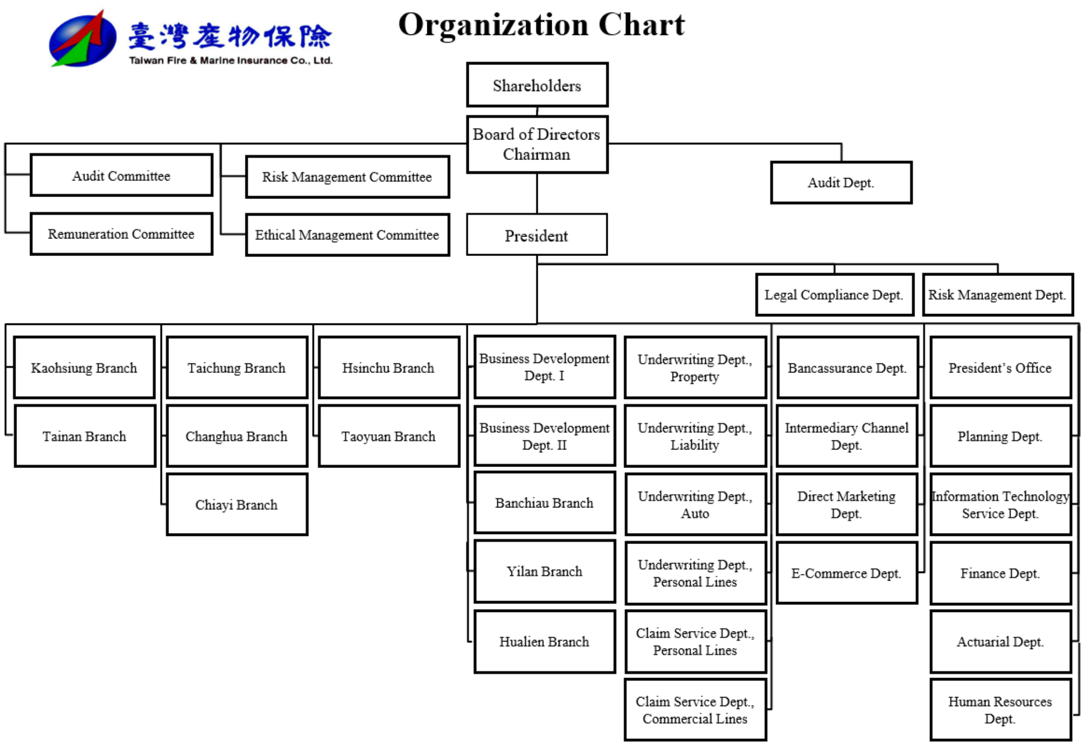
The abovementioned effects do not take into account of ceding reinsurance.

(II) The Company evaluates the premium deficiency reserve based on the expected cost method, while considering the individual cases not satisfying Article 10 of the "Regulations Governing Insurance Enterprises Engaging in Operating Reinsurance and Other Risk Spreading Mechanisms". However, the estimation and assumption are uncertain, and may not be consistent to the actual loss rate and actual general fee rate in the future. The said estimation may, due to the changes of future economic situations, cause the provision of premium deficiency reserve to increase or decrease. When the expected loss rate increases of decrease 5%, the amount of the provision of premium deficiency reserve for the period of January 1 to March 31 2023 and 2022 may increase NT$991 thousand or NT$1,252 thousand, or decrease NT$695 thousand or NT$1,252 thousand, respectively. The changed amount will directly affect the profit/loss of the period when changes occur. The abovementioned effects do not take into account of ceding reinsurance.

XXIX. Information of risk management

(I) Structure, Organization, and Authorities and Responsibilities of Risk Management

1. Structure and Organization of Risk Management



In order to effectively plan, supervise and execute the risk management, in the 29th meeting of the 22nd Board of Directors on September 24, 2010, the Risk Management Committee was set up under the Board.

Risk management strategies of the Company:

(1) The standards of risk management established by Company include: insurance risk, credit risk, market risk, liquidity risk, operation risk and risk of match for asset and liability.

(2) Based on the operational plan and target of financial incomes, the risk appetite of the Company is set up as no less than 400% of the capital adequacy ratio.

(3) Establish the risk management procedures consistent of the business scale, nature, and complexity of the Company, so each risk is controlled to the acceptable extent.

(4) Effectively control the capital adequacy ratio by complying with the regulations of managing capital adequacy ratio by the competent authorities.

(5) Establish the information security guarding mechanism and contingency plan for the business or transactions, and inter-application of information.

Risk management procedure of the Company:

To identify, measure, supervise and monitor each risk faced by the Company, the risk management procedure is divided as five stages, namely risk identification, risk measurement, risk response, risk control, and risk report, as for the operation of risk management.

2. The functions of each unit are as follows:

(1) Board of Directors

A. Recognize the risks to be assumed for the operations of insurance enterprise, ensure to effectiveness of the risk management, and be ultimately responsible for the risk management as a whole.

B. Must establish the proper risk management mechanism and culture, approve the proper risk management policies and review them regularly, and optimize the allocations of resources.

C. Not only pay attentions to the risks assumed by individual unit, but rather consider the effects from the aggregation of each risk at the company level. Meanwhile, the mandatory capitals required by the competent authorities, and various regulations of finance and business impacting the capital allocation shall be taken into account.

(2) Risk Management Committee

A. Draft the policies, structures, organizational functions of risk management, establish the qualified and quantified management standards, report to the Board regularly and reflect the implementation of risk management to the Board in timely manner, and propose the necessary improvement advices.

B. Execute the Board’s decisions of risk management, and regularly review the performance for development, establishment, and execution of the risk management mechanism at the Company level.

C. Assist and supervise the risk management activities conducted by each department.

D. Assist review on the operations related to determination of risk limit.

E. Adjusted the risk categories, limit allocation, and assumption approach depending on the changes of circumstance.

F. Coordinate the interactions and communications of cross-department risk management.

G. Evaluation on capital adequacy.

H. Performance management after risk adjustment.

(3) Risk Management Dept.

A. Charge of the executions of daily risk monitor, measurement, and evaluation, and independent from the business to perform the duties.

B. Risk management department shall perform the following duties based on the categories of operations:

a. Assisting to draft and execute the risk management policies approved by the Board of Directors.

b. Assisting to draft the risk limits based on the risk appetite.

c. Compiling the risk information provided by each unit, to coordinate and communicate among them for the purpose of executing policies and limits.

d. Providing the risk management related report regularly.

e. Monitoring the risk limits and utilization of each business unit.

f. Assisting to the stress test.

g. Conducting backtracking test when necessary.

h. Other matters related to risk management.

C. Handling the breach of risk limits by other units under the authorization of the Risk Management Committee.

(4) Business units (all departments other than Audit Dept. and Risk Management Dept.)

A. The heads of business units' duties to execute the risk management are as follows:

a. Charge of the management and report of the daily risks for the unit he/she belongs to, and taking the necessary responding strategies.

b. Supervising the regular conveyance of related risk information to the Risk Management Dept.

B. Business units' duties to execute the risk management are as follows:

a. Identifying risks and reporting the exposures.

b. Measuring the extent (quantifying or qualifying) of impact when such risks materialize, and convey the risk information in a timely and correct manner.

c. Reviewing each risks and limit regularly, to ensure the risk limit of the unit is effectively executed.

d. Monitoring the risk exposure and report the breaches, including the measures taken for such breaches.

e. Assisting the development of the risk models, to ensure the measurement of risk, use of model, and establishment of assumptions within the business unit is on the reasonable and consistent basis.

f. Ensuring the effective execution of the internal control within the business unit, to comply with the laws and regulations as well as the risk management policies of the Company.

g. Assisting the collection of the operational risks.

(5) Audit Dept.

Based on the current laws and regulations to audit the execution of risk management for business units of the Company.

(II) The extent and nature of the risk reporting and measuring system for the non-life insurance enterprises

The Risk Management Dept. compiles the risk information provided by each unit, to prepare the risk management report regularly, as well as reviews and tracks the utilization of major risk limits, to monitor the risk regularly. The risk management report is submitted to the Risk Management Committee every quarter, and the holistic risk management report is submitted to the Board of Director every six months.

The insurance risk management information system of the Company has the database for the accumulations under the same insurance for each category of insurance, and the limit control for each policy. The database not only is able to control the significant disaster risk timely, but also helpful for the business units to conduct scenario analysis and the stress tests. The limit control for each policy includes the real-time ceding reinsurance, to control the risks of significant disaster and reinsurances effectively.

(III) The procedures for non-life insurance enterprises to sustain, measure, supervise, and control the insurance risks, and to ensure the insurance-approval policies for proper risk categorization and premium levels

When the sales of each insurance of the Company solicit business, the "Regulations Governing Business Solicitation" of the Company shall be followed. The insurance approver of each insurance shall be strictly required for their qualification, authorities and duties based on the "Regulations Governing Insurance Approval and Claims", and they shall follow the established operational process of insurance approval for the insurance type when approving insurance, to ensure the proper risk categorization and premium levels, as well as to control the insurance risks.

(IV) Evaluating and managing the insurance risk extent on the basis of company as a whole

For the management of insurance risks, the Company has the risks of product design and pricing, insurance approval, reinsurance, significant disaster, claim, reserves, as well as the matching risks for assets and liabilities.

(V) The approaches used by the non-life insurance enterprises to limit the insurance risk exposures and prevent the risk of undue concentration:

The Company has, based on the "Regulations Governing Insurance Enterprises Engaging in Operating Reinsurance and Other Risk Spreading Mechanisms", to established a risk management mechanism for the retained and ceding reinsurance and reinsurance inwards business; and the "Reinsurance Risk Management Operating Guidelines" has been established for execution by considering the ability to assume risks. The retained limits of insurance for each hazard unit of each insurance type are disclosed as the following:

March 31, 2023

Unit: NT$ Thousand

Insurance type	Highest retention	
One-year Commercial Fire Insurance	NT$	1,500,000
One-year Residential Fire Insurance and Allied Perils Insurance	NT$	480,000
Marine Cargo Insurance	US$	6,000
Inland Marine Insurance	US$	1,000
Marine Hull Insurance (casualty insurance of crews and passengers)	US$	25,000
Marine Hull Insurance (other than the casualty insurance of crews and passengers)	US$	5,000
Fishing Vessel Insurance	US$	1,500
Aviation Insurance	US$	3,000
Engineering Insurance	NT$	1,500,000
Credit Insurance	NT$	300,000
Bonding Insurance	NT$	300,000
General Liability Insurance (for individual)	NT$	40,000
General Liability Insurance (for business)	NT$	300,000
Professional Liability Insurance	NT$	300,000
Commercial Comprehensive Insurance	NT$	1,200,000
Miscellaneous Insurance (for individual)	NT$	20,000
Miscellaneous Insurance (for business)	NT$	1,200,000
Personal Comprehensive Insurance	NT$	40,000
Personal Accident Insurance	NT$	40,000
Health Insurance	NT$	10,000
Automobile Physical Damage Insurance and Allied Perils Insurance	NT$	30,000
Automobile Liability Insurance	NT$	200,000

Note: the special businesses are not subjected to the above restrictions for the maximum self-retained amount.

December 31, 2022

Unit: NT$ Thousand

Insurance type	Highest retention	
One-year Commercial Fire Insurance	NT$	1,500,000
One-year Residential Fire Insurance and Allied Perils Insurance	NT$	480,000
Marine Cargo Insurance	US$	5,000
Inland Marine Insurance	US$	1,000
Marine Hull Insurance (casualty insurance of crews and passengers)	US$	25,000
Marine Hull Insurance (other than the casualty insurance of crews and passengers)	US$	5,000
Fishing Vessel Insurance	US$	1,500
Aviation Insurance	US$	3,000
Engineering Insurance	NT$	1,500,000
Credit Insurance	NT$	300,000
Bonding Insurance	NT$	300,000
General Liability Insurance (for individual)	NT$	40,000
General Liability Insurance (for business)	NT$	300,000
Professional Liability Insurance	NT$	300,000
Commercial Comprehensive Insurance	NT$	1,200,000
Miscellaneous Insurance (for individual)	NT$	20,000
Miscellaneous Insurance (for business)	NT$	1,200,000
Personal Comprehensive Insurance	NT$	40,000
Personal Accident Insurance	NT$	40,000
Health Insurance	NT$	10,000
Automobile Physical Damage Insurance and Allied Perils Insurance	NT$	30,000
Automobile Liability Insurance	NT$	200,000

Note: the special businesses are not subjected to the above restrictions for the maximum self-retained amount.

March 31, 2022

Unit: NT$ Thousand

Insurance type	Highest retention	
One-year Commercial Fire Insurance	NT$	1,500,000
One-year Residential Fire Insurance and Allied Perils Insurance	NT$	480,000
Marine Cargo Insurance	US$	5,000
Inland Marine Insurance	US$	1,000
Marine Hull Insurance (casualty insurance of crews and passengers)	US$	25,000
Marine Hull Insurance (other than the casualty insurance of crews and passengers)	US$	5,000
Fishing Vessel Insurance	US$	1,500
Aviation Insurance	US$	3,000
Engineering Insurance	NT$	1,500,000
Credit Insurance	NT$	300,000
Bonding Insurance	NT$	300,000
General Liability Insurance (for individual)	NT$	40,000
General Liability Insurance (for business)	NT$	300,000
Professional Liability Insurance	NT$	300,000
Commercial Comprehensive Insurance	NT$	1,200,000
Miscellaneous Insurance (for individual)	NT$	20,000
Miscellaneous Insurance (for business)	NT$	1,200,000
Personal Comprehensive Insurance	NT$	40,000
Personal Accident Insurance	NT$	40,000
Health Insurance	NT$	10,000
Automobile Physical Damage Insurance and Allied Perils Insurance	NT$	30,000
Automobile Liability Insurance	NT$	200,000

Note: the special businesses are not subjected to the above restrictions for the maximum self-retained amount.

(VI) Approaches of Managing Assets and Liabilities

When implementing various business, the case officers shall manage and monitor the potential risks in the day-to-day operations based on the internal control procedures and SOP, to prevent the mismatch between the cash flows from liabilities and assets caused by the behaviors of policyholders.

(VII) When certain events occur, the non-life insurance enterprises have to assume extra liabilities or input extra commitments of owner’s equity. The procedures for management, supervision, and control

According to the Insurance Act, for the non-life insurance enterprises, the ratio of total adjusted net capital to risk-based capital may not be lower than 200%. Fail to meet the said ratio, the profits are not to be distributed; also, the capital-increase shall be conducted within a certain period upon the requests from the competent authorities, or the scope of operations or fund application shall be limited.

Based on the risk appetite regulated by the Risk Management Policy of the Company, the ratio of total adjusted net capital to risk-based capital may not be lower than 400%.

(VIII) Explanation of the Insurance Risk Concentration

The insurances sold by the Company include: fire insurance, marine cargo insurance, marine hull insurance, aviation insurance, personal accident insurance, automobile insurance, cash insurance, credit insurance, engineering insurance, liability insurance, health insurance, and other property insurances; the major sources of business are from within the Republic of China, and the insurance contract taken do not significantly differ from different regions.

The premium incomes for the Company mainly concentrate at automobile insurance, fire insurance, marine cargo insurance, personal accident insurance, and liability insurance.

Various reserves are provided based on the "Regulations on Provision of Various Reserves for Insurance Enterprises" and other official orders and letters.

(IX) The Sensitivities of Insurance Risks

Unit: NT$ Thousand

	The impact to the profit/loss when the expected loss ratio increase 5%		The impact to the profit/loss when the expected loss ratio decrease 5%	
Year	Before holding the reinsurance	After holding the reinsurance	Before holding the reinsurance	After holding the reinsurance
From January 1 to March 31, 2023	($ 85,935)	($ 61,635)	$ 82,415	$ 57,015
From January 1 to March 31, 2022	($ 71,905)	($ 52,605)	$ 70,445	$ 51,345

Note: the compulsory automobile insurance, nuclear energy insurance and residential earthquake insurance are excluded.

(X) Development Trend of Claims

1. The development trend of claims during January 1 to March 31, 2023 are as the followings:

Unit: NT$ Thousand

Year/Month of the Accident	Incurred accumulated claims (claim expenses included)				
	12	24	36	48	60
2019	$ 2,136,349	$ 2,204,071	$ 2,203,102	$ 2,200,586	$ 2,210,699
2020	2,288,237	2,461,612	2,403,348	2,396,529	
2021	4,095,067	4,212,222	4,197,831		
2022	2,970,150	3,187,570			
2023	577,552				

Note: the compulsory automobile insurance, nuclear energy insurance and residential earthquake insurance are excluded.

2. The development trend of claims during January 1 to March 31, 2022 are as the followings:

Unit: NT$ Thousand

Year/Month of the Accident	Incurred accumulated claims (claim expenses included)				
	12	24	36	48	60
2018	$ 2,239,137	$ 2,298,119	$ 2,263,292	$ 2,266,561	$ 2,274,259
2019	2,136,349	2,204,071	2,203,102	2,198,851	
2020	2,288,237	2,461,612	2,443,685		
2021	4,095,067	4,257,217			
2022	711,404				

Note: the compulsory automobile insurance, nuclear energy insurance and residential earthquake insurance are excluded.

XXX. Information of Foreign Currency Assets and Liabilities with Material Impacts

The following information is the consolidated expression of the foreign currencies other than the functional currency of the Company. The disclosed exchange rate refers to the exchange rate translating such foreign currencies to the functional currency. The foreign currency assets and liabilities with material impacts:

Unit: Foreign currency / NT$ Thousand

	March 31, 2023			December 31, 2022			March 31, 2022		
	Foreign Currency	Exchange rate	Carrying Amount	Foreign Currency	Exchange rate	Carrying Amount	Foreign Currency	Exchange rate	Carrying Amount
Foreign assets									
Monetary items									
USD	$ 55,082	30.44	$ 1,676,689	$ 50,263	30.70	$ 1,543,072	$ 39,416	28.62	$ 1,128,085
RMB	71,214	4.43	315,478	70,026	4.41	308,813	70,179	4.51	316,509
Foreign liabilities									
Monetary items									
USD	3,723	30.44	113,326	1,107	30.70	33,988	2,152	28.62	61,588

The unrealized profits/losses of the foreign currencies with material impacts are as follows:

Foreign Currency	From January 1 to March 31, 2023 Exchange rate	Foreign exchange income or loss, net	From January 1 to March 31, 2022 Exchange rate	Foreign exchange income or loss, net
USD	30.44	($ 17,068)	28.62	$ 35,775
RMB	4.43	1,451	4.51	11,295
		($ 15,617)		$ 47,070

XXXI. Additional Disclosures

(I) Information about significant transactions

1. The amount of acquired properties is NT$100 million or more, or 20% of the paid-up capitals or more. (None)
2. The amount of disposed properties is NT$100 million or more, or 20% of the paid-up capitals or more. (None)
3. Transactions of the major core business items between the Company and the related parties, with the amount of NT$100 million or more, or 20% of the paid-up capitals or more. (None)
4. The receivables from the related parties is NT$100 million or more, or 20% of the paid-up capitals or more. (None)
5. Transactions in engaging in derivative financial instruments. (None)
6. Other information: Amount of the business relationship and major transactions between parent company and subsidiaries and among subsidiaries. (None)

(II) Information related to reinvested enterprises.

1. Information related to the name and location, etc., of the investee (the investees in mainland China excluded) (Table 1)
2. Lending funds to others. (None)
3. Providing endorsements or guarantees for others. (None)
4. Securities held at the end of the period. (Table 2)
5. Transactions where the aggregate purchases or sales of the same security reaching NT$100 million or 20% of paid-in capital or more. (None)
6. The amount of acquired properties is NT$100 million or more, or 20% of the paid-up capitals or more. (Not applicable)
7. The amount of disposal of properties is NT$100 million or more, or 20% of the paid-up capital or more. (Not applicable)

8. Transactions of the major core business items between the Company and the related parties, with the amount of NT$100 million or more, or 20% of the paid-up capitals or more. (Not applicable)
9. The receivables from the related parties is NT$100 million or more, or 20% of the paid-up capitals or more. (Not applicable)
10. Trading in derivative instruments. (Not applicable)

(III) Information about investment in Mainland China

The Company has no investment in Mainland China.

(IV) Information about major shareholders: Name, shareholdings and percentages of shareholders with more than 5% shareholding. (Table 3)

XXXII. Information about Segment

Based on International Financial Reporting Standards IFRS 8, "Operating Segments", because the Company's major business is a single business of non-life insurance, and when the management making the operational decisions, the applied company components are based on the holistic information of the Company, the Company is considered as a single operating segment, and the financial information of operating segments need not to be disclosed.

Table 1. Information related to the Name, Location of the Investee:

Unit: NT$ Thousand

Name of Investor	Name of Investee	Location	Main Activities	Original investment amount		Holdings at end of period			Net income (losses) of the investee in period	Investment income (loss) recognized in period	Remarks
				End of the period	End of previous period	Shares (thousand shares)	%	Carrying Amount			
Taiwan Fire & Marine Insurance Co., Ltd.	Top Taiwan X Venture Capital Co., Ltd.	Taipei City	INVESTMENTS	$ 173,250	$ 173,250	17,325	24.75	$ 210,135	$ 111,057	$ 27,487	

Table 2. Securities held at the end of the period:

Unit: NT$ Thousand

Holding company's name	Type and name of marketable securities	Relationship with the issuer	Financial statement account	Ending				Remarks
				Thousand unit/ thousand shares	Carrying amount	Equity (%)	Fair Value	
Top Taiwan X Venture Capital Co., Ltd.	TSEC/GTSM listed shares							
	YFYCPG (6790)	None	Financial assets at fair value through profit or loss	125	$ 4,675	-	$ 4,675	
	Zhen Yu (2947)	None	〃	184	16,915	-	16,915	
	Emerging Shares							
	BRYTON (7558)	None	Financial assets at fair value through profit or loss	161	2,445	-	2,445	
	MP (6720)	None	〃	2,036	44,903	-	44,903	
	Navifus Corporation (6872)	None	〃	613	17,881	-	17,881	
	Groundhog Inc.	None	〃	230	38,270	-	38,270	
	GGF (4441)	None	〃	104	10,110	-	10,110	
	Unlisted Shares							
	ADE	None	Financial assets at fair value through profit or loss	1,403	19,432	-	19,432	
	Tripresso	None	〃	301	181	-	181	
	Viva Electronic	None	〃	1,184	53,276	-	53,276	
	CoreTech System	None	〃	373	31,704	-	31,704	
	Metanoia Communications Inc.	None	〃	503	1,967	-	1,967	
	Forland Auto Trade Holding Co., Ltd.	None	〃	2,400	125,808	-	125,808	
	Navigator Assets	None	〃	13,000	388,310	-	388,310	
	Navigator Financial Leasing	None	〃	5,000	60,400	-	60,400	
	AIVIVA	None	〃	264	9,037	-	9,037	
	Ubitus	None	〃	28	4,136	-	4,136	
	Eastern Union Interactive Corp.	None	〃	512	18,463	-	18,463	
	Topray Mems Inc.	None	〃	2,000	14,060	-	14,060	
	Backer-Founder Company Limited	None	〃	1,715	6,345	-	6,345	

(To be continued)

(Continued)

Holding company's name	Type and name of marketable securities	Relationship with the issuer	Financial statement account	Ending				Remarks
				Thousand unit/ thousand shares	Carrying amount	Equity (%)	Fair Value	
	<u>Bond</u>							
	Nextron Second Convertible Bonds	None	Financial assets at fair value through profit or loss	100	$ 12,000	-	$ 12,000	
	TOPCO Scientific Co., Ltd. First convertible bonds	None	〃	100	10,800	-	10,800	

Table 3. Information about major shareholders:

Name of major shareholder	Shares	
	Shares held	Equity (%)
Bank of Taiwan Co., Ltd.	64,608,278	17.83%
Navigator Investment Co., Ltd.	25,168,675	6.94%
Yong-Shin Development Co., Ltd.	24,158,535	6.66%

Note: The information about major shareholders referred to in the table is based on the information about the shareholders holding more than 5% of the common shares(including treasury stock) of the Company for which the Company has already completed the non-tangible registration and delivery, as made available by TDCC on the last business day of the given quarter. The capital stock recorded herein might be different, or vary, from the number of shares for which the non-tangible registration/delivery has been completed, depending on the preparation basis.