

Taiwan Fire & Marine Insurance Co., Ltd.

Financial Reports and ICPA's Review Report Third Quarter, 2024 and 2023

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.

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ICPA's Review Report

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

Prelude

We, as the CPAs, have completed the audit of the balance sheets dated September 30 of 2024 and 2023 and Statement of Comprehensive Income from July 1 to September 30 of 2024 and 2023 and from January 1 to September 30 of 2024 and 2023, statements of changes in equity and statements of cash flows from January 1 to September 30 of 2024 and 2023, and notes to the financial statements (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

Our audit results found no proof showing that the above-mentioned financial statements, in all major respects, were not prepared in compliance with the Regulations Governing the Preparation of Financial Reports by Insurance Enterprises and the International Accounting Standards No. 34 "Interim Financial Reporting" approved and released to take effect by the Financial Supervisory Commission and hence are not sufficient to show the financial standing of Taiwan Fire & Marine Insurance Co., Ltd. on September 30 of 2024 and 2023, its financial performance between July 1 and September 30 of 2024 and 2023, and its financial performance and cash flows between January 1 and September 30 of 2024 and 2023.

Deloitte & Touche

CPA: Cheng-Hsiu Yang

CPA: Wen-Ya Hsu

Financial Supervisory Commission Approval No.
Jin-Guan-Zheng-Shen-Zi No. 0980032818

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

October 25, 2024

Taiwan Fire & Marine Insurance Co., Ltd.

Balance Sheet

September 30, 2024, and December 31, and September 30, 2023

Unit: NT\$ Thousand

Code	ASSETS	September 30, 2024		December 31, 2023		September 30, 2023	
		Amount	%	Amount	%	Amount	%
11000	CASH AND CASH EQUIVALENTS (Note 6, 25)	<u>\$ 3,421,078</u>	<u>14</u>	<u>\$ 3,141,324</u>	<u>14</u>	<u>\$ 3,194,675</u>	<u>14</u>
	RECEIVABLES (Note 7)						
12100	Notes receivable	121,635	-	113,260	-	94,405	-
12210	Premiums receivable	674,176	3	485,232	2	631,925	3
12500	Other receivables	<u>154,089</u>	<u>1</u>	<u>131,906</u>	<u>1</u>	<u>128,383</u>	<u>1</u>
12000	Total receivables	<u>949,900</u>	<u>4</u>	<u>730,398</u>	<u>3</u>	<u>854,713</u>	<u>4</u>
	INVESTMENTS						
14110	Financial assets at fair value through profit or loss (Note 8, 24)	2,275,919	9	2,616,738	11	2,622,714	12
14145	Financial assets carried at amortized cost (Note 10, 11, 24)	3,066,113	12	2,179,436	10	1,721,162	7
14150	Investment under equity method (Note 12)	436,735	2	389,539	2	389,521	2
14180	Other financial assets - net (Note 13)	3,271,600	13	2,520,121	11	2,422,781	11
14190	Financial assets at fair value through other comprehensive income (Note 9, 11, 24)	4,905,878	20	5,475,330	24	5,316,265	24
14200	Investment Properties (Note 14)	<u>2,209,584</u>	<u>9</u>	<u>2,221,243</u>	<u>10</u>	<u>2,225,020</u>	<u>10</u>
14000	Total investments	<u>16,165,829</u>	<u>65</u>	<u>15,402,407</u>	<u>68</u>	<u>14,697,463</u>	<u>66</u>
	REINSURANCE CONTRACT ASSET (Note 19, 26, 27)						
15100	Claim recoverable from reinsurers - net	208,219	1	51,316	-	47,397	-
15200	Due from reinsurers and ceding companies	125,445	1	172,398	1	162,486	1
15300	Reinsurance reserve asset - net	<u>2,848,058</u>	<u>11</u>	<u>2,112,800</u>	<u>9</u>	<u>2,242,770</u>	<u>10</u>
15000	Total reinsurance contract asset	<u>3,181,722</u>	<u>13</u>	<u>2,336,514</u>	<u>10</u>	<u>2,452,653</u>	<u>11</u>
16000	PROPERTY AND EQUIPMENT (Note 15)	<u>352,864</u>	<u>1</u>	<u>364,359</u>	<u>2</u>	<u>365,729</u>	<u>2</u>
16700	RIGHT-OF-USE ASSETS (Note 16, 25)	<u>43,908</u>	<u>-</u>	<u>55,290</u>	<u>-</u>	<u>57,879</u>	<u>-</u>
17100	INTANGIBLE ASSETS	<u>10,380</u>	<u>-</u>	<u>12,479</u>	<u>-</u>	<u>13,850</u>	<u>-</u>
17800	DEFERRED INCOME TAX ASSETS	<u>20,247</u>	<u>-</u>	<u>20,805</u>	<u>-</u>	<u>22,089</u>	<u>-</u>
	OTHER ASSETS						
18300	Refundable deposit (Note 17)	663,361	3	676,799	3	667,516	3
18700	Other assets - others	<u>72,934</u>	<u>-</u>	<u>69,844</u>	<u>-</u>	<u>67,921</u>	<u>-</u>
18000	Total other assets	<u>736,295</u>	<u>3</u>	<u>746,643</u>	<u>3</u>	<u>735,437</u>	<u>3</u>
1XXXX	TOTAL	<u>\$ 24,882,223</u>	<u>100</u>	<u>\$ 22,810,219</u>	<u>100</u>	<u>\$ 22,394,488</u>	<u>100</u>
Code	LIABILITIES AND EQUITY						
	PAYABLES						
21200	Claims payable	\$ 1,431	-	\$ 90	-	\$ 703	-
21400	Commissions payable	169,958	1	171,853	1	176,516	1
21500	Due to reinsurers and ceding companies	593,989	2	428,499	2	427,734	2
21600	Other payable	<u>520,796</u>	<u>2</u>	<u>542,108</u>	<u>2</u>	<u>428,513</u>	<u>2</u>
21000	Total payables	<u>1,286,174</u>	<u>5</u>	<u>1,142,550</u>	<u>5</u>	<u>1,033,466</u>	<u>5</u>
21700	INCOME TAX LIABILITIES OF THE PERIOD (Note 22)	<u>48,772</u>	<u>-</u>	<u>190,041</u>	<u>1</u>	<u>164,681</u>	<u>1</u>
23800	LEASE LIABILITIES (Note 16, 25)	<u>46,553</u>	<u>-</u>	<u>63,686</u>	<u>-</u>	<u>67,637</u>	<u>-</u>
	INSURANCE LIABILITIES (Note 19, 26, 27, 28)						
24100	Unearned premium reserves	4,341,759	18	3,999,981	18	4,140,304	19
24200	Claim reserves	4,443,883	18	3,719,862	16	3,611,487	16
24400	Special reserves	2,096,040	8	2,066,905	9	2,043,924	9
24500	Premium deficiency reserves	<u>8,846</u>	<u>-</u>	<u>6,340</u>	<u>-</u>	<u>9,058</u>	<u>-</u>
24000	Total insurance liabilities	<u>10,890,528</u>	<u>44</u>	<u>9,793,088</u>	<u>43</u>	<u>9,804,773</u>	<u>44</u>
27000	RESERVE FOR LIABILITIES (Note 18)	<u>51,243</u>	<u>-</u>	<u>58,234</u>	<u>-</u>	<u>55,789</u>	<u>-</u>
28000	DEFERRED INCOME TAX LIABILITIES	<u>280,822</u>	<u>1</u>	<u>275,110</u>	<u>1</u>	<u>292,506</u>	<u>1</u>
	OTHER LIABILITIES						
25300	Guarantee deposits received (Note 25)	35,138	-	36,948	-	36,833	-
25900	Other liabilities - others	<u>74,387</u>	<u>1</u>	<u>60,806</u>	<u>1</u>	<u>60,460</u>	<u>-</u>
25000	Total other liabilities	<u>109,525</u>	<u>1</u>	<u>97,754</u>	<u>1</u>	<u>97,293</u>	<u>-</u>
2XXXX	Total liabilities	<u>12,713,617</u>	<u>51</u>	<u>11,620,463</u>	<u>51</u>	<u>11,516,145</u>	<u>51</u>
	EQUITY (Note 20)						
31100	Common stock	<u>3,622,004</u>	<u>15</u>	<u>3,622,004</u>	<u>16</u>	<u>3,622,004</u>	<u>16</u>
	Capital surplus						
32100	Issuance of common shares in excess of par	1,915	-	1,915	-	1,915	-
32200	Treasury stock transactions	<u>97,047</u>	<u>-</u>	<u>97,047</u>	<u>-</u>	<u>97,047</u>	<u>1</u>
32000	Total capital surplus	<u>98,962</u>	<u>-</u>	<u>98,962</u>	<u>-</u>	<u>98,962</u>	<u>1</u>
	Retained earnings						
33100	Legal reserve	3,019,164	12	2,804,352	12	2,804,352	13
33200	Special reserve	3,348,906	14	3,358,709	15	3,044,544	14
33300	Unappropriated earnings	<u>1,489,643</u>	<u>6</u>	<u>1,025,420</u>	<u>5</u>	<u>1,212,967</u>	<u>5</u>
33000	Total retained earnings	<u>7,857,713</u>	<u>32</u>	<u>7,188,481</u>	<u>32</u>	<u>7,061,863</u>	<u>32</u>
34000	Other equity	<u>589,927</u>	<u>2</u>	<u>280,309</u>	<u>1</u>	<u>95,514</u>	<u>-</u>
3XXXX	Total equity	<u>12,168,606</u>	<u>49</u>	<u>11,189,756</u>	<u>49</u>	<u>10,878,343</u>	<u>49</u>
	TOTAL	<u>\$ 24,882,223</u>	<u>100</u>	<u>\$ 22,810,219</u>	<u>100</u>	<u>\$ 22,394,488</u>	<u>100</u>

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 July 1 to September 30 of 2024 and 2023, and from January 1 to September 30 of 2024 and 2023

Unit: NT\$ Thousand, but EPS is NT\$

Code		From July 1 to September 30, 2024		From July 1 to September 30, 2023		From January 1 to September 30, 2024		From January 1 to September 30, 2023	
		Amount	%	Amount	%	Amount	%	Amount	%
	OPERATING REVENUES								
	Retained earned premium								
41110	Premium revenues								
	from policy writing (Note 25, 26)	\$ 2,096,578	109	\$ 1,950,314	110	\$ 6,863,505	122	\$ 6,343,249	124
41120	Reinsurance premium revenues	<u>123,674</u>	<u>6</u>	<u>113,720</u>	<u>7</u>	<u>376,773</u>	<u>7</u>	<u>365,659</u>	<u>7</u>
41100	Premium revenues	2,220,252	115	2,064,034	117	7,240,278	129	6,708,908	131
51100	Less: Reinsurance premium outward	677,824	35	620,338	35	2,544,402	45	2,207,293	43
51310	Less: Net change in unearned premium reserves (Note 19, 26)	(24,321)	(1)	(75,811)	(4)	91,035	2	101,484	2
41130	Total retained earned premium	1,566,749	81	1,519,507	86	4,604,841	82	4,400,131	86
41300	Reinsurance commission earned (Note 26)	87,631	5	76,877	4	274,038	5	249,396	5
41400	Handling fee earned (Note 26)	15,911	1	14,930	1	47,947	1	46,370	1
	Net gains on investments								
41510	Interest income	60,051	3	52,307	3	189,543	3	149,433	3
41521	Gain (loss) on financial assets and liabilities at fair value through profit or loss (Note 21)	39,809	2	(59,068)	(3)	33,924	1	(14,069)	-
41527	Realized gain and losses on financial assets at fair value through other comprehensive income (Note 21)	138,541	7	64,278	4	211,076	4	112,643	2
41540	Share of profit of associates and joint ventures accounted for using equity method (Note 12)	(2,458)	-	5,797	-	74,115	1	15,535	-
41550	Exchange gain (loss) - investment (Note 21)	(26,179)	(1)	61,728	4	59,138	1	73,580	2
41570	Gain (loss) on investment properties (Note 21, 25)	48,032	2	24,570	1	97,664	2	68,089	1
41585	Expected credit impairment losses and reversal of gains of investments (Note 21)	(16)	-	(80)	-	(52)	-	668	-
41800	Other operating revenues	<u>1,321</u>	<u>-</u>	<u>6,977</u>	<u>-</u>	<u>15,579</u>	<u>-</u>	<u>12,834</u>	<u>-</u>
41000	Total operating revenues	<u>1,929,392</u>	<u>100</u>	<u>1,767,823</u>	<u>100</u>	<u>5,607,813</u>	<u>100</u>	<u>5,114,610</u>	<u>100</u>
	OPERATING COSTS								
	Retained claims								
51200	Claims and payment (Note 25, 26)	1,050,996	54	908,687	52	2,869,768	51	2,597,622	51
41200	Less: Claims recovered from reinsurers	<u>290,826</u>	<u>15</u>	<u>190,501</u>	<u>11</u>	<u>665,407</u>	<u>12</u>	<u>594,268</u>	<u>12</u>
51260	Total retained claims	<u>760,170</u>	<u>39</u>	<u>718,186</u>	<u>41</u>	<u>2,204,361</u>	<u>39</u>	<u>2,003,354</u>	<u>39</u>
	Net changes in insurance liabilities (Note 19, 26)								
51320	Net change in claims reserves	151,785	8	8,756	-	239,506	4	146,422	3
51340	Net change in special reserves	38,400	2	13,051	1	29,135	1	45,460	1
51350	Net change in premium deficiency reserves	(1,550)	-	458	-	2,506	-	1,993	-
51300	Total net change in insurance liability	<u>188,635</u>	<u>10</u>	<u>22,265</u>	<u>1</u>	<u>271,147</u>	<u>5</u>	<u>193,875</u>	<u>4</u>

(To be continued)

(Continued)

Code		From July 1 to September 30, 2024		From July 1 to September 30, 2023		From January 1 to September 30, 2024		From January 1 to September 30, 2023	
		Amount	%	Amount	%	Amount	%	Amount	%
51500	Commission expenditure (Note 25, 26)	\$ 257,427	13	\$ 247,507	14	\$ 807,361	14	\$ 778,963	15
51800	Other operating cost	<u>9,836</u>	<u>1</u>	<u>9,412</u>	<u>1</u>	<u>30,726</u>	<u>1</u>	<u>31,787</u>	<u>1</u>
51000	Total operating costs	<u>1,216,068</u>	<u>63</u>	<u>997,370</u>	<u>57</u>	<u>3,313,595</u>	<u>59</u>	<u>3,007,979</u>	<u>59</u>
OPERATING EXPENSES (Note 4, 18, 21, 25)									
58100	Service Expenses	247,839	13	236,259	13	758,795	13	712,580	14
58200	Administrative Expenses	127,478	6	121,175	7	370,207	7	330,897	7
58300	Employee training expenses	1,224	-	1,010	-	2,365	-	2,364	-
58400	Impairment loss and reversal gain on expected credit - non-investment	<u>13,387</u>	<u>1</u>	<u>15,586</u>	<u>1</u>	<u>7,358</u>	<u>-</u>	<u>22,445</u>	<u>-</u>
58000	Total operating expenses	<u>389,928</u>	<u>20</u>	<u>374,030</u>	<u>21</u>	<u>1,138,725</u>	<u>20</u>	<u>1,068,286</u>	<u>21</u>
61000	OPERATING INCOME	323,396	17	396,423	22	1,155,493	21	1,038,345	20
59000	NON-OPERATING INCOME AND EXPENSES	(<u>328</u>)	<u>-</u>	(<u>454</u>)	<u>-</u>	(<u>3,114</u>)	<u>-</u>	(<u>2,275</u>)	<u>-</u>
62000	NET INCOME BEFORE INCOME TAX FROM CONTINUING OPERATION	323,068	17	395,969	22	1,152,379	21	1,036,070	20
63000	TAX EXPENSE (Note 4, 22)	<u>30,123</u>	<u>2</u>	<u>77,008</u>	<u>4</u>	<u>164,566</u>	<u>3</u>	<u>185,534</u>	<u>4</u>
66000	NET PROFIT FOR THE PERIOD	<u>292,945</u>	<u>15</u>	<u>318,961</u>	<u>18</u>	<u>987,813</u>	<u>18</u>	<u>850,536</u>	<u>16</u>
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	(15,191)	(1)	(15,717)	(1)	435,233	8	450,581	9
Items that may be reclassified subsequently to profit or loss									
83290	Debt instrument profit or loss measured at fair value through other comprehensive income	<u>16,725</u>	<u>1</u>	(<u>15,806</u>)	(<u>1</u>)	<u>33,810</u>	<u>-</u>	(<u>6,291</u>)	<u>-</u>
83000	Total other comprehensive income, net of income tax	<u>1,534</u>	<u>-</u>	(<u>31,523</u>)	(<u>2</u>)	<u>469,043</u>	<u>8</u>	<u>444,290</u>	<u>9</u>
85000	TOTAL COMPREHENSIVE INCOME IN THE PERIOD	<u>\$ 294,479</u>	<u>15</u>	<u>\$ 287,438</u>	<u>16</u>	<u>\$ 1,456,856</u>	<u>26</u>	<u>\$ 1,294,826</u>	<u>25</u>
EARNINGS PER SHARE (EPS) (Note 23)									
97500	Basic EPS	<u>\$ 0.81</u>		<u>\$ 0.88</u>		<u>\$ 2.73</u>		<u>\$ 2.35</u>	
98500	Diluted EPS	<u>\$ 0.81</u>		<u>\$ 0.88</u>		<u>\$ 2.72</u>		<u>\$ 2.34</u>	

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 September 30 of 2024 and 2023

Unit: NT\$ Thousand

Code		Capital	Capital surplus	Retained Earnings			Other Equity (Note 20)	Stockholders' Equity
				Legal reserve	Special reserve	Unappropriated earnings	Unrealized Gain and Losses on Financial Assets at Fair Value Through Other Comprehensive Income	
A1	Balance at January 1, 2023	\$ 3,622,004	\$ 98,962	\$ 2,632,619	\$ 3,055,579	\$ 788,424	(\$ 251,870)	\$ 9,945,718
	Appropriation of 2022 earnings							
B1	Appropriation of Legal reserve	-	-	171,733	-	(171,733)	-	-
B5	Cash dividends distributed by the Company	-	-	-	-	(362,201)	-	(362,201)
B17	Reversal of special Reserve	-	-	-	(11,035)	11,035	-	-
D1	Net Profit from January 1 to September 30, 2023	-	-	-	-	850,536	-	850,536
D3	Other comprehensive income after taxes from January 1 to September 30, 2023	-	-	-	-	-	444,290	444,290
D5	Total comprehensive income from January 1 to September 30, 2023	-	-	-	-	850,536	444,290	1,294,826
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	-	-	-	-	96,906	(96,906)	-
Z1	Balance at September 30, 2023	<u>\$ 3,622,004</u>	<u>\$ 98,962</u>	<u>\$ 2,804,352</u>	<u>\$ 3,044,544</u>	<u>\$ 1,212,967</u>	<u>\$ 95,514</u>	<u>\$ 10,878,343</u>
A1	Balance at January 1, 2024	\$ 3,622,004	\$ 98,962	\$ 2,804,352	\$ 3,358,709	\$ 1,025,420	\$ 280,309	\$ 11,189,756
	Appropriation of 2023 earnings							
B1	Appropriation of Legal reserve	-	-	214,812	-	(214,812)	-	-
B5	Cash dividends distributed by the Company	-	-	-	-	(470,861)	-	(470,861)
B17	Reversal of special Reserve	-	-	-	(9,803)	9,803	-	-
D1	Net Profit from January 1 to September 30, 2024	-	-	-	-	987,813	-	987,813
D3	Other comprehensive income after taxes from January 1 to September 30, 2024	-	-	-	-	-	469,043	469,043
D5	Total comprehensive income from January 1 to September 30, 2024	-	-	-	-	987,813	469,043	1,456,856
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	-	-	-	-	159,425	(159,425)	-
C7	Changes in associates and joint ventures accounted for using equity method	-	-	-	-	(7,145)	-	(7,145)
Z1	Balance at September 30, 2024	<u>\$ 3,622,004</u>	<u>\$ 98,962</u>	<u>\$ 3,019,164</u>	<u>\$ 3,348,906</u>	<u>\$ 1,489,643</u>	<u>\$ 589,927</u>	<u>\$ 12,168,606</u>

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 September 30 of 2024 and 2023

Unit: NT\$ Thousand

Code		From January 1 to September 30, 2024	From January 1 to September 30, 2023
	CASH FLOWS FROM OPERATING ACTIVITIES		
A00010	Net Income before income tax from continuing operation	\$ 1,152,379	\$ 1,036,070
A20010	Adjustments to reconcile profit (loss)		
A20100	Depreciation expense	46,374	48,275
A20200	Amortization expenses	5,784	7,342
A21300	Dividends income	(252,841)	(116,323)
A20400	Net (gain) loss on financial assets and liabilities at fair value through profit or loss	(27,647)	17,749
A20450	Net loss on financial assets and liabilities at fair value through other comprehensive income	35,488	-
A20900	Interest expense	1,202	1,360
A21200	Interest income	(189,543)	(149,433)
A21400	Net changes in insurance liabilities	362,182	295,359
A21830	Impairment loss (reversal of gains) on the expected credit investment	52	(668)
A21850	Impairment loss on non-investment assets	7,358	22,445
A22300	Share of gain on associates and joint ventures recognized using equity method	(74,115)	(15,535)
A22500	Gain from disposal and scrapping of property and equipment	(132)	-
A22700	Gain from disposal of investment in investment properties	(23,796)	-
A23800	Impairment reversed benefits of reinsurance financial assets	-	(6)
A24100	Unrealized gain on foreign currency exchange	(35,938)	(74,334)
A29900	Lease Modification Loss (gain)	(1)	65
A50000	Changes in Operating Assets and Liabilities		
A51110	Notes receivable (increase) decrease	(8,534)	27,620
A51120	Premiums receivable increase	(206,881)	(110,169)
A51130	Other accounts receivable decrease (increase)	(1,092)	3,794
A51140	Decrease (increase) in financial assets at fair value through profit or loss	375,525	(135,243)

(To be continued)

(Continued)

Code		From January 1 to September 30, 2024	From January 1 to September 30, 2023
A51141	Decrease in financial assets at fair value through other comprehensive income	\$ 1,030,610	\$ 361,820
A51145	Increase in financial assets carried at amortized cost	(879,364)	(823,334)
A51160	Decrease (increase) in other financial assets	(751,479)	233,780
A51170	Decrease (increase) in reinsurance contract asset	(98,634)	24,429
A51990	Increase in other assets	(3,090)	(26,300)
A52120	Increase in claims payable	1,341	703
A52140	Increase (Decrease) in commissions payable	(1,869)	23,097
A52150	Increase (decrease) in due to reinsurers and ceding companies	165,490	(14,718)
A52160	Decrease in other payables	(21,312)	(30,405)
A52200	Decrease in employees' benefit reserve for liabilities	(6,991)	(10,290)
A52990	Increase in Other Liabilities	<u>13,581</u>	<u>12,565</u>
A33000	Cash inflow from operations	614,107	609,715
A33100	Interest received	173,244	121,973
A33200	Dividends received	268,054	116,206
A33500	Income tax paid	(<u>299,565</u>)	(<u>140,875</u>)
AAAA	Net cash inflow from operating activities	<u>755,840</u>	<u>707,019</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
B01800	Acquisition of investments accounted for using equity method	-	(200,000)
B02400	Proceeds from capital reduction of investments accounted for using equity method	-	8,662
B02700	Payments for property and equipment	(2,035)	(3,762)
B02800	Proceeds from disposal of property and equipment	1,413	-
B03800	Decrease in refundable deposits	6,514	1,932
B04500	Payments for intangible assets	(3,685)	(6,328)
B05400	Payments for investment properties	(2,744)	(1,624)
B05500	Disposal of investment properties	<u>23,796</u>	<u>-</u>
BBBB	Net cash inflows (outflows) from investing activities	<u>23,259</u>	(<u>201,120</u>)
CASH FLOWS FROM FINANCING ACTIVITIES			
C03000	Increase in guarantee deposits received	-	3,457
C03100	Decrease in guarantee deposits received	(1,810)	-
C04020	Repayment of the principal of the lease liabilities	(26,674)	(27,090)
C04500	Distribute cash dividends	(<u>470,861</u>)	(<u>362,201</u>)
CCCC	Net cash outflow used in financing activities	(<u>499,345</u>)	(<u>385,834</u>)

(To be continued)

(Continued)

<u>Code</u>		<u>From January 1 to September 30, 2024</u>	<u>From January 1 to September 30, 2023</u>
EEEE	CURRENT INCREASE IN CASH AND CASH EQUIVALENTS FOR THE PERIOD	\$ 279,754	\$ 120,065
E00100	CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	<u>3,141,324</u>	<u>3,074,610</u>
E00200	CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	<u>\$ 3,421,078</u>	<u>\$ 3,194,675</u>

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 September 30 of 2024 and 2023

(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 September 30, 2024, 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 October 25, 2024.

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 “IFRS accounting standards”) 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 IFRS accounting standards approved and issued to be effective by FSC will not cause any material changes to the accounting policies of the Company.

(II) IFRS accounting standards approved by FSC applied as of 2025

Newly Issued/ Amended/ Revised Standards and Interpretations	The effective date promulgated by IASB
Amendments to IAS 21 “Lack of Exchangeability”	January 1, 2025 (Note 1)

Note 1: The annual reporting period beginning after January 1, 2025 is applicable to this amendment. At the time of initial application of the amendments, the comparative period shall not be restated, but the effects shall be recognized in the retained earnings or exchange differences of foreign operations under equity (as appropriate) on the date of initial application, as well as the related affected assets and liabilities.

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.

(III) IFRS accounting standards 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)
“IFRS Annual Improvements - Volume 11”	January 1, 2026
Amendments to IFRS 9 and IFRS 7 “Amendments to the Classification and Measurement of Financial Instruments”	January 1, 2026
“Sale or Contribution of Assets between an Investor and its Associate or Joint Venture”, amendments to IFRS 10 and IAS 28.	To be determined
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
IFRS 18 “Presentation and Disclosure in Financial Statements”	January 1, 2027
IFRS 19 “Subsidiaries without Public Accountability: Disclosures”	January 1, 2027

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.

1. 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) Any cash flows arising from the contracts in the group at that date;
- (3) The derecognition at the date of initial recognition of the following items:
 - A. all insurance acquisition cash flow assets; 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 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:
 - A. all insurance acquisition cash flow assets; and
 - B. 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.

2. IFRS 18 “Presentation and Disclosure in Financial Statements”

IFRS 18 will replace IAS 1 “Presentation of Financial Statements.” The main changes in the standard include:

- The income statement should divide income and expense items into operating, investment, financing, income tax and discontinued operation types.
- The income statement should present operating income, profit and loss before financing and income tax, and subtotal and total of profit and loss.
- Provide guidance to strengthen aggregation and segmentation requirements: The Company must identify assets, liabilities, equity, income, expenses, losses and cash flows from individual transactions or other events, and classify and summarize them on the basis of common characteristics, so that each line item presented in the main financial report has at least one similar characteristic. Items with different characteristics should be broken down in the main financial statements and notes thereto. The Company marks these items as “Other” only when a more informative name cannot be found.
- Enhance the disclosure of performance measures defined by management: When the Company is engaged in public communications outside of financial statements and communicates the management's views on a certain aspect of the Company's overall financial performance to users of financial statements, it should disclose the information about the performance measurement defined by the management in the notes to the financial statements, including the descriptions about the measurement, calculation method, its reconciliation with the subtotal or total expressly stated in the IFRSs, and the impact of income tax and non-controlling interests on related reconciliation items.

Except the above-mentioned 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 to various 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 2023 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 2023 Annual Financial Report.

VI. Cash and Cash Equivalents

	September 30, 2024	December 31, 2023	September 30, 2023
Cash on hand and working capital	\$ 33,120	\$ 33,085	\$ 33,079
Bank's notes and current deposit	2,515,518	2,580,540	2,471,943
Cash equivalents			
Commercial paper	798,676	449,315	599,059
Time deposits in banks due within 3 months in the date of initial maturity	153,211	156,200	158,200
Less: Deductible of refundable deposits (Note 17)	(79,447)	(77,816)	(67,606)
	<u>\$ 3,421,078</u>	<u>\$ 3,141,324</u>	<u>\$ 3,194,675</u>

The interest rate ranges for bank time deposits and promissory notes on the balance sheet date are stated as following:

	September 30, 2024	December 31, 2023	September 30, 2023
Time deposits in banks due within 3 months in the date of initial maturity	1.23%–1.29%	1.10%–1.17%	1.10%–1.17%
Commercial paper	1.35%–1.36%	1.23%–1.26%	1.23%–1.24%

VII. Receivables

	September 30, 2024	December 31, 2023	September 30, 2023
Notes receivable	\$ 122,864	\$ 114,404	\$ 95,358
Notes receivable - Non-accrual loan	74	-	-
Less: allowance loss	(1,303)	(1,144)	(953)
	<u>\$ 121,635</u>	<u>\$ 113,260</u>	<u>\$ 94,405</u>
Premiums receivable	\$ 512,455	\$ 435,775	\$ 493,993
Premiums receivable - Non-accrual loan	212,734	82,277	185,056
Less: allowance loss	(51,013)	(32,820)	(47,124)
	<u>\$ 674,176</u>	<u>\$ 485,232</u>	<u>\$ 631,925</u>
Interest receivable	\$ 137,522	\$ 121,223	\$ 114,956
Stock dividends receivable	4,843	282	554
Other receivable	11,454	10,326	10,600
Other receivable - Non-accrual loan	2,294	2,330	4,919
Less: allowance loss	(2,024)	(2,255)	(2,646)
Other receivables	<u>\$ 154,089</u>	<u>\$ 131,906</u>	<u>\$ 128,383</u>

(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 September 30, 2024 and 2023 are as follows:

September 30, 2024

	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	\$ 3,076	\$ 8,229	\$ 20,069	\$ 31,374	\$ 4,845	\$ 36,219
Add: Provision (reversal) in the period	(1,232)	(615)	3,918	2,071	16,050	18,121
Balance - ending	<u>\$ 1,844</u>	<u>\$ 7,614</u>	<u>\$ 23,987</u>	<u>\$ 33,445</u>	<u>\$ 20,895</u>	<u>\$ 54,340</u>

September 30, 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) in the period	(1,211)	8,505	(2)	7,292	6,225	13,517
Balance - ending	<u>\$ 3,483</u>	<u>\$ 14,330</u>	<u>\$ 20,198</u>	<u>\$ 38,011</u>	<u>\$ 12,712</u>	<u>\$ 50,723</u>

The allowances for losses as of September 30, 2024 and 2023 increased by NT\$18,121 thousand and NT\$13,517 thousand, respectively, mainly as a result of the increase in total carrying amount of non-accrual loans in the trade receivables by NT\$130,495 thousand on September 30, 2024, and the increase in total carrying amount of the non-accrued loans in the trade receivables by NT\$115,061 thousand on September 30, 2023.

(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\$74 thousand, NT\$46,197 thousand, and NT\$1,005 thousand, respectively, as of September 30, 2024.

For the notes receivable, premium receivable, and non-accrual loans in other receivables, the allowances have been provided as NT\$0 thousand, NT\$28,731 thousand, and NT\$1,959 thousand, respectively, as of December 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\$42,149 thousand, and NT\$2,432 thousand, respectively, as of September 30, 2023.

(III) The ageing analysis for the receivables

	September 30, 2024	December 31, 2023	September 30, 2023
0–30 days	\$ 670,353	\$ 596,047	\$ 578,142
31–90 days	118,834	85,340	137,268
91–180 days	181,846	55,928	153,300
181–365 days	9,220	9,233	16,528
More than 365 days	23,987	20,069	20,198
Total	<u>\$ 1,004,240</u>	<u>\$ 766,617</u>	<u>\$ 905,436</u>

The aging analysis is conducted based on the accounted dates.

VIII. Financial Instruments Measured at Fair Values Through Profit and/or Loss

	September 30, 2024	December 31, 2023	September 30, 2023
Compulsory measurement at fair value through profit and loss			
— TWSE/GTSM listed shares	\$ 76,942	\$ 115,785	\$ 94,638
— Unlisted domestic shares	155,576	161,358	162,279
— Funds and Beneficiary certificates	366,125	378,312	417,424
— Domestic financial bonds	959,161	1,245,587	1,246,132
— Domestic corporate bonds	496,585	499,608	499,894
— Overseas financial bonds	221,530	216,088	202,347
	<u>\$ 2,275,919</u>	<u>\$ 2,616,738</u>	<u>\$ 2,622,714</u>

IX. Financial Assets at Fair Value Through Other Comprehensive Income

	September 30, 2024	December 31, 2023	September 30, 2023
Equity instruments at fair value through other comprehensive income	\$ 4,063,253	\$ 4,124,446	\$ 3,946,622
Bond instruments measured at fair value through other comprehensive income	1,411,539	1,926,722	1,946,408
Deductible of refundable deposits	(568,914)	(575,838)	(576,765)
	<u>\$ 4,905,878</u>	<u>\$ 5,475,330</u>	<u>\$ 5,316,265</u>

(I) Investments in equity instruments

	September 30, 2024	December 31, 2023	September 30, 2023
<u>Domestic investment</u>			
TSEC/(GTSM listed)			
shares (Note)	\$ 3,768,218	\$ 3,763,785	\$ 3,580,986
Unlisted Shares	<u>295,035</u>	<u>360,661</u>	<u>365,636</u>
	<u>\$ 4,063,253</u>	<u>\$ 4,124,446</u>	<u>\$ 3,946,622</u>

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 September 30, 2024 and 2023, the Company adjusted the investment positions to diversify risks, and the sold some of the common shares at fair value for NT\$557,249 thousand and NT\$361,757 thousand. The related other equity - unrealized valuation gains and losses on other financial assets at fair value through comprehensive income, NT\$159,425 thousand and NT\$96,906 thousand were transferred to the retained earnings.

The Company recognized the dividend revenues, NT\$138,541 thousand, NT\$64,278 thousand, NT\$246,564 thousand, and NT\$112,643 thousand, from July 1 to September 30, 2024 and 2023 and from January 1 to September 30, 2024 and 2023. The amounts related to derecognized investments at the end of the period were NT\$551 thousand, NT\$0 thousand, NT\$2,051 thousand, and NT\$0 thousand, and the amounts related to the investment held on September 30, 2024 and 2023 were NT\$137,990 thousand, NT\$64,278 thousand, NT\$244,513 thousand, and NT\$112,643 thousand.

(II) Investments in liability instruments

	September 30, 2024	December 31, 2023	September 30, 2023
<u>Domestic investment</u>			
Government Bonds	\$ 568,914	\$ 575,838	\$ 576,765
Financial bonds	88,987	98,768	98,665
Corporate bonds	100,184	100,875	101,093
Deductible of refundable deposits (Note 17)	(<u>568,914</u>)	(<u>575,838</u>)	(<u>576,765</u>)
Subtotal	<u>189,171</u>	<u>199,643</u>	<u>199,758</u>
<u>Foreign investment</u>			
Financial bonds	158,092	153,396	161,139
Corporate bonds	<u>495,362</u>	<u>997,845</u>	<u>1,008,746</u>
Subtotal	<u>653,454</u>	<u>1,151,241</u>	<u>1,169,885</u>
Total	<u>\$ 842,625</u>	<u>\$ 1,350,884</u>	<u>\$ 1,369,643</u>

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

	September 30, 2024	December 31, 2023	September 30, 2023
<u>Domestic investment</u>			
Financial bonds	\$ 650,000	\$ 650,000	\$ 650,000
Corporate bonds	2,097,459	1,275,811	805,287
<u>Foreign investment</u>			
Corporate bonds	<u>319,180</u>	<u>254,058</u>	<u>266,214</u>
	3,066,639	2,179,869	1,721,501
Less: allowance loss	(<u>526</u>)	(<u>433</u>)	(<u>339</u>)
	<u>\$ 3,066,113</u>	<u>\$ 2,179,436</u>	<u>\$ 1,721,162</u>

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:

September 30, 2024

	At fair value through other comprehensive income	At amortized cost	Total
Total of Carrying Amount	\$ 1,411,884	\$ 3,066,639	\$ 4,478,523
Allowance loss	(186)	(526)	(712)
Amortized cost	1,411,698	<u>\$ 3,066,113</u>	4,477,811
Adjustment to fair value	(159)		(159)
	1,411,539		4,477,652
Deductible of refundable deposits	(568,914)		(568,914)
	<u>\$ 842,625</u>		<u>\$ 3,908,738</u>

December 31, 2023

	At fair value through other comprehensive income	At amortized cost	Total
Total of Carrying Amount	\$ 1,960,918	\$ 2,179,869	\$ 4,140,787
Allowance loss	(227)	(433)	(660)
Amortized cost	1,960,691	<u>\$ 2,179,436</u>	4,140,127
Adjustment to fair value	(33,969)		(33,969)
	1,926,722		4,106,158
Deductible of refundable deposits	(575,838)		(575,838)
	<u>\$ 1,350,884</u>		<u>\$ 3,530,320</u>

September 30, 2023

	At fair value through other comprehensive income	At amortized cost	Total
Total of Carrying Amount	\$ 2,014,322	\$ 1,721,501	\$ 3,735,823
Allowance loss	(228)	(339)	(567)
Amortized cost	2,014,094	<u>\$ 1,721,162</u>	3,735,256
Adjustment to fair value	(67,686)		(67,686)
	1,946,408		3,667,570
Deductible of refundable deposits	(576,765)		(576,765)
	<u>\$ 1,369,643</u>		<u>\$ 3,090,805</u>

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:

September 30, 2024

Credit Rating	Expected Credit Loss (ECL)	September 30, 2024 Total of Carrying Amount
Normal	0.0025%–0.1950%	\$ 4,478,523
Abnormal	(Note)	-
Default	(Note)	-
Write Off	(Note)	-

December 31, 2023

Credit Rating	Expected Credit Loss (ECL)	December 31, 2023 Total of Carrying Amount
Normal	0.0001%–0.2332%	\$ 4,140,787
Abnormal	(Note)	-
Default	(Note)	-
Write Off	(Note)	-

September 30, 2023

Credit Rating	Expected Credit Loss (ECL)	September 30, 2023 Total of Carrying Amount
Normal	0.0001%–0.2332%	\$ 3,735,823
Abnormal	(Note)	-
Default	(Note)	-
Write Off	(Note)	-

(Note): The credit level of the bond investments as of September 30, 2024, and December 31 and September 30, 2023 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, 2024	\$ 227	\$ -	\$ -
Derecognition	(35)	-	-
Exchange rate and other movement	(6)	-	-
Balance at September 30, 2024	<u>\$ 186</u>	<u>\$ -</u>	<u>\$ -</u>
Balance at January 1, 2023	\$ 788	\$ -	\$ -
Purchase of New Liability Instruments	2	-	-
Derecognition	(12)	-	-
Exchange rate and other movement	(550)	-	-
Balance at September 30, 2023	<u>\$ 228</u>	<u>\$ -</u>	<u>\$ -</u>

- (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, 2024	\$ 433	\$ -	\$ -
Purchase of New Liability Instruments	40	-	-
Exchange rate and other movement	53	-	-
Balance at September 30, 2024	<u>\$ 526</u>	<u>\$ -</u>	<u>\$ -</u>
Balance at January 1, 2023	\$ 447	\$ -	\$ -
Purchase of New Liability Instruments	177	-	-
Exchange rate and other movement	(285)	-	-
Balance at September 30, 2023	<u>\$ 339</u>	<u>\$ -</u>	<u>\$ -</u>

XII. Investment Under Equity Method

	September 30, 2024	December 31, 2023	September 30, 2023
Investments in associates	<u>\$ 436,735</u>	<u>\$ 389,539</u>	<u>\$ 389,521</u>

Summarization about Associates with Immateriality Information

Company Name	Percentage of the shareholding and voting rights		
	September 30, 2024	December 31, 2023	September 30, 2023
Top Taiwan X Venture Capital Co., Ltd.	24.75%	24.75%	24.75%
AcSun Energy Inc.	20.00%	20.00%	20.00%

	From July 1 to September 30, 2024	From July 1 to September 30, 2023	From January 1 to September 30, 2024	From January 1 to September 30, 2023
Shares Vested in the Company				
Net (loss) profit for the period from continuing operations	(\$ 2,458)	\$ 5,797	\$ 74,115	\$ 15,535
Other comprehensive income	-	-	-	-
Total comprehensive income	<u>(\$ 2,458)</u>	<u>\$ 5,797</u>	<u>\$ 74,115</u>	<u>\$ 15,535</u>

Top Taiwan X Venture Capital Co., Ltd. resolved at the shareholders' meeting on May 16, 2023 to refund the stock payment by NT\$8,662 thousand, respectively.

In August 2023, the Company subscribed for 20,000 thousand ordinary shares of AcSun Energy Inc. at the price of NT\$200,000 thousand in cash, with a shareholding ratio of 20%, and acquired significant influence on that company.

AcSun Energy Inc. acquired the equity of its investee company in March 2024, causing the change in its ownership interest to offset its retained earnings. The Company offset the retained earnings by NT\$7,145 thousand as a result of the changes in the ownership interest.

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"

Investments accounted for using the equity method and the Company's share of profits and losses and other comprehensive profits and losses, except for AcSun Energy Inc., which is calculated based on financial reports that have not been reviewed by CPAs, are recognized based on the financial reports of various associates for the same period as reviewed by CPAs. However, the Company's management believes that as the financial reports of said investee companies have not been reviewed by CPAs, no significant impact will be posed therefor.

XIII. Other Financial Assets - Net

	September 30, 2024	December 31, 2023	September 30, 2023
Time deposit with initial maturity date more than three months away	\$ 3,286,600	\$ 2,543,266	\$ 2,445,926
Less: Deductible of refundable deposits (Note 17)	(<u>15,000</u>)	(<u>23,145</u>)	(<u>23,145</u>)
	<u>\$ 3,271,600</u>	<u>\$ 2,520,121</u>	<u>\$ 2,422,781</u>

XIV. Investment Properties

	September 30, 2024	December 31, 2023	September 30, 2023
Investment Properties Completed	\$ 2,207,332	\$ 2,214,938	\$ 2,217,216
Right-of-use assets	<u>2,252</u>	<u>6,305</u>	<u>7,804</u>
	<u>\$ 2,209,584</u>	<u>\$ 2,221,243</u>	<u>\$ 2,225,020</u>

	Land	House and building	Right-of-use assets	Total
<u>Cost</u>				
Balance at January 1, 2023	\$ 2,054,273	\$ 448,825	\$ 32,861	\$ 2,535,959
Increase	-	1,624	3,379	5,003
Decrease in the period	-	-	(2,722)	(2,722)
Balance at September 30, 2023	<u>\$ 2,054,273</u>	<u>\$ 450,449</u>	<u>\$ 33,518</u>	<u>\$ 2,538,240</u>
<u>Accumulated Depreciation</u>				
Balance at January 1, 2023	\$ -	\$ 277,150	\$ 23,941	\$ 301,091
Depreciation expense	-	10,356	4,495	14,851
Decrease in the period	-	-	(2,722)	(2,722)
Balance at September 30, 2023	<u>\$ -</u>	<u>\$ 287,506</u>	<u>\$ 25,714</u>	<u>\$ 313,220</u>
Net at September 30, 2023	<u>\$ 2,054,273</u>	<u>\$ 162,943</u>	<u>\$ 7,804</u>	<u>\$ 2,225,020</u>
<u>Cost</u>				
Balance at January 1, 2024	\$ 2,054,273	\$ 451,672	\$ 33,518	\$ 2,539,463
Increase	-	2,744	-	2,744
Decrease in the period	-	(47,667)	(30,139)	(77,806)
Balance at September 30, 2024	<u>\$ 2,054,273</u>	<u>\$ 406,749</u>	<u>\$ 3,379</u>	<u>\$ 2,464,401</u>
<u>Accumulated Depreciation</u>				
Balance at January 1, 2024	\$ -	\$ 291,007	\$ 27,213	\$ 318,220
Depreciation expense	-	10,350	4,053	14,403
Decrease in the period	-	(47,667)	(30,139)	(77,806)
Balance at September 30, 2024	<u>\$ -</u>	<u>\$ 253,690</u>	<u>\$ 1,127</u>	<u>\$ 254,817</u>
Net at September 30, 2024	<u>\$ 2,054,273</u>	<u>\$ 153,059</u>	<u>\$ 2,252</u>	<u>\$ 2,209,584</u>

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 fair value of the investment properties as of December 31, 2023 and 2022 were NT\$5,146,467 thousand and NT\$4,813,920 thousand. The fair value was appraised by the independent appraisers, Affluence Real Estate Appraiser Firm and Cathay Real Estate Appraisers Joint Firm, based on the inputs for Level 3 fair value measurement on the balance sheet date. 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 1.44%–7.85% and 0.83%–3.73%. Upon

evaluation by the Company's management, the fair values substantially remained unchanged on September 30, 2024 and 2023.

On September 14, 2024, the Company disposed of the investment property at Nos. 617, 619 and 621 & 2F, No. 621, Zhongzheng Rd., Xinzhaung Dist., New Taipei City, generated the proceeds totaling NT\$23,796 thousand (after tax). The gain from the disposal, NT\$23,796 thousand, was stated as the operating revenue-gain (loss) on investment properties.

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

	September 30, 2024	December 31, 2023	September 30, 2023
1 st year	\$ 120,506	\$ 138,659	\$ 137,983
2 nd year	98,431	102,476	108,122
3 rd year	82,795	82,158	80,863
4 th year	65,954	67,218	71,032
5 th year	64,687	55,131	56,063
More than 5 years	<u>148,781</u>	<u>190,534</u>	<u>204,401</u>
	<u>\$ 581,154</u>	<u>\$ 636,176</u>	<u>\$ 658,464</u>

XV. Property and Equipment

	Own land	Buildings and ancillary equipment	Computer equipment	Traffic and transport equipment	Other equipment	Leasehold improvements	Total
<u>Cost</u>							
Balance at January 1, 2023	\$ 261,774	\$ 168,832	\$ 52,337	\$ 7,272	\$ 7,252	\$ 8,768	\$ 506,235
Increase	-	793	1,955	-	661	353	3,762
Disposition	-	-	(1,054)	-	-	-	(1,054)
Balance at September 30, 2023	<u>\$ 261,774</u>	<u>\$ 169,625</u>	<u>\$ 53,238</u>	<u>\$ 7,272</u>	<u>\$ 7,913</u>	<u>\$ 9,121</u>	<u>\$ 508,943</u>
<u>Accumulated Depreciation</u>							
Balance at January 1, 2023	\$ -	\$ 104,280	\$ 13,757	\$ 4,056	\$ 3,394	\$ 5,470	\$ 130,957
Depreciation expense	-	2,682	7,841	1,076	733	979	13,311
Disposition	-	-	(1,054)	-	-	-	(1,054)
Balance at September 30, 2023	<u>\$ -</u>	<u>\$ 106,962</u>	<u>\$ 20,544</u>	<u>\$ 5,132</u>	<u>\$ 4,127</u>	<u>\$ 6,449</u>	<u>\$ 143,214</u>
Net at September 30, 2023	<u>\$ 261,774</u>	<u>\$ 62,663</u>	<u>\$ 32,694</u>	<u>\$ 2,140</u>	<u>\$ 3,786</u>	<u>\$ 2,672</u>	<u>\$ 365,729</u>
<u>Cost</u>							
Balance at January 1, 2024	\$ 261,774	\$ 170,077	\$ 51,445	\$ 5,623	\$ 8,535	\$ 9,168	\$ 506,622
Increase	-	-	1,235	-	750	50	2,035
Disposition	-	-	(998)	(2,038)	(417)	-	(3,453)
Balance at September 30, 2024	<u>\$ 261,774</u>	<u>\$ 170,077</u>	<u>\$ 51,682</u>	<u>\$ 3,585</u>	<u>\$ 8,868</u>	<u>\$ 9,218</u>	<u>\$ 505,204</u>
<u>Accumulated Depreciation</u>							
Balance at January 1, 2024	\$ -	\$ 107,866	\$ 20,151	\$ 3,665	\$ 3,897	\$ 6,684	\$ 142,263
Depreciation expense	-	2,731	7,588	346	879	705	12,249
Disposition	-	-	(998)	(757)	(417)	-	(2,172)
Balance at September 30, 2024	<u>\$ -</u>	<u>\$ 110,597</u>	<u>\$ 26,741</u>	<u>\$ 3,254</u>	<u>\$ 4,359</u>	<u>\$ 7,389</u>	<u>\$ 152,340</u>
Net at September 30, 2024	<u>\$ 261,774</u>	<u>\$ 59,480</u>	<u>\$ 24,941</u>	<u>\$ 331</u>	<u>\$ 4,509</u>	<u>\$ 1,829</u>	<u>\$ 352,864</u>

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

	<u>Building</u>	<u>Transport equipment</u>	<u>Total</u>
<u>Cost</u>			
Balance at January 1, 2023	\$ 82,623	\$ 3,952	\$ 86,575
Increase	32,265	5,820	38,085
Decrease in the period	(32,388)	-	(32,388)
Balance at September 30, 2023	<u>\$ 82,500</u>	<u>\$ 9,772</u>	<u>\$ 92,272</u>
<u>Accumulated Depreciation</u>			
Balance at January 1, 2023	\$ 44,997	\$ 1,527	\$ 46,524
Depreciation expense	17,833	2,280	20,113
Decrease in the period	(32,244)	-	(32,244)
Balance at September 30, 2023	<u>\$ 30,586</u>	<u>\$ 3,807</u>	<u>\$ 34,393</u>
Net at September 30, 2023	<u>\$ 51,914</u>	<u>\$ 5,965</u>	<u>\$ 57,879</u>
<u>Cost</u>			
Balance at January 1, 2024	\$ 84,053	\$ 9,772	\$ 93,825
Increase	3,060	5,546	8,606
Decrease in the period	(5,215)	(3,176)	(8,391)
Balance at September 30, 2024	<u>\$ 81,898</u>	<u>\$ 12,142</u>	<u>\$ 94,040</u>
<u>Accumulated Depreciation</u>			
Balance at January 1, 2024	\$ 33,968	\$ 4,567	\$ 38,535
Depreciation expense	17,248	2,474	19,722
Decrease in the period	(5,215)	(2,910)	(8,125)
Balance at September 30, 2024	<u>\$ 46,001</u>	<u>\$ 4,131</u>	<u>\$ 50,132</u>
Net at September 30, 2024	<u>\$ 35,897</u>	<u>\$ 8,011</u>	<u>\$ 43,908</u>

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

	September 30, 2024	December 31, 2023	September 30, 2023
Carrying amount of lease liabilities	<u>\$ 46,553</u>	<u>\$ 63,686</u>	<u>\$ 67,637</u>
	From July 1 to September 30, 2024	From July 1 to September 30, 2023	From January 1 to September 30, 2024
Interest expense of lease liabilities	<u>\$ 346</u>	<u>\$ 489</u>	<u>\$ 1,202</u>
			From January 1 to September 30, 2023
			<u>\$ 1,360</u>

Discount rates for the lease liabilities are as the following:

	September 30, 2024	December 31, 2023	September 30, 2023
Land	2.992%	2.616%–2.992%	2.616%–2.992%
Building	2.366%–3.244%	2.366%–3.119%	2.366%–3.119%
Transport equipment	2.616%–3.244%	2.366%–2.867%	2.366%–2.867%

(III) Major lessee activities and terms and conditions

When the Company is a lessee of lands and buildings, the period is 1 to 8 years. When the lease period expires, the Company has no favorable right to purchase the leased lands.

(IV) Other information of Leases

	From July 1 to September 30, 2024	From July 1 to September 30, 2023	From January 1 to September 30, 2024	From January 1 to September 30, 2023
Short-term lease expenses	<u>\$ 2</u>	<u>\$ 1,654</u>	<u>\$ 45</u>	<u>\$ 1,733</u>
Low-valued asset lease expenses	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5</u>	<u>\$ 5</u>
Total amount of cash (outflow) of lease			<u>(\$ 26,724)</u>	<u>(\$ 28,828)</u>

XVII. Refundable Deposit

	September 30, 2024	December 31, 2023	September 30, 2023
Refundable deposit			
Bond of Insurance			
Enterprises	\$ 568,914	\$ 575,838	\$ 576,765
Bond of Litigation	2,960	-	-
Others	<u>91,487</u>	<u>100,961</u>	<u>90,751</u>
	<u>\$ 663,361</u>	<u>\$ 676,799</u>	<u>\$ 667,516</u>

- (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 September 30, 2024, and December 31 and September 30, 2023, respectively.

	September 30, 2024	December 31, 2023	September 30, 2023
Other financial assets			
— Time deposits	\$ 15,000	\$ 23,145	\$ 23,145
Cash and cash equivalents	<u>79,447</u>	<u>77,816</u>	<u>67,606</u>
	<u>\$ 94,447</u>	<u>\$ 100,961</u>	<u>\$ 90,751</u>

XVIII. Reserve for Liabilities

	September 30, 2024	December 31, 2023	September 30, 2023
Net defined benefit liability	<u>\$ 51,243</u>	<u>\$ 58,234</u>	<u>\$ 55,789</u>

The pension expense related to the defined benefit program are calculated at the pension cost rate determined via actuarial on December 31 of 2023 and 2022, and recognized into the following titles in respective periods:

	From July 1 to September 30, 2024	From July 1 to September 30, 2023	From January 1 to September 30, 2024	From January 1 to September 30, 2023
Operating Expenses	<u>\$ 440</u>	<u>\$ 536</u>	<u>\$ 1,320</u>	<u>\$ 1,607</u>

XIX. Reinsurance Contract Asset and Insurance Liabilities

	September 30, 2024	December 31, 2023	September 30, 2023
Less benefits & claims			
recovered from reinsurers	\$ 209,265	\$ 51,574	\$ 47,635
Less: allowance loss	<u>(1,046)</u>	<u>(258)</u>	<u>(238)</u>
	<u>\$ 208,219</u>	<u>\$ 51,316</u>	<u>\$ 47,397</u>
Due from reinsurers and			
ceding companies	\$ 128,228	\$ 169,461	\$ 172,652
Due from reinsurers and			
ceding companies -			
Non-accrual loan	3,854	21,125	3,668
Less: allowance loss	<u>(6,637)</u>	<u>(18,188)</u>	<u>(13,834)</u>
	<u>\$ 125,445</u>	<u>\$ 172,398</u>	<u>\$ 162,486</u>

(To be continued)

(Continued)

	September 30, 2024	December 31, 2023	September 30, 2023
Reinsurance reserve asset - net			
Ceding unearned premium reserves	\$ 1,214,723	\$ 963,980	\$ 1,098,433
Ceding claims reserves	1,633,360	1,148,845	1,144,362
Less: Accumulated impairment	(<u>25</u>)	(<u>25</u>)	(<u>25</u>)
	<u>\$ 2,848,058</u>	<u>\$ 2,112,800</u>	<u>\$ 2,242,770</u>
Insurance liabilities			
Unearned premium reserves	\$ 4,341,759	\$ 3,999,981	\$ 4,140,304
Claim reserves	4,443,883	3,719,862	3,611,487
Special reserves	2,096,040	2,066,905	2,043,924
Premium deficiency reserves	<u>8,846</u>	<u>6,340</u>	<u>9,058</u>
	<u>\$ 10,890,528</u>	<u>\$ 9,793,088</u>	<u>\$ 9,804,773</u>

(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, 2023	\$ 1,406	\$ 3,738	\$ 5,144
Add: Provision of the period	<u>855</u>	<u>8,073</u>	<u>8,928</u>
Balance at September 30, 2023	<u>\$ 2,261</u>	<u>\$ 11,811</u>	<u>\$ 14,072</u>
Balance at January 1, 2024	\$ 12,288	\$ 6,158	\$ 18,446
Add: Reversal in the current period	<u>(8,866)</u>	<u>(1,897)</u>	<u>(10,763)</u>
Balance at September 30, 2024	<u>\$ 3,422</u>	<u>\$ 4,261</u>	<u>\$ 7,683</u>

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 September 30, 2024, 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\$3,422 thousand.

As of December 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\$12,288 thousand.

As of September 30, 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\$2,261 thousand.

- (V) Reinsurance reserve asset and Insurance liabilities

Movement of increase/decrease for reinsurance reserve assets and insurance liabilities during January 1 to September 30, 2024:

	January 1, 2024	Provision of the Period	Recovery of the Period	Others	September 30, 2024
<u>Reinsurance reserve asset - net</u>					
Ceding unearned premium reserves					
Total amount	\$ 963,980	\$ 1,118,067	\$ 867,324	\$ -	\$ 1,214,723
Recognized impairment loss	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>963,980</u>	<u>1,118,067</u>	<u>867,324</u>	<u>-</u>	<u>1,214,723</u>
Ceding claims reserves					
Reported but not yet paid	767,884	1,231,937	767,884	-	1,231,937
Not yet reported	380,961	401,423	380,961	-	401,423
Recognized impairment loss	<u>(25)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(25)</u>
	<u>1,148,820</u>	<u>1,633,360</u>	<u>1,148,845</u>	<u>-</u>	<u>1,633,335</u>
Total of Reinsurance reserve asset	<u>\$ 2,112,800</u>	<u>\$ 2,751,427</u>	<u>\$ 2,016,169</u>	<u>\$ -</u>	<u>\$ 2,848,058</u>

(To be continued)

(Continued)

	January 1, 2024	Provision of the Period	Recovery of the Period	Others	September 30, 2024
Insurance liabilities					
Unearned premium reserves	\$ 3,999,981	\$ 3,953,931	\$ 3,612,153	\$ -	\$ 4,341,759
Claim reserves					
Reported but not yet paid	2,642,977	3,295,627	2,642,977	-	3,295,627
Not yet reported	1,076,885	1,148,256	1,076,885	-	1,148,256
	<u>3,719,862</u>	<u>4,443,883</u>	<u>3,719,862</u>	<u>-</u>	<u>4,443,883</u>
Special reserves					
Special reserves for material accidents	153,734	-	6,068	-	147,666
Special reserves for hazard changes	599,144	-	2,198	-	596,946
Other special reserves	1,314,027	44,340	6,939	-	1,351,428
	<u>2,066,905</u>	<u>44,340</u>	<u>15,205</u>	<u>-</u>	<u>2,096,040</u>
Premium deficiency reserves	6,340	8,846	6,340	-	8,846
Total insurance liabilities	<u>\$ 9,793,088</u>	<u>\$ 8,451,000</u>	<u>\$ 7,353,560</u>	<u>\$ -</u>	<u>\$ 10,890,528</u>

Movement of increase/decrease for reinsurance reserve assets and insurance liabilities during January 1 to September 30, 2023:

	January 1, 2023	Provision of the Period	Recovery of the Period	Others	September 30, 2023
Reinsurance reserve asset - net					
Ceding unearned premium reserves					
Total amount	\$ 892,586	\$ 999,874	\$ 794,027	\$ -	\$ 1,098,433
Recognized impairment loss	-	-	-	-	-
	<u>892,586</u>	<u>999,874</u>	<u>794,027</u>	<u>-</u>	<u>1,098,433</u>
Ceding claims reserves					
Reported but not yet paid	756,243	783,110	756,243	-	783,110
Not yet reported	366,436	361,252	366,436	-	361,252
Recognized impairment loss	(31)	-	-	6	(25)
	<u>1,122,648</u>	<u>1,144,362</u>	<u>1,122,679</u>	<u>6</u>	<u>1,144,337</u>
Total of Reinsurance reserve asset	<u>\$ 2,015,234</u>	<u>\$ 2,144,236</u>	<u>\$ 1,916,706</u>	<u>\$ 6</u>	<u>\$ 2,242,770</u>
Insurance liabilities					
Unearned premium reserves	\$ 3,832,973	\$ 3,745,732	\$ 3,438,401	\$ -	\$ 4,140,304
Claim reserves					
Reported but not yet paid	2,399,713	2,568,522	2,399,713	-	2,568,522
Not yet reported	1,043,669	1,042,965	1,043,669	-	1,042,965
	<u>3,443,382</u>	<u>3,611,487</u>	<u>3,443,382</u>	<u>-</u>	<u>3,611,487</u>
Special reserves					
Special reserves for material accidents	\$ 161,825	\$ -	\$ 6,069	\$ -	\$ 155,756
Special reserves for hazard changes	599,144	-	-	-	599,144
Other special reserves	1,237,495	51,529	-	-	1,289,024
	<u>1,998,464</u>	<u>51,529</u>	<u>6,069</u>	<u>-</u>	<u>2,043,924</u>
Premium deficiency reserves	7,065	9,058	7,065	-	9,058
Total insurance liabilities	<u>\$ 9,281,884</u>	<u>\$ 7,417,806</u>	<u>\$ 6,894,917</u>	<u>\$ -</u>	<u>\$ 9,804,773</u>

From January 1 to September 30, 2024 and 2023, 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 September 30, 2024

	Net Profit for the Period	Earnings Per Share (EPS)	Total Liabilities	Equity
Amount applied	\$ 987,813	\$ 2.73	\$ 12,713,617	\$ 12,168,606
Amount not applied	981,200	2.71	11,738,700	12,985,670
Effects	<u>\$ 6,613</u>	<u>\$ 0.02</u>	<u>\$ 974,917</u>	<u>(\$ 817,064)</u>

From January 1 to September 30, 2023

	Net Profit for the Period	Earnings Per Share (EPS)	Total Liabilities	Equity
Amount applied	\$ 850,536	\$ 2.35	\$ 11,516,145	\$ 10,878,343
Amount not applied	<u>845,681</u>	<u>2.34</u>	<u>10,530,940</u>	<u>11,703,638</u>
Effects	<u>\$ 4,855</u>	<u>\$ 0.01</u>	<u>\$ 985,205</u>	<u>(\$ 825,295)</u>

XX. Equity

(I) Capital

Common Stock

	September 30, 2024	December 31, 2023	September 30, 2023
Authorized shares (thousand shares)	<u>600,000</u>	<u>600,000</u>	<u>600,000</u>
Authorized capital	<u>\$ 6,000,000</u>	<u>\$ 6,000,000</u>	<u>\$ 6,000,000</u>
The number of issued and outstanding shares with paid-in capital (thousand shares)	<u>362,200</u>	<u>362,200</u>	<u>362,200</u>
Issued and outstanding share capital	<u>\$ 3,622,004</u>	<u>\$ 3,622,004</u>	<u>\$ 3,622,004</u>

(II) Capital surplus

	September 30, 2024	December 31, 2023	September 30, 2023
<u>May be used for making up losses, or be distributed cash or provided as the share capital</u>			
Premium in stock issuance	\$ 1,915	\$ 1,915	\$ 1,915
Treasury stock transaction	<u>97,047</u>	<u>97,047</u>	<u>97,047</u>
	<u>\$ 98,962</u>	<u>\$ 98,962</u>	<u>\$ 98,962</u>

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 earnings distribution policy in the Company's Articles of Incorporation, should 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 paid-in 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 distribution plan prepared by the Board of Directors for the shareholders' meeting to determine. 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 September 30, 2024 and 2023, the net provision was NT\$158,589 thousand and NT\$237,765 thousand, respectively. The net provision as of December 31, 2023 was NT\$296,104 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's motion for 2023 and 2022 allocation of earnings is stated as following:

	<u>Disposition of net earnings</u>		<u>Dividends Per Share (\$)</u>	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
Legal reserve	\$ 214,812	\$ 171,733		
Special reserve	303,130	246,411		
Cash dividend	470,861	362,201	\$ 1.3	\$ 1

The Company has held the annual general meetings on May 31, 2024 and June 16, 2023, respectively, and resolved to pass the distribution of the earnings for 2023 and 2022, respectively, as follows:

(IV) Special reserve

The changes in the special reserve from January 1 to September 30, 2024 and 2023 are stated as follows:

	Special reserves	Provisions by initial application of IFRS accounting standards	Special reserve form fin-tech employee transformation	Special reserve for personal travel insurance	Total
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	(11,035)	-	-	-	(11,035)
Balance at September 30, 2023	<u>\$ 2,386,321</u>	<u>\$ 652,606</u>	<u>\$ 2,763</u>	<u>\$ 2,854</u>	<u>\$ 3,044,544</u>
Balance at January 1, 2024	\$ 2,693,460	\$ 652,606	\$ 306	\$ 12,337	\$ 3,358,709
Provision of the period	-	-	-	-	-
Recovery of the Period	(9,803)	-	-	-	(9,803)
Balance at September 30, 2024	<u>\$ 2,683,657</u>	<u>\$ 652,606</u>	<u>\$ 306</u>	<u>\$ 12,337</u>	<u>\$ 3,348,906</u>

When the Company initially IFRS accounting standards, 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 IFRS accounting standards, 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 IFRS accounting standards. 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 September 30, 2024	From January 1 to September 30, 2023
Balance - beginning	<u>\$ 280,309</u>	<u>(\$ 251,870)</u>
Those yielded in the current term		
Unrealized profit/loss		
Liability instruments	33,851	(5,731)
Equity instrument	435,233	450,581
Adjustment to the allowance loss of bond instrument	(<u>41</u>)	(<u>560</u>)
Other comprehensive profit (loss) for the period	<u>469,043</u>	<u>444,290</u>
The accumulated profit/loss by disposing equity instrument transferred to the retained earnings	(<u>159,425</u>)	(<u>96,906</u>)
Balance - ending	<u><u>\$ 589,927</u></u>	<u><u>\$ 95,514</u></u>

XXI. Net Income from Continuing Operation

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

	From July 1 to September 30, 2024	From July 1 to September 30, 2023	From January 1 to September 30, 2024	From January 1 to September 30, 2023
Gain or loss on disposals	\$ 10,087	\$ -	\$ 23,832	\$ 3,241
Dividend	2,862	2,143	6,277	3,680
Gain (loss) on valuation				
Equity instrument	10,547	(35,968)	12,586	(10,444)
Liability instruments	<u>16,313</u>	(<u>25,243</u>)	(<u>8,771</u>)	(<u>10,546</u>)
	<u><u>\$ 39,809</u></u>	(<u><u>\$ 59,068</u></u>)	<u><u>\$ 33,924</u></u>	(<u><u>\$ 14,069</u></u>)

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

	From July 1 to September 30, 2024	From July 1 to September 30, 2023	From January 1 to September 30, 2024	From January 1 to September 30, 2023
Gain or loss on disposals	\$ -	\$ -	(\$ 35,488)	\$ -
Dividend	<u>138,541</u>	<u>64,278</u>	<u>246,564</u>	<u>112,643</u>
	<u>\$ 138,541</u>	<u>\$ 64,278</u>	<u>\$ 211,076</u>	<u>\$ 112,643</u>

(III) Gain (loss) on investment properties

	From July 1 to September 30, 2024	From July 1 to September 30, 2023	From January 1 to September 30, 2024	From January 1 to September 30, 2023
Rental revenue from investment properties	\$ 33,858	\$ 33,454	\$ 100,696	\$ 96,251
Gain (loss) on disposal of investment properties	23,796	-	23,796	-
Direct operational expenses of investment properties	(<u>9,622</u>)	(<u>8,884</u>)	(<u>26,828</u>)	(<u>28,162</u>)
	<u>\$ 48,032</u>	<u>\$ 24,570</u>	<u>\$ 97,664</u>	<u>\$ 68,089</u>

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

	From July 1 to September 30, 2024	From July 1 to September 30, 2023	From January 1 to September 30, 2024	From January 1 to September 30, 2023
Bond instruments measured at fair value through other comprehensive income	\$ -	(\$ 2)	\$ 41	\$ 560
Financial assets carried at amortized cost	(<u>16</u>)	(<u>78</u>)	(<u>93</u>)	<u>108</u>
	<u>(\$ 16)</u>	<u>(\$ 80)</u>	<u>(\$ 52)</u>	<u>\$ 668</u>

(V) Gain (loss) of Foreign Currency Exchange

	From July 1 to September 30, 2024	From July 1 to September 30, 2023	From January 1 to September 30, 2024	From January 1 to September 30, 2023
Gain (loss) of investment exchange	(\$ 26,179)	\$ 61,728	\$ 59,138	\$ 73,580
Other gain (loss) of exchange	<u>1,222</u>	<u>6,977</u>	<u>13,982</u>	<u>11,548</u>
	<u>(\$ 24,957)</u>	<u>\$ 68,705</u>	<u>\$ 73,120</u>	<u>\$ 85,128</u>

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

	From January 1 to September 30, 2024			From January 1 to September 30, 2023		
	Classified as operating cost	Classified as operating expense	Total	Classified as operating cost	Classified as operating expense	Total
Employee fringe benefit expenses	\$ 190,937	\$ 710,335	\$ 901,272	\$ 194,807	\$ 647,833	\$ 842,640
Salaries expense	190,937	572,671	763,608	194,807	516,100	710,907
Expenses for labor and health insurance	-	55,079	55,079	-	53,151	53,151
Pension expense	-	24,231	24,231	-	23,687	23,687
Remuneration to directors	-	49,905	49,905	-	46,596	46,596
Other employee fringe benefit expenses	-	8,449	8,449	-	8,299	8,299
Depreciation expense - Property and equipment	-	12,249	12,249	-	13,311	13,311
Depreciation expense - Investment properties	14,403	-	14,403	14,851	-	14,851
Depreciation expense - Right-of-use assets	-	19,722	19,722	-	20,113	20,113
Amortization expenses	-	5,784	5,784	-	7,342	7,342

	From July 1 to September 30, 2024			From July 1 to September 30, 2023		
	Classified as operating cost	Classified as operating expense	Total	Classified as operating cost	Classified as operating expense	Total
Employee fringe benefit expenses	\$ 62,685	\$ 216,465	\$ 279,150	\$ 62,700	\$ 214,499	\$ 277,199
Salaries expense	62,685	171,678	234,363	62,700	172,147	234,847
Expenses for labor and health insurance	-	15,952	15,952	-	15,262	15,262
Pension expense	-	8,066	8,066	-	7,826	7,826
Remuneration to directors	-	16,592	16,592	-	15,501	15,501
Other employee fringe benefit expenses	-	4,177	4,177	-	3,763	3,763
Depreciation expense - Property and equipment	-	4,062	4,062	-	4,331	4,331
Depreciation expense - Investment properties	4,301	-	4,301	4,985	-	4,985
Depreciation expense - Right-of-use assets	-	6,236	6,236	-	6,712	6,712
Amortization expenses	-	1,941	1,941	-	2,427	2,427

Note: As of September 30, 2024 and 2023, the number of employees is 913 and 906, respectively; among them, 11 directors and 11 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. The remuneration to employees and directors from January 1 to September 30, 2024 and 2023 is estimated as following:

Percentage of estimation

	From January 1 to September 30, 2024	From January 1 to September 30, 2023
Employee Compensation	2.50%	2.4931%
Directors' Remuneration	2.50%	2.4931%

Amount

	From July 1 to September 30, 2024	From July 1 to September 30, 2023	From January 1 to September 30, 2024	From January 1 to September 30, 2023
Employee Compensation	<u>\$ 8,485</u>	<u>\$ 9,164</u>	<u>\$ 30,326</u>	<u>\$ 27,186</u>
Directors' Remuneration	<u>\$ 8,485</u>	<u>\$ 9,164</u>	<u>\$ 30,326</u>	<u>\$ 27,186</u>

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 2023 and 2022 are respectively resolved by the Board on March 13, 2024 and March 10, 2023, as the following:

	2023 Cash	2022 Cash
Employee Compensation	<u>\$ 31,008</u>	<u>\$ 22,167</u>
Directors' Remuneration	<u>\$ 31,008</u>	<u>\$ 22,167</u>

The actual resolved amounts for the employees' compensation and directors' remuneration for 2023 and 2022 are not different from the amounts recognized in the financial statement of 2023 and 2022.

For the employees' compensation and directors' remuneration for 2024 and 2023 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 July 1 to September 30, 2024	From July 1 to September 30, 2023	From January 1 to September 30, 2024	From January 1 to September 30, 2023
Income tax for the current				
Those yielded in the current period	\$ 39,064	\$ 65,702	\$ 154,154	\$ 169,144
Additional business profit tax levied on unappropriated retained earnings	-	-	4,263	3,916
Adjustment of previous year(s)	<u>-</u>	<u>-</u>	<u>(121)</u>	<u>(1,029)</u>
	<u>39,064</u>	<u>65,702</u>	<u>158,296</u>	<u>172,031</u>
Deferred income tax				
Those yielded in the current period	(<u>8,941</u>)	<u>11,306</u>	<u>6,270</u>	<u>13,503</u>
The income tax expenses recognized in profit and/or loss	<u>\$ 30,123</u>	<u>\$ 77,008</u>	<u>\$ 164,566</u>	<u>\$ 185,534</u>

(II) Income tax liabilities of the period

	September 30, 2024	December 31, 2023	September 30, 2023
Income tax liabilities of the period			
Income tax payable	<u>\$ 48,772</u>	<u>\$ 190,041</u>	<u>\$ 164,681</u>

(III) Verification of income tax

The Company's profit-seeking enterprise income tax returns through 2022 have been examined and approved by the tax authority.

XXIII. Earnings Per Share (EPS)

	From July 1 to September 30, 2024	From July 1 to September 30, 2023	From January 1 to September 30, 2024	From January 1 to September 30, 2023
Basic EPS	<u>\$ 0.81</u>	<u>\$ 0.88</u>	<u>\$ 2.73</u>	<u>\$ 2.35</u>
Diluted EPS	<u>\$ 0.81</u>	<u>\$ 0.88</u>	<u>\$ 2.72</u>	<u>\$ 2.34</u>

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 July 1 to September 30, 2024	From July 1 to September 30, 2023	From January 1 to September 30, 2024	From January 1 to September 30, 2023
Net profit attributed to the shareholders of the Company/ Net profit used to calculate EPS	<u>\$ 292,945</u>	<u>\$ 318,961</u>	<u>\$ 987,813</u>	<u>\$ 850,536</u>
Net profit attributed to the shareholders of the Company/ Net profit used to calculate diluted EPS	<u>\$ 292,945</u>	<u>\$ 318,961</u>	<u>\$ 987,813</u>	<u>\$ 850,536</u>

Share(s)

Unit: thousand shares

	From July 1 to September 30, 2024	From July 1 to September 30, 2023	From January 1 to September 30, 2024	From January 1 to September 30, 2023
The weighted average number of common shares to be used to calculate basic earnings per share (EPS)	362,200	362,200	362,200	362,200
Potential impact of common stock with dilution:				
Employee compensation	<u>299</u>	<u>392</u>	<u>1,358</u>	<u>1,429</u>
The weighted average number of common shares to be used to calculate diluted earnings per share (EPS)	<u>362,499</u>	<u>362,592</u>	<u>363,558</u>	<u>363,629</u>

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

September 30, 2024

	Carrying amount	Fair Value			
		Level 1	Level 2	Level 3	Total
Financial assets					
Financial assets carried at amortized cost					
– Domestic financial bonds	\$ 649,815	\$ -	\$ 459,307	\$ 197,924	\$ 657,231
– Domestic corporate bonds	2,097,129	-	190,073	1,889,400	2,079,473
– Overseas corporate bonds	319,169	-	316,085	-	316,085

December 31, 2023

		Fair Value			
	Carrying amount	Level 1	Level 2	Level 3	Total
<u>Financial assets</u>					
Financial assets carried at amortized cost					
– Domestic financial bonds	\$ 649,816	\$ -	\$ 465,259	\$ 199,707	\$ 664,966
– Domestic corporate bonds	1,275,568	-	1,038,680	239,250	1,277,930
– Overseas corporate bonds	254,052	-	245,351	-	245,351

September 30, 2023

		Fair Value			
	Carrying amount	Level 1	Level 2	Level 3	Total
<u>Financial assets</u>					
Financial assets carried at amortized cost					
– Domestic financial bonds	\$ 649,816	\$ -	\$ 466,658	\$ 199,732	\$ 666,390
– Domestic corporate bonds	805,138	-	710,840	99,971	810,811
– Overseas corporate bonds	266,208	-	242,342	-	242,342

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

September 30, 2024

	Level 1	Level 2	Level 3	Total
<u>Financial assets at fair value</u>				
<u>through profit or loss</u>				
TWSE/GTSM listed shares	\$ 76,942	\$ -	\$ -	\$ 76,942
Unlisted domestic shares	-	-	155,576	155,576
Funds and Beneficiary certificates	304,609	-	61,516	366,125
Domestic financial bonds	-	-	959,161	959,161
Overseas financial bonds	-	221,530	-	221,530
Domestic corporate bonds	-	-	496,585	496,585
Total	<u>\$ 381,551</u>	<u>\$ 221,530</u>	<u>\$ 1,672,838</u>	<u>\$ 2,275,919</u>
<u>Financial assets at fair value</u>				
<u>through other comprehensive income</u>				
Investments in equity instruments				
– TWSE/GTSM listed shares (Note)	\$ 3,768,218	\$ -	\$ -	\$ 3,768,218
– Unlisted domestic shares	-	-	295,035	295,035
Investments in liability instruments				
– Domestic government bonds	-	568,914	-	568,914
– Domestic financial bonds	-	88,987	-	88,987
– Domestic corporate bonds	-	100,184	-	100,184
– Overseas corporate bonds	-	495,362	-	495,362
– Overseas financial bonds	-	-	158,092	158,092
Total	<u>\$ 3,768,218</u>	<u>\$ 1,253,447</u>	<u>\$ 453,127</u>	<u>\$ 5,474,792</u>

December 31, 2023

	Level 1	Level 2	Level 3	Total
<u>Financial assets at fair value</u>				
<u>through profit or loss</u>				
TWSE/GTSM listed shares	\$ 115,785	\$ -	\$ -	\$ 115,785
Unlisted domestic shares	-	-	161,358	161,358
Funds and Beneficiary certificates	326,921	-	51,391	378,312
Domestic financial bonds	-	-	1,245,587	1,245,587
Overseas financial bonds	-	216,088	-	216,088
Domestic corporate bonds	-	-	499,608	499,608
Total	<u>\$ 442,706</u>	<u>\$ 216,088</u>	<u>\$ 1,957,944</u>	<u>\$ 2,616,738</u>
<u>Financial assets at fair value</u>				
<u>through other comprehensive income</u>				
Investments in equity instruments				
— TWSE/GTSM listed shares (Note)	\$ 3,763,785	\$ -	\$ -	\$ 3,763,785
— Unlisted domestic shares	-	-	360,661	360,661
Investments in liability instruments				
— Domestic government bonds	-	575,838	-	575,838
— Domestic financial bonds	-	98,768	-	98,768
— Domestic corporate bonds	-	100,875	-	100,875
— Overseas corporate bonds	-	997,845	-	997,845
— Overseas financial bonds	-	-	153,396	153,396
Total	<u>\$ 3,763,785</u>	<u>\$ 1,773,326</u>	<u>\$ 514,057</u>	<u>\$ 6,051,168</u>

September 30, 2023

	Level 1	Level 2	Level 3	Total
<u>Financial assets at fair value</u>				
<u>through profit or loss</u>				
TWSE/GTSM listed shares	\$ 94,638	\$ -	\$ -	\$ 94,638
Unlisted domestic shares	-	-	162,279	162,279
Funds and Beneficiary certificates	375,602	-	41,822	417,424
Domestic financial bonds	-	-	1,246,132	1,246,132
Overseas financial bonds	-	202,347	-	202,347
Domestic corporate bonds	-	-	499,894	499,894
Total	<u>\$ 470,240</u>	<u>\$ 202,347</u>	<u>\$ 1,950,127</u>	<u>\$ 2,622,714</u>
<u>Financial assets at fair value</u>				
<u>through other comprehensive income</u>				
Investments in equity instruments				
— TWSE/GTSM listed shares (Note)	\$ 3,580,986	\$ -	\$ -	\$ 3,580,986
— Unlisted domestic shares	-	-	365,636	365,636
Investments in liability instruments				
— Domestic government bonds	-	576,765	-	576,765
— Domestic financial bonds	-	98,665	-	98,665
— Domestic corporate bonds	-	101,093	-	101,093
— Overseas corporate bonds	-	1,008,746	-	1,008,746
— Overseas financial bonds	-	-	161,139	161,139
Total	<u>\$ 3,580,986</u>	<u>\$ 1,785,269</u>	<u>\$ 526,775</u>	<u>\$ 5,893,030</u>

Note: Including common stock and special stock.

There was no transfer between fair value measurement level 1 and level 2 in January 1 to September 30 of 2024 and 2023.

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

From January 1 to September 30, 2024

Financial assets	Financial assets at fair value through profit or loss			Financial assets at fair value through other comprehensive income		Total
	Liability instruments	Equity instrument	Beneficiary certificates	Liability instruments	Equity instrument	
Balance - beginning	\$ 1,745,195	\$ 161,358	\$ 51,391	\$ 153,396	\$ 360,661	\$ 2,472,001
Recognized in profit/loss (profit/loss on financial assets and liabilities at fair value through profit or loss)	(9,449)	(5,782)	1,943	-	-	(13,288)
Recognized into income – exchange profit and/or loss	-	-	-	4,700	-	4,700
Recognized in other comprehensive profit/loss (unrealized profit/loss at fair value through other comprehensive income)	-	-	-	(4)	(59,088)	(59,092)
Purchase	-	-	12,000	-	-	12,000
Others (Note)	(280,000)	-	(3,818)	-	(6,538)	(290,356)
Balance - ending	<u>\$ 1,455,746</u>	<u>\$ 155,576</u>	<u>\$ 61,516</u>	<u>\$ 158,092</u>	<u>\$ 295,035</u>	<u>\$ 2,125,965</u>
Other unrealized gain/loss of the current period recognized into the profit and/or loss	(\$ 9,449)	(\$ 5,782)	\$ 1,943	\$ 4,700	\$ -	(\$ 8,588)

From January 1 to September 30, 2023

Financial assets	Financial assets at fair value through profit or loss			Financial assets at fair value through other comprehensive income		Total
	Liability instruments	Equity instrument	Beneficiary certificates	Liability instruments	Equity instrument	
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)	13,766	(32,211)	6,294	-	-	(12,151)
Recognized into income – exchange profit and/or loss	-	-	-	7,800	-	7,800
Recognized in other comprehensive profit/loss (unrealized profit/loss at fair value through other comprehensive income)	-	-	-	(7)	70,470	70,463
Others (Note)	-	-	-	-	(27,664)	(27,664)
Balance - ending	<u>\$ 1,746,026</u>	<u>\$ 162,279</u>	<u>\$ 41,822</u>	<u>\$ 161,139</u>	<u>\$ 365,636</u>	<u>\$ 2,476,902</u>
Other unrealized gain/loss of the current period recognized into the profit and/or loss	\$ 13,766	(\$ 32,211)	\$ 6,294	\$ 7,800	\$ -	(\$ 4,351)

Note: Primarily as result of the repayment of stock payment upon capital reduction and repayment of the principal 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
<u>September 30, 2024</u>					
<u>ASSETS</u>					
Bond investment	Discount rate	2.35%–4.94%	100 BP change upward	\$ -	(\$ 329,789)
Stock investment	Financial Information of the Investees	\$ 13,711	5% change downward	-	(462)
Beneficiary certificates	Liquidity Discount	10%	10% change upward	-	(50,286)
	Minority Interest Discount	10%	10% change upward	-	(50,286)
	Financial Information of the Investees	\$ 61,515	5% change downward	-	(2,264)
	Liquidity Discount	10%	10% change upward	-	(6,835)
	Minority Interest Discount	10%	10% change upward	-	(6,835)
<u>December 31, 2023</u>					
<u>ASSETS</u>					
Bond investment	Discount rate	2.11%–4.78%	100 BP change upward	-	(388,648)
Stock investment	Financial Information of the Investees	\$ 16,512	5% change downward	-	(330)
Beneficiary certificates	Liquidity Discount	10%	10% change upward	-	(57,987)
	Minority Interest Discount	10%	10% change upward	-	(57,987)
	Financial Information of the Investees	\$ 51,391	5% change downward	-	(1,922)
	Liquidity Discount	10%	10% change upward	-	(5,710)
	Minority Interest Discount	10%	10% change upward	-	(5,710)
<u>September 30, 2023</u>					
<u>ASSETS</u>					
Bond investment	Discount rate	2.14%–4.76%	100 BP change upward	-	(393,724)
Stock investment	Financial Information of the Investees	\$ 18,112	5% change downward	-	(394)
Beneficiary certificates	Liquidity Discount	10%	10% change upward	-	(58,642)
	Minority Interest Discount	10%	10% change upward	-	(58,642)
	Financial Information of the Investees	\$ 41,822	5% change downward	-	(985)
	Liquidity Discount	10%	10% change upward	-	(4,647)
	Minority Interest Discount	10%	10% change upward	-	(4,647)

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

	September 30, 2024	December 31, 2023	September 30, 2023
<u>Financial assets</u>			
At fair value through profit and loss	\$ 2,275,919	\$ 2,616,738	\$ 2,622,714
Financial assets carried at amortized cost (Note 1)	11,705,716	9,471,792	9,070,730
At fair value through other comprehensive income			
Investments in equity instruments	4,063,253	4,124,446	3,946,622
Investments in liability instruments	842,625	1,350,884	1,369,643
<u>Financial liabilities</u>			
At amortized cost (Note 2)	1,321,312	1,179,498	1,070,299

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 NTD against the related currencies depreciate by 1%; when NTD against the related currencies appreciate by 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 September 30, 2024	From January 1 to September 30, 2023	From January 1 to September 30, 2024	From January 1 to September 30, 2023
Profit and loss (i)	\$ 12,404	\$ 15,304	\$ 786	\$ 2,804

(i) Mainly originated from the outstanding USD and RMB 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:

	September 30, 2024	December 31, 2023	September 30, 2023
Interest rate risk with fair value			
— Financial assets	\$ 6,154,928	\$ 6,067,441	\$ 5,615,943

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 pre-tax net profit will decrease by NT\$336,616 thousand and NT\$395,993 thousand from January 1 to September 30, 2024 and 2023, primarily as a result of the changes in the fair value of the Company's fixed-interest rate bond instruments at fair value through profit or loss; other comprehensive income before tax from January 1 to September 30, 2024 and 2023 will decrease by NT\$69,212 thousand and NT\$96,302 thousand, respectively, primarily as a result of the changes in the fair value of the Company's fixed-interest rate bond instruments carried 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 of the fund at the balance sheet dates.

If the equity price increased/dropped by 1%, the income before tax would have increased/decreased by NT\$5,986 thousand and NT\$6,743 thousand due to the increase/decrease in the fair value of financial assets at fair value through

profit or loss from January 1 to September 30, 2024 and 2023. The other comprehensive income would have increased/decreased by NT\$40,633 thousand and NT\$39,466 thousand due to the increase/decrease in the fair value of other financial assets at fair value through comprehensive income from January 1 to September 30, 2024 and 2023.

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

September 30, 2024

Financial assets	Taiwan	Asia	America	Others	Total
Cash and cash equivalents	\$ 3,467,405	\$ -	\$ -	\$ -	\$ 3,467,405
Financial assets at fair value through profit or loss	1,677,276	-	-	-	1,677,276
Financial assets at fair value through other comprehensive income	1,154,591	31,566	93,592	131,790	1,411,539
Financial assets carried at amortized cost	2,802,287	-	263,826	-	3,066,113
Total	\$ 9,101,559	\$ 31,566	\$ 357,418	\$ 131,790	\$ 9,622,333
% by territory	94.59%	0.33%	3.71%	1.37%	100%

December 31, 2023

Financial assets	Taiwan	Asia	America	Others	Total
Cash and cash equivalents	\$ 3,186,055	\$ -	\$ -	\$ -	\$ 3,186,055
Financial assets at fair value through profit or loss	1,961,283	-	-	-	1,961,283
Financial assets at fair value through other comprehensive income	1,214,831	177,523	168,627	365,741	1,926,722
Financial assets carried at amortized cost	1,925,384	-	254,052	-	2,179,436
Total	\$ 8,287,553	\$ 177,523	\$ 422,679	\$ 365,741	\$ 9,253,496
% by territory	89.56%	1.92%	4.57%	3.95%	100%

September 30, 2023

Cash and cash equivalents	\$ 3,229,202	\$ -	\$ -	\$ -	\$ 3,229,202
Financial assets at fair value through profit or loss	1,948,373	-	-	-	1,948,373
Financial assets at fair value through other comprehensive income	1,226,735	178,928	168,603	372,142	1,946,408
Financial assets carried at amortized cost	1,454,954	-	266,208	-	1,721,162
Total	\$ 7,859,264	\$ 178,928	\$ 434,811	\$ 372,142	\$ 8,845,145
% by territory	88.85%	2.02%	4.92%	4.21%	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.

September 30, 2024

	On demand or shorter than 3 months	3 months – 1 year	1–5 years	More than 5 years
Liabilities without interest	\$ 870,048	\$ 188,593	\$ 14,466	\$ 15,136
Lease liabilities	4,189	18,580	25,496	45
	<u>\$ 874,237</u>	<u>\$ 207,173</u>	<u>\$ 39,962</u>	<u>\$ 15,181</u>

December 31, 2023

	On demand or shorter than 3 months	3 months – 1 year	1–5 years	More than 5 years
Liabilities without interest	\$ 925,963	\$ 13,584	\$ 23,041	\$ 13,488
Lease liabilities	5,892	23,527	36,036	180
	<u>\$ 931,855</u>	<u>\$ 37,111</u>	<u>\$ 59,077</u>	<u>\$ 13,668</u>

September 30, 2023

	On demand or shorter than 3 months	3 months – 1 year	1–5 years	More than 5 years
Liabilities without interest	\$ 704,550	\$ 136,015	\$ 18,360	\$ 15,594
Lease liabilities	5,607	25,898	38,061	225
	<u>\$ 710,157</u>	<u>\$ 161,913</u>	<u>\$ 56,421</u>	<u>\$ 15,819</u>

- (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 September 30, 2024 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 and aviation insurance, and cargo reinsurance.

The unqualified premium expense is NT\$ 0 thousand, the reserves for unqualified reinsurance is NT\$461 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 September 30, 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 and aviation insurance, and cargo reinsurance.

The unqualified premium expense is NT\$ 0 thousand, the reserves for unqualified reinsurance is NT\$462 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

<u>Name of the Related Parties</u>	<u>Relationship with the Company</u>
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
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
Sirtec International Co., Ltd.	Related party in substance
Hua Nan Commercial Bank, Ltd.	Related party in substance
Forland Auto Trade Holding Co., Ltd.	Related party in substance
Taipei Branch (Cayman)	
Taiwan Fire and Marine Foundation	Related party in substance
IBF Financial Holdings Co., Ltd.	Related party in substance
Wistron Corporation	Related party in substance (non-related party on May 30, 2024)
AcBel Polytech Inc.	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:

	<u>September 30, 2024</u>	<u>December 31, 2023</u>	<u>September 30, 2023</u>
Major Management			
Bank of Taiwan Co., Ltd.	\$ 961,080	\$ 1,056,601	\$ 949,451
Related party in substance			
Taiwan Business Bank	67,675	87,125	77,871
Hua Nan Commercial Bank	8,216	5,166	3,860
	<u>\$ 1,036,971</u>	<u>\$ 1,148,892</u>	<u>\$ 1,031,182</u>

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

	September 30, 2024	December 31, 2023	September 30, 2023
Major Management Bank of Taiwan Co., Ltd.	\$ 220,900	\$ 243,705	\$ 246,865
Related party in substance Taiwan Business Bank	<u>102,800</u>	<u>106,361</u>	<u>106,861</u>
	<u>\$ 323,700</u>	<u>\$ 350,066</u>	<u>\$ 353,726</u>

The time deposits in the related parties have the interest rate of 0.40%–1.70% and 0.16%–1.58% for September 30, 2024 and 2023, respectively, and 0.16%–1.58% for December 31, 2023 with same transaction terms as non-related parties.

2. Premium income (direct policy writing)

	From July 1 to September 30, 2024	From July 1 to September 30, 2023	From January 1 to September 30, 2024	From January 1 to September 30, 2023
Major Management Bank of Taiwan Co., Ltd.	\$ 790	\$ 842	\$ 2,818	\$ 2,695
Related party in substance Wistron Corporation	-	-	57,317	-
IBF Financial Holdings Co., Ltd.	6,176	6,056	6,256	6,056
AcBel Polytech Inc.	4,301	-	4,301	-
Taiwan Business Bank	30	25	2,891	2,866
Sirtec International Co., Ltd.	266	94	1,422	1,256
Other related parties	<u>2,772</u>	<u>1,032</u>	<u>6,518</u>	<u>4,514</u>
	<u>\$ 14,335</u>	<u>\$ 8,049</u>	<u>\$ 81,523</u>	<u>\$ 17,387</u>

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

3. Claims (direct policy writing)

	From July 1 to September 30, 2024	From July 1 to September 30, 2023	From January 1 to September 30, 2024	From January 1 to September 30, 2023
Major Management Bank of Taiwan Co., Ltd.	\$ 36,621	\$ 3,642	\$ 43,958	\$ 3,654
Related party in substance Hua Nan Commercial Bank	-	-	-	1,719
Other related parties	<u>258</u>	<u>194</u>	<u>678</u>	<u>280</u>
	<u>\$ 36,879</u>	<u>\$ 3,836</u>	<u>\$ 44,636</u>	<u>\$ 5,653</u>

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

4. Commission expenditure

	From July 1 to September 30, 2024	From July 1 to September 30, 2023	From January 1 to September 30, 2024	From January 1 to September 30, 2023
Major Management Bank of Taiwan Co., Ltd.	\$ 619	\$ 490	\$ 2,057	\$ 2,805
Related party in substance Bank Taiwan Insurance Brokers Co., Ltd.	8,228	7,543	24,495	22,992
Taiming Assurance Broker Co., Ltd. (TABC)	3,531	3,114	11,232	9,846
Link-Aim Life Insurance Broker Co., Ltd.	397	334	956	880
Other related parties	<u>4,820</u>	<u>4,068</u>	<u>13,448</u>	<u>11,689</u>
	<u>\$ 17,595</u>	<u>\$ 15,549</u>	<u>\$ 52,188</u>	<u>\$ 48,212</u>

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	September 30, 2024	December 31, 2023	September 30, 2023
Major Management			
Yong-Shin Development Co., Ltd.	\$ 429	\$ 528	\$ 558
Investor with significant effects			
Navigator Real Estate Co., Ltd.	1,045	1,286	1,358
Tong-Sheng Development Co., Ltd.	651	802	847
Navigator Investment Co., Ltd.	429	528	558
Related party in substance			
Taiwan Navigator Assets	\$ 2,555	\$ 3,144	\$ 3,321
Forland Auto Trade Holding Co., Ltd. Taipei Branch (Cayman)	1,521	1,872	1,977
Sirtec International Co., Ltd.	16,243	21,546	9,860
Taiming Assurance Broker Co., Ltd. (TABC)	18,941	26,515	28,937
	<u>\$ 41,814</u>	<u>\$ 56,221</u>	<u>\$ 47,416</u>

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

	From July 1 to September 30, 2024	From July 1 to September 30, 2023	From January 1 to September 30, 2024	From January 1 to September 30, 2023
Major Management				
Yong-Shin Development Co., Ltd.	\$ 32	\$ 29	\$ 95	\$ 86
Investor with significant effects				
Navigator Real Estate Co., Ltd.	76	69	230	206
Tong-Sheng Development Co., Ltd.	47	43	143	129
Navigator Investment Co., Ltd.	32	29	95	86

(To be continued)

(Continued)

	From July 1 to September 30, 2024	From July 1 to September 30, 2023	From January 1 to September 30, 2024	From January 1 to September 30, 2023
Related party in substance				
Taiwan Navigator Assets Forland Auto Trade Holding Co., Ltd. Taipei Branch (Cayman)	188	169	563	507
Sirtec International Co., Ltd.	112	101	335	301
Taiming Assurance Broker Co., Ltd. (TABC)	1,690	1,652	5,071	4,750
	<u>2,410</u>	<u>2,313</u>	<u>7,231</u>	<u>6,380</u>
	<u>\$ 4,587</u>	<u>\$ 4,405</u>	<u>\$ 13,763</u>	<u>\$ 12,445</u>

- (2) The deposits the Company received for leasing properties to the related parties as of September 30, 2024, and December 31 and September 30, 2023 are as follows:

	September 30, 2024	December 31, 2023	September 30, 2023
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
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.	1,768	1,768	1,652
Taiming Assurance Broker Co., Ltd. (TABC)	<u>1,615</u>	<u>1,615</u>	<u>1,615</u>
	<u>\$ 3,689</u>	<u>\$ 3,689</u>	<u>\$ 3,573</u>

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	September 30, 2024	December 31, 2023	September 30, 2023	
<u>Right-of-use assets</u>				
Investor with significant effects				
Navigator Real Estate Co., Ltd.	<u>\$ 6,089</u>	<u>\$ 7,847</u>	<u>\$ 8,433</u>	
<u>Lease liabilities</u>				
Investor with significant effects				
Navigator Real Estate Co., Ltd.	<u>\$ 6,316</u>	<u>\$ 8,067</u>	<u>\$ 8,643</u>	
Type/Name of the Related Parties	From July 1 to September 30, 2024	From July 1 to September 30, 2023	From January 1 to September 30, 2024	From January 1 to September 30, 2023
<u>Interest expense</u>				
Investor with significant effects				
Navigator Real Estate Co., Ltd.	<u>\$ 42</u>	<u>\$ 81</u>	<u>\$ 137</u>	<u>\$ 181</u>
<u>Total amount of cash (outflow) of lease</u>				
Investor with significant effects				
Navigator Real Estate Co., Ltd.	<u>\$ 629</u>	<u>\$ 627</u>	<u>\$ 1,888</u>	<u>\$ 1,843</u>

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 deposit at September 30, 2024, and December 31 and September 30, 2023 were both NT\$ 509 thousand.

7. Other expenses

(1) Other expenses

Type/Name of the Related Parties	From July 1 to September 30, 2024	From July 1 to September 30, 2023	From January 1 to September 30, 2024	From January 1 to September 30, 2023
Related party in substance				
Taiming Assurance Broker Co., Ltd. (TABC)	\$ 30	\$ 39	\$ 51	\$ 99

(2) Donation expense

Type/Name of the Related Parties	From July 1 to September 30, 2024	From July 1 to September 30, 2023	From January 1 to September 30, 2024	From January 1 to September 30, 2023
Related party in substance				
Taiwan Fire and Marine Foundation	<u>\$ 8,000</u>	<u>\$ 8,000</u>	<u>\$ 8,000</u>	<u>\$ 8,000</u>

(III) Incentive remuneration to key management level

The total salaries and remunerations to directors and other key management in January 1 to September 30 of 2024 and 2023 are enumerated below:

	From July 1 to September 30, 2024	From July 1 to September 30, 2023	From January 1 to September 30, 2024	From January 1 to September 30, 2023
Short-term employee benefits	\$ 17,696	\$ 16,199	\$ 78,630	\$ 66,691
Post-employment benefits	<u>614</u>	<u>567</u>	<u>1,790</u>	<u>1,730</u>
	<u>\$ 18,310</u>	<u>\$ 16,766</u>	<u>\$ 80,420</u>	<u>\$ 68,421</u>

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

- As of September 30, 2024, 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	\$ 541,229	\$ 200,136	\$ 253,686	\$ 487,679
Non-Compulsory insurance	<u>6,322,276</u>	<u>176,637</u>	<u>2,290,716</u>	<u>4,208,197</u>
	<u>\$ 6,863,505</u>	<u>\$ 376,773</u>	<u>\$ 2,544,402</u>	<u>\$ 4,695,876</u>

	Unearned premium reserves for direct insurance		Unearned premium reserves for reinsurance inwards		Net change in unearned premium reserves (9)=(5)-(6)+(7)-(8)
Item	Reserve (5)	Recovery (6)	Reserve (7)	Recovery (8)	
Compulsory insurance	\$ 330,884	\$ 350,476	\$ 155,783	\$ 155,362	(\$ 19,171)
Non-Compulsory insurance	<u>3,349,798</u>	<u>2,998,558</u>	<u>117,466</u>	<u>107,757</u>	<u>360,949</u>
	<u>\$ 3,680,682</u>	<u>\$ 3,349,034</u>	<u>\$ 273,249</u>	<u>\$ 263,119</u>	<u>\$ 341,778</u>

Item	Unearned premium reserves for ceding reinsurance inward		Ceding net change in unearned premium reserves (12)=(10)–(11)	Gross retained earned premium (13)=(4)– (9)+(12)
	Reserve (10)	Recovery (11)		
Compulsory insurance	\$ 198,536	\$ 210,294	(\$ 11,758)	\$ 495,092
Non-Compulsory insurance	<u>919,531</u>	<u>657,030</u>	<u>262,501</u>	<u>4,109,749</u>
	<u>\$ 1,118,067</u>	<u>\$ 867,324</u>	<u>\$ 250,743</u>	<u>\$ 4,604,841</u>

2. As of September 30, 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)
	(1)	(2)	(3)	(3)
Compulsory insurance	\$ 586,502	\$ 199,500	\$ 273,511	\$ 512,491
Non-Compulsory insurance	<u>5,756,747</u>	<u>166,159</u>	<u>1,933,782</u>	<u>3,989,124</u>
	<u>\$ 6,343,249</u>	<u>\$ 365,659</u>	<u>\$ 2,207,293</u>	<u>\$ 4,501,615</u>

Item	Unearned premium reserves for direct insurance		Unearned premium reserves for reinsurance inwards		Net change in unearned premium reserves (9)=(5)–(6) +(7)–(8)
	Reserve (5)	Recovery (6)	Reserve (7)	Recovery (8)	
Compulsory insurance	\$ 355,252	\$ 357,259	\$ 154,214	\$ 152,506	(\$ 299)
Non-Compulsory insurance	<u>3,125,285</u>	<u>2,822,919</u>	<u>110,981</u>	<u>105,717</u>	<u>307,630</u>
	<u>\$ 3,480,537</u>	<u>\$ 3,180,178</u>	<u>\$ 265,195</u>	<u>\$ 258,223</u>	<u>\$ 307,331</u>

Item	Unearned premium reserves for ceding reinsurance inward		Ceding net change in unearned premium reserves (12)=(10)–(11)	Gross retained earned premium (13)=(4)– (9)+(12)
	Reserve (10)	Recovery (11)		
Compulsory insurance	\$ 213,159	\$ 214,361	(\$ 1,202)	\$ 511,588
Non-Compulsory insurance	<u>786,715</u>	<u>579,666</u>	<u>207,049</u>	<u>3,888,543</u>
	<u>\$ 999,874</u>	<u>\$ 794,027</u>	<u>\$ 205,847</u>	<u>\$ 4,400,131</u>

(II) Retained claims

1. As of September 30, 2024, 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	\$ 434,314	\$ 192,238	\$ 258,348	\$ 368,204
Non-Compulsory insurance	<u>2,178,163</u>	<u>65,053</u>	<u>407,059</u>	<u>1,836,157</u>
	<u>\$ 2,612,477</u>	<u>\$ 257,291</u>	<u>\$ 665,407</u>	<u>\$ 2,204,361</u>

2. As of September 30, 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	\$ 430,667	\$ 187,759	\$ 250,158	\$ 368,268
Non-Compulsory insurance	<u>1,945,578</u>	<u>33,618</u>	<u>344,110</u>	<u>1,635,086</u>
	<u>\$ 2,376,245</u>	<u>\$ 221,377</u>	<u>\$ 594,268</u>	<u>\$ 2,003,354</u>

(III) Unearned premium reserves

1. The balances of the retained unearned premium reserves for each insurance type as of September 30, 2024 are summarized as the followings:

Item	Unearned premium reserves		Ceding unearned premium reserves	Retained business
	Direct business	Reinsurance inward business	Ceding reinsurance business	
General Personal Automobile Liability Insurance	\$ 998,003	\$ -	\$ 2,394	\$ 995,609
General Personal Automobile Physical Damage Insurance	586,450	-	4,196	582,254
Personal Accident Insurance	302,666	2,168	21,864	282,970
One-year Residential Fire Insurance	204,941	-	-	204,941
General Commercial Automobile Liability Insurance	160,067	-	546	159,521
Other Insurance (Note)	<u>1,798,937</u>	<u>288,527</u>	<u>1,185,723</u>	<u>901,741</u>
	4,051,064	290,695	1,214,723	3,127,036
Less: Accumulated impairment	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ 4,051,064</u>	<u>\$ 290,695</u>	<u>\$ 1,214,723</u>	<u>\$ 3,127,036</u>

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 September 30, 2023 are summarized as the followings:

Item	Unearned premium reserves		Ceding unearned premium reserves	Retained business
	Direct business	Reinsurance inward business	Ceding reinsurance business	
General Personal Automobile Liability Insurance	\$ 951,842	\$ -	\$ 2,161	\$ 949,681
General Personal Automobile Physical Damage Insurance	578,298	-	3,884	574,414
Personal Accident Insurance	295,116	2,515	23,669	273,962
One-year Residential Fire Insurance	197,423	-	-	197,423
General Commercial Automobile Liability Insurance	158,034	-	1,463	156,571
Other Insurance (Note)	<u>1,675,864</u>	<u>281,212</u>	<u>1,067,256</u>	<u>889,820</u>
	3,856,577	283,727	1,098,433	3,041,871
Less: Accumulated impairment	-	-	-	-
	<u>\$ 3,856,577</u>	<u>\$ 283,727</u>	<u>\$ 1,098,433</u>	<u>\$ 3,041,871</u>

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

(IV) Claim reserves

1. As of September 30, 2024, 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		Ceding claims reserves	Retained business
	Direct Insurance	Reinsurance inward business	Ceding reinsurance business	
	(1)	(2)	(3)	(4)=(1)+(2)-(3)
Reported but not yet paid	\$ 3,049,424	\$ 246,203	\$ 1,231,937	\$ 2,063,690
Not yet reported	975,863	172,393	401,423	746,833
Less:				
Accumulated impairment	-	-	(25)	25
	<u>\$ 4,025,287</u>	<u>\$ 418,596</u>	<u>\$ 1,633,335</u>	<u>\$ 2,810,548</u>

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

Item	Direct Insurance		Reinsurance inward business		Net change in claims reserves (5)=(1)-(2)+(3) -(4)
	Reserve (1)	Recovery (2)	Reserve (3)	Recovery (4)	
Reported but not yet paid	\$ 3,049,424	\$ 2,415,696	\$ 246,203	\$ 227,281	\$ 652,650
Not yet reported	<u>975,863</u>	<u>911,960</u>	<u>172,393</u>	<u>164,925</u>	<u>71,371</u>
	<u>\$ 4,025,287</u>	<u>\$ 3,327,656</u>	<u>\$ 418,596</u>	<u>\$ 392,206</u>	<u>\$ 724,021</u>

Item	Ceding reinsurance business		Ceding net change in claims reserves (8)=(6)-(7)
	Reserve (6)	Recovery (7)	
Reported but not yet paid	\$ 1,231,937	\$ 767,884	\$ 464,053
Not yet reported	<u>401,423</u>	<u>380,961</u>	<u>20,462</u>
	<u>\$ 1,633,360</u>	<u>\$ 1,148,845</u>	<u>\$ 484,515</u>

2. As of September 30, 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		Ceding claims reserves	
	Direct Insurance (1)	Reinsurance inward business (2)	Ceding reinsurance business (3)	Retained business (4)=(1)+(2)-(3)
Reported but not yet paid	\$ 2,347,362	\$ 221,160	\$ 783,110	\$ 1,785,412
Not yet reported	877,529	165,436	361,252	681,713
Less: Accumulated impairment	<u>-</u>	<u>-</u>	<u>(25)</u>	<u>25</u>
	<u>\$ 3,224,891</u>	<u>\$ 386,596</u>	<u>\$ 1,144,337</u>	<u>\$ 2,467,150</u>

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

Item	Direct Insurance		Reinsurance inward business		Net change in claims reserves (5)=(1)-(2)+(3) -(4)
	Reserve (1)	Recovery (2)	Reserve (3)	Recovery (4)	
Reported but not yet paid	\$ 2,347,362	\$ 2,144,141	\$ 221,160	\$ 255,572	\$ 168,809
Not yet reported	<u>877,529</u>	<u>880,171</u>	<u>165,436</u>	<u>163,498</u>	<u>(704)</u>
	<u>\$ 3,224,891</u>	<u>\$ 3,024,312</u>	<u>\$ 386,596</u>	<u>\$ 419,070</u>	<u>\$ 168,105</u>

Item	Ceding reinsurance business		Ceding net change in claims reserves (8)=(6)-(7)
	Reserve (6)	Recovery (7)	
Reported but not yet paid	\$ 783,110	\$ 756,243	\$ 26,867
Not yet reported	<u>361,252</u>	<u>366,436</u>	<u>(5,184)</u>
	<u>\$ 1,144,362</u>	<u>\$ 1,122,679</u>	<u>\$ 21,683</u>

(V) Premium deficiency reserves

1. As of September 30, 2024, 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	Retained business
	Direct business	Reinsurance inward business	Ceding reinsurance business	
Aviation Insurance	\$ 3,683	\$ 44	\$ -	\$ 3,727
Marine Hull Insurance	3,157	40	-	3,197
Fishing Vessel Insurance	1,513	16	-	1,529
Marine Cargo Insurance	391	2	-	393
	<u>\$ 8,744</u>	<u>\$ 102</u>	<u>\$ -</u>	<u>\$ 8,846</u>

(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	\$ 3,683	\$ 3,456	\$ 44	\$ 65	\$ 206
Marine Hull Insurance	3,157	1,931	40	33	1,233
Fishing Vessel Insurance	1,513	835	16	20	674
Marine Cargo Insurance	391	-	2	-	393
	<u>\$ 8,744</u>	<u>\$ 6,222</u>	<u>\$ 102</u>	<u>\$ 118</u>	<u>\$ 2,506</u>

Item	Ceding reinsurance business			Loss recognized under the net provision of premium deficiency reserves for the period
	Reserve (6)	Recovery (7)	Ceding net change in premium deficiency reserves (8)=(6)-(7)	(9)=(5)-(8)
Aviation Insurance	\$ -	\$ -	\$ -	\$ 206
Marine Hull Insurance	-	-	-	1,233
Fishing Vessel Insurance	-	-	-	674
Marine Cargo Insurance	-	-	-	393
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,506</u>

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

2. As of September 30, 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

Item	Premium deficiency reserves		Ceding premium deficiency reserves	Retained business
	Direct business	Reinsurance inward business	Ceding reinsurance business	
Aviation Insurance	\$ 4,363	\$ 61	\$ -	\$ 4,424
Marine Hull Insurance	3,205	63	-	3,268
Fishing Vessel Insurance	1,335	31	-	1,366
	<u>\$ 8,903</u>	<u>\$ 155</u>	<u>\$ -</u>	<u>\$ 9,058</u>

(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	\$ 4,363	\$ 4,274	\$ 61	\$ 81	\$ 69
Marine Hull Insurance	3,205	702	63	36	2,530
Fishing Vessel Insurance	1,335	1,609	31	50	(293)
Miscellaneous Insurance	-	282	-	31	(313)
	<u>\$ 8,903</u>	<u>\$ 6,867</u>	<u>\$ 155</u>	<u>\$ 198</u>	<u>\$ 1,993</u>

Item	Ceding reinsurance business		Ceding net change in premium deficiency reserves (8)=(6)-(7)	Loss recognized under the net provision of premium deficiency reserves for the period (9)=(5)-(8)
	Reserve (6)	Recovery (7)		
Aviation Insurance	\$ -	\$ -	\$ -	\$ 69
Marine Hull Insurance	-	-	-	2,530
Fishing Vessel Insurance	-	-	-	(293)
Miscellaneous Insurance	-	-	-	(313)
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,993</u>

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

(VI) Special reserves

1. As of September 30, 2024, 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	\$ 1,083,722
Provision of the Period	44,340
Recovery of the Period	(6,939)
Balance - ending	<u>\$ 1,121,123</u>

(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	\$ 153,734	\$ 599,144	\$ 230,305	\$ 983,183	\$ 694,850	\$ 1,347,450	\$ 651,160	\$ 2,693,460
Provision of the Period	-	-	-	-	-	-	-	-
Recovery of the Period	(6,068)	(2,198)	-	(8,266)	-	(9,803)	-	(9,803)
Balance - ending	<u>\$ 147,666</u>	<u>\$ 596,946</u>	<u>\$ 230,305</u>	<u>\$ 974,917</u>	<u>\$ 694,850</u>	<u>\$ 1,337,647</u>	<u>\$ 651,160</u>	<u>\$ 2,683,657</u>

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 September 30, 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	51,529
Recovery of the Period	-
Balance - ending	<u>\$ 1,058,719</u>

(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	(6,069)	-	-	(6,069)	-	(11,035)	-	(11,035)
Balance - ending	<u>\$ 155,756</u>	<u>\$ 599,144</u>	<u>\$ 230,305</u>	<u>\$ 985,205</u>	<u>\$ 621,754</u>	<u>\$ 1,176,470</u>	<u>\$ 588,097</u>	<u>\$ 2,386,321</u>

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	September 30, 2024	December 31, 2023	September 30, 2023	Liabilities	September 30, 2024	December 31, 2023	September 30, 2023
Cash and Bank deposits	\$ 1,781,959	\$ 1,737,419	\$ 1,709,466	Notes payable	\$ -	\$ -	\$ -
Cash Equivalents	-	-	-	Claims payable	5	-	349
Notes receivable	11,910	16,460	13,862	Reinsurance benefits and claims payable	-	-	-
Premiums receivable	11,475	28,058	10,103	Due to reinsurers and ceding companies	35,183	44,539	34,174
Less benefits & claims recovered from reinsurers	32,791	22,777	24,447	Unearned premium reserves	486,667	505,838	509,466
Due from reinsurers and ceding companies	44,222	45,558	43,533	Claim reserves	702,497	706,937	696,177
Other receivables	-	-	-	Special reserves	1,121,123	1,083,722	1,058,719
Financial assets at fair value through other comprehensive income	-	-	-	Temporary received and payment to be carried over	24,001	13,004	7,588
Ceding unearned premium reserves	198,536	210,294	213,159	Other liabilities	1,510	1,890	1,289
Ceding claims reserves	290,009	294,531	288,541				
Temporary paid and payment to be carried over	84	833	4,651				
Other assets	-	-	-				
Total assets	\$ 2,370,986	\$ 2,355,930	\$ 2,307,762	Total liabilities	\$ 2,370,986	\$ 2,355,930	\$ 2,307,762

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

Item	From January 1 to September 30, 2024	From January 1 to September 30, 2023
Operating Revenues		
Premium Income (including reinsurance revenue NT\$200,136 thousand and NT\$199,500 thousand respectively)	\$ 622,934	\$ 655,331
Less: Reinsurance premium outward	(253,686)	(273,511)
Net change in unearned premium reserves	7,413	(903)
Retained earned premium	376,661	380,917
Interest income	13,476	11,581
Total operating revenues	<u>\$ 390,137</u>	<u>\$ 392,498</u>
Operating Costs		
Claims (including claims for reinsurance NT\$192,238 thousand and NT\$187,759 thousand respectively)	\$ 626,552	\$ 618,426
Less: Claim recovered from reinsurer	(258,348)	(250,158)
Retained claims	368,204	368,268
Net change in claims reserves	82	(10,724)
Net change in special reserves (Note)	37,401	51,529
Total operating costs	<u>\$ 405,687</u>	<u>\$ 409,073</u>

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 September 30, 2024, 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	\$ 172,103	\$ -	\$ -	\$ 3,233	\$ 175,336
General Personal Automobile Physical Damage Insurance	115,994	-	-	651	116,645
Personal Accident Insurance	88,489	-	-	54	88,543
One-year Commercial Fire Insurance	54,342	-	560	-	54,902
One-year Residential Fire Insurance	44,644	-	-	7,903	52,547
General Liability Insurance	41,739	-	-	-	41,739
Compulsory Automobile Liability Insurance	-	40,928	-	-	40,928
Other Insurance (Note)	195,539	25,132	16,039	11	236,721
	<u>\$ 712,850</u>	<u>\$ 66,060</u>	<u>\$ 16,599</u>	<u>\$ 11,852</u>	<u>\$ 807,361</u>

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 September 30, 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	\$ 168,937	\$ -	\$ -	\$ 3,404	\$ 172,341
General Personal Automobile Physical Damage Insurance	115,295	-	-	710	116,005
Personal Accident Insurance	82,569	-	-	62	82,631
One-year Commercial Fire Insurance	53,773	-	632	-	54,405
One-year Residential Fire Insurance	43,552	-	-	7,621	51,173
Compulsory Automobile Liability Insurance	-	49,018	-	-	49,018
Other Insurance (Note)	213,338	28,605	11,437	10	253,390
	<u>\$ 677,464</u>	<u>\$ 77,623</u>	<u>\$ 12,069</u>	<u>\$ 11,807</u>	<u>\$ 778,963</u>

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 September 30, 2024 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)
General Personal Automobile Liability Insurance	\$ 1,427,861	\$ 20,373	\$ 175,336	\$ 810,530	(\$ 1,965)	\$ 423,587
Residential Earthquake Insurance	470,192	-	28,071	115,250	-	326,871
One-year Commercial Fire Insurance	688,074	87,367	54,342	157,468	72,254	316,643
General Personal Automobile Physical Damage Insurance	843,685	(3,354)	116,645	474,159	(16,095)	272,330
Personal Accident Insurance	522,237	29,152	88,543	178,027	28,567	197,948
General Liability Insurance	307,673	23,161	41,739	61,862	9,273	171,638
Marine Cargo Insurance	308,267	38,102	26,185	31,057	89,747	123,176
Other Insurance (Note)	2,295,516	136,847	259,901	784,124	515,850	598,794
	<u>\$ 6,863,505</u>	<u>\$ 331,648</u>	<u>\$ 790,762</u>	<u>\$ 2,612,477</u>	<u>\$ 697,631</u>	<u>\$ 2,430,987</u>

(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)
One-year Commercial Fire Insurance	\$ 14,969	(\$ 4,339)	\$ 560	\$ 1,030	(\$ 5,350)	\$ 23,068
Residential Earthquake Insurance	70,463	8,467	-	38,326	15,131	8,539
Engineering Insurance	50,102	10,115	14,581	14,139	2,874	8,393
Typhoon and Flood Insurance	6,791	(839)	82	1,160	(1,684)	8,072
Compulsory Motorcycle Liability Insurance	74,526	416	-	67,924	193	5,993
Nuclear Energy Insurance	3,328	(858)	-	119	(144)	4,211
Other Insurance (Note)	156,594	(2,832)	1,376	134,593	15,370	8,087
	<u>\$ 376,773</u>	<u>\$ 10,130</u>	<u>\$ 16,599</u>	<u>\$ 257,291</u>	<u>\$ 26,390</u>	<u>\$ 66,363</u>

(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	\$ 470,192	\$ -	\$ 47,947	\$ 115,250	\$ -	\$ 306,995
One-year Commercial Fire Insurance	519,174	85,878	94,970	92,812	59,390	186,124
Marine Cargo Insurance	253,541	33,899	22,283	24,469	66,656	106,234
General Liability Insurance	164,738	10,200	45,053	38,239	5,287	65,959
Aviation Insurance	73,091	6,195	3,926	1,617	(1,318)	62,671
Typhoon and Flood Insurance	113,777	19,816	10,687	741	24,753	57,780
Marine Hull Insurance	92,904	16,079	7,570	37,022	(25,480)	57,713
Fishing Vessel Insurance	58,875	6,631	8,689	23	220	43,312
Other Insurance (Note)	798,110	72,045	80,860	355,234	355,007	(65,036)
	<u>\$ 2,544,402</u>	<u>\$ 250,743</u>	<u>\$ 321,985</u>	<u>\$ 665,407</u>	<u>\$ 484,515</u>	<u>\$ 821,752</u>

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 September 30, 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	\$ 455,853	\$ -	\$ 27,123	\$ -	(\$ 100)	\$ 428,830
General Personal Automobile Liability Insurance	1,347,052	18,114	172,341	732,256	98,310	326,031
General Personal Automobile Physical Damage Insurance	830,282	(27,715)	116,005	453,666	7,580	280,746
One-year Commercial Fire Insurance	575,621	92,572	53,773	180,086	(24,035)	273,225
Personal Accident Insurance	482,696	15,975	82,631	178,937	3,154	201,999
One-year Residential Fire Insurance	254,288	(3,700)	51,173	18,036	13,475	175,304
Commercial earthquake insurance	188,908	29,612	13,583	9,576	(36,780)	172,917
Marine Cargo Insurance	216,265	20,256	20,667	27,753	(18,951)	166,540
General Liability Insurance	284,466	24,084	36,178	69,759	17,793	136,652
Other Insurance (Note)	1,707,818	131,161	193,420	706,176	140,133	536,928
	<u>\$ 6,343,249</u>	<u>\$ 300,359</u>	<u>\$ 766,894</u>	<u>\$ 2,376,245</u>	<u>\$ 200,579</u>	<u>\$ 2,699,172</u>

(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)
Residential Earthquake Insurance	\$ 61,221	\$ 4,326	\$ -	\$ 202	(\$ 202)	\$ 56,895
One-year Commercial Fire Insurance	24,023	(1,221)	632	1,591	(5,846)	28,867
Engineering Insurance	37,196	6,482	10,046	10,789	(14,098)	23,977
Commercial earthquake insurance	15,453	(2,640)	914	605	(1,217)	17,791
Typhoon and Flood Insurance	9,603	886	176	83	(124)	8,582
Other Insurance (Note)	<u>218,163</u>	<u>(861)</u>	<u>301</u>	<u>208,107</u>	<u>(10,987)</u>	<u>21,603</u>
	<u>\$ 365,659</u>	<u>\$ 6,972</u>	<u>\$ 12,069</u>	<u>\$ 221,377</u>	<u>(\$ 32,474)</u>	<u>\$ 157,715</u>

(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	\$ 455,853	\$ -	\$ 46,370	\$ -	\$ -	\$ 409,483
One-year Commercial Fire Insurance	405,529	80,951	102,550	113,270	(32,426)	141,184
Marine Cargo Insurance	164,663	16,029	14,774	20,265	(16,248)	129,843
Commercial earthquake insurance	133,685	25,308	10,248	4,861	(19,633)	112,901
Typhoon and Flood Insurance	92,113	20,325	8,244	36	752	62,756
Other Insurance (Note)	<u>955,450</u>	<u>63,234</u>	<u>113,580</u>	<u>455,836</u>	<u>89,238</u>	<u>233,562</u>
	<u>\$ 2,207,293</u>	<u>\$ 205,847</u>	<u>\$ 295,766</u>	<u>\$ 594,268</u>	<u>\$ 21,683</u>	<u>\$ 1,089,729</u>

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

	September 30, 2024	December 31, 2023	September 30, 2023
Credit Insurance	\$ 19,085	\$ 19,255	\$ 19,332
Miscellaneous Insurance	1,077	1,077	1,077
Bonding Insurance	1,187	1,381	1,381
Personal Comprehensive Insurance	247	50	32
General Liability Insurance	79	65	65
Engineering Insurance	<u>9</u>	<u>9</u>	<u>-</u>
	<u>\$ 21,684</u>	<u>\$ 21,837</u>	<u>\$ 21,887</u>

- (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 ceases 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 September 30, 2024, 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	\$ 100	\$ 817,808	\$ 152,742	\$ 970,550
One-year Commercial Fire Insurance	-	481,236	36,005	517,241
Compulsory Automobile Liability Insurance	-	104,762	248,357	353,119
Commercial earthquake insurance	-	337,468	4,607	342,075
Engineering Insurance		280,145	37,902	318,047
Compulsory Motorcycle Liability Insurance	-	39,849	230,687	270,536
General Personal Automobile Physical Damage Insurance	20	198,468	53,654	252,122
Other Insurance (Note)	1,311	1,035,891	384,302	1,420,193
	<u>\$ 1,431</u>	<u>\$ 3,295,627</u>	<u>\$ 1,148,256</u>	<u>\$ 4,443,883</u>

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
Residential Earthquake Insurance	\$ 109,200	\$ -	\$ 109,200
One-year Commercial Fire Insurance	37,259	-	37,259
Compulsory Automobile Liability Insurance	18,012	-	18,012
Compulsory Motorcycle Liability Insurance	10,814	-	10,814
Other Insurance (Note)	<u>33,910</u>	<u>70</u>	<u>33,980</u>
	209,195	70	209,265
Allowance loss	(<u>1,046</u>)	-	(<u>1,046</u>)
	<u>\$ 208,149</u>	<u>\$ 70</u>	<u>\$ 208,219</u>

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	\$ 280,424	\$ 18,700	\$ 299,124
Commercial earthquake insurance	295,595	2,300	297,895
Engineering Insurance	174,456	17,200	191,656
Marine Hull Insurance	153,032	22,900	175,932
Marine Cargo Insurance	113,333	40,300	153,633
Compulsory Automobile Liability Insurance	38,592	107,824	146,416
Compulsory Motorcycle Liability Insurance	9,731	99,079	108,810
General Liability Insurance	57,650	29,400	87,050
Other Insurance (Note)	<u>109,124</u>	<u>63,720</u>	<u>172,844</u>
	<u>\$ 1,231,937</u>	<u>\$ 401,423</u>	1,633,360
Accumulated impairment			(<u>25</u>)
			<u>\$ 1,633,335</u>

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

(II) As of December 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

Item	Claims payable	Claim reserves		
	Reported and paid	Reported but not yet paid	Not yet reported	Total
General Personal Automobile Liability Insurance	\$ -	\$ 825,415	\$ 147,100	\$ 972,515
One-year Commercial Fire Insurance	-	419,969	30,368	450,337
Compulsory Automobile Liability Insurance	-	102,276	255,273	357,549
Compulsory Motorcycle Liability Insurance	-	42,357	236,174	278,531
General Personal Automobile Physical Damage Insurance	-	217,339	50,877	268,216
Marine Hull Insurance	-	213,416	36,820	250,236
Engineering Insurance	-	202,727	20,755	223,482
Other Insurance (Note)	90	619,478	299,518	918,996
	<u>\$ 90</u>	<u>\$ 2,642,977</u>	<u>\$ 1,076,885</u>	<u>\$ 3,719,862</u>

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 Motorcycle Liability Insurance	\$ 10,307	\$ -	\$ 10,307
General Liability Insurance	9,666	-	9,666
Compulsory Automobile Liability Insurance	8,376	-	8,376
Engineering Insurance	7,531	-	7,531
Compulsory Commercial Automobile Liability Insurance	4,094	-	4,094
Personal Accident Insurance	3,661	-	3,661
Marine Hull Insurance	2,787	-	2,787
Other Insurance (Note)	5,152	-	5,152
	51,574	-	51,574
Allowance loss	(258)	-	(258)
	<u>\$ 51,316</u>	<u>\$ -</u>	<u>\$ 51,316</u>

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	\$ 224,233	\$ 15,500	\$ 239,733
Marine Hull Insurance	179,612	21,800	201,412
Compulsory Automobile Liability Insurance	38,639	112,178	150,817
Engineering Insurance	118,729	9,100	127,829
Compulsory Motorcycle Liability Insurance	11,077	102,703	113,780
Marine Cargo Insurance	52,977	34,000	86,977
General Liability Insurance	53,563	28,200	81,763
Other Insurance (Note)	<u>89,054</u>	<u>57,480</u>	<u>146,534</u>
	<u>\$ 767,884</u>	<u>\$ 380,961</u>	<u>1,148,845</u>
Accumulated impairment			(<u>25</u>)
			<u>\$ 1,148,820</u>

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

- (III) As of September 30, 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

Item	Claims payable	Claim reserves		
	Reported and paid	Reported but not yet paid	Not yet reported	Total
General Personal Automobile Liability Insurance	\$ 233	\$ 807,880	\$ 140,787	\$ 948,667
One-year Commercial Fire Insurance	-	360,773	26,873	387,646
Compulsory Automobile Liability Insurance	316	95,091	254,693	349,784
Engineering Insurance	-	267,503	16,782	284,285
Compulsory Motorcycle Liability Insurance	33	38,145	237,584	275,729
General Personal Automobile Physical Damage Insurance	16	216,354	58,322	274,676
Marine Hull Insurance	-	201,862	33,319	235,181
Other Insurance (Note)	<u>105</u>	<u>580,914</u>	<u>274,605</u>	<u>855,519</u>
	<u>\$ 703</u>	<u>\$ 2,568,522</u>	<u>\$ 1,042,965</u>	<u>\$ 3,611,487</u>

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

<u>Insurance type</u>	<u>Claim paid</u>	<u>Reported and paid</u>	<u>Total</u>
Compulsory Automobile Liability Insurance	\$ 11,227	\$ 190	\$ 11,417
General Liability Insurance	10,887	-	10,887
Compulsory Motorcycle Liability Insurance	10,857	20	10,877
Engineering Insurance	4,125	-	4,125
Marine Cargo Insurance	3,776	-	3,776
Other Insurance (Note)	<u>6,551</u>	<u>2</u>	<u>6,553</u>
	47,423	212	47,635
Allowance loss	(<u>237</u>)	(<u>1</u>)	(<u>238</u>)
	<u>\$ 47,186</u>	<u>\$ 211</u>	<u>\$ 47,397</u>

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

<u>Insurance type</u>	<u>Reported but not yet paid</u>	<u>Not yet reported</u>	<u>Total</u>
One-year Commercial Fire Insurance	\$ 214,055	\$ 14,700	\$ 228,755
Engineering Insurance	174,404	7,000	181,404
Marine Hull Insurance	167,308	20,800	188,108
Marine Cargo Insurance	56,115	36,600	92,715
General Liability Insurance	47,921	17,400	65,321
Compulsory Automobile Liability Insurance	34,210	111,957	146,167
Compulsory Motorcycle Liability Insurance	8,436	103,952	112,388
Other Insurance (Note)	<u>80,661</u>	<u>48,843</u>	<u>129,504</u>
	<u>\$ 783,110</u>	<u>\$ 361,252</u>	<u>1,144,362</u>
Accumulated impairment			(<u>25</u>)
			<u>\$ 1,144,337</u>

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 September 30, 2024

<u>Insurance type</u>	<u>Estimated amount</u>	<u>Amount after changes</u>
One-year Commercial Fire Insurance (Note)	\$ 752,575	\$ 696,255
Marine Hull Insurance	92,146	92,146
Marine Cargo Insurance	73,215	73,215
Engineering Insurance	<u>21,783</u>	21,783
	<u>\$ 939,719</u>	

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

Note: With respect to the one-year commercial fire insurance caused by Hualien Earthquake on April 3, 2024, including the significant claim events, the losses have been estimated as NT\$380,125 thousand until September 30, 2024. After taking the ceding reinsurance into account, the Company estimated the loss retention as NT\$50,000 thousand.

2. From January 1 to September 30, 2023

<u>Insurance type</u>	<u>Estimated amount</u>	<u>Amount after changes</u>
One-year Commercial Fire Insurance	\$ 162,000	\$ 155,000
Marine Hull Insurance	81,752	116,146
Engineering Insurance	<u>56,556</u>	56,556
	<u>\$ 300,308</u>	

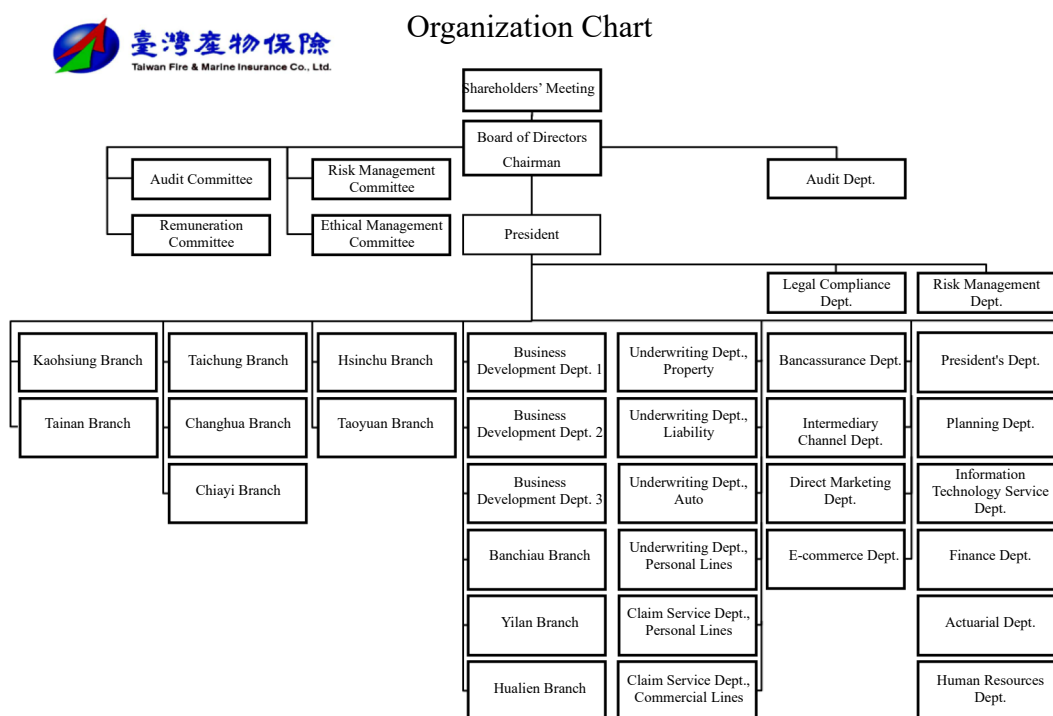
The abovementioned effects do not take into account of ceding reinsurance.

- (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 or decreases 5%, the amount of the provision of premium deficiency reserve for the period of January 1 to September 30 2024 and 2023 may increase NT\$1,241 thousand and NT\$525 thousand, or decrease NT\$898 thousand and NT\$525 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 risk management standards established by Company cover insurance risk, credit risk, market risk, liquidity risk, operational risk, risk of match for asset and liability, and risk of climate change.
- (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:

September 30, 2024

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, 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.

September 30, 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.

(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 miscellaneous insurance; 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 Company's premium revenues mainly concentrate at automobile insurance, fire insurance, marine cargo insurance, casualty insurance, liability insurance, and miscellaneous 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

Year	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%	
	Before holding the reinsurance	After holding the reinsurance	Before holding the reinsurance	After holding the reinsurance
From January 1 to September 30, 2024	(\$ 111,040)	(\$ 74,340)	\$ 108,065	\$ 72,765
From January 1 to September 30, 2023	(\$ 100,575)	(\$ 70,875)	\$ 84,840	\$ 57,540

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 September 30, 2024 are as the followings:

Unit: NT\$ Thousand

Year/Month of the Accident	Incurred accumulated claims (claim expenses included)				
	12	24	36	48	60
2020	\$ 2,288,237	\$ 2,461,612	\$ 2,403,348	\$ 2,399,289	\$ 2,394,952
2021	4,095,067	4,212,222	4,142,948	4,128,062	
2022	2,970,150	3,265,655	3,194,421		
2023	2,767,334	2,889,583			
2024	2,655,281				

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

2. The development trend of claims during January 1 to September 30, 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	\$ 2,209,969
2020	2,288,237	2,461,612	2,403,348	2,399,300	
2021	4,095,067	4,212,222	4,158,613		
2022	2,970,150	3,258,739			
2023	1,975,000				

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

	September 30, 2024			December 31, 2023			September 30, 2023		
	Foreign Currency	Exchan ge rate	Carrying Amount	Foreign Currency	Exchan ge rate	Carrying Amount	Foreign Currency	Exchan ge rate	Carrying Amount
<u>Foreign assets</u>									
<u>Monetary items</u>									
USD	\$ 43,054	31.65	\$ 1,362,644	\$ 51,786	30.71	\$ 1,590,348	\$ 50,103	32.26	\$ 1,616,312
RMB	17,359	4.53	78,635	63,397	4.33	274,507	63,581	4.42	280,391
<u>Foreign liabilities</u>									
<u>Monetary items</u>									
USD	3,863	31.65	122,263	615	30.71	18,878	2,664	32.26	85,937

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

Foreign Currency	From January 1 to September 30, 2024		From January 1 to September 30, 2023	
	Exchange rate	Foreign exchange income or loss, net	Exchange rate	Foreign exchange income or loss, net
USD	31.65	\$ 35,426	32.26	\$ 80,663
RMB	4.53	3,941	4.42	(151)
		<u>\$ 39,367</u>		<u>\$ 80,512</u>

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 disposed properties is NT\$100 million or more, or 20% of the paid-up capitals 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	\$ 164,588	\$ 164,588	16,459	24.75	\$ 228,586	\$ 240,626	\$ 59,555	
	AcSun Energy Inc.	New Taipei City	Investments	200,000	200,000	20,000	20.00	208,149	72,800	14,560	

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.	<u>TSEC/GTSM listed shares</u>							
	YFYCPG (6790)	None	Financial assets at fair value through profit or loss	125	\$ 6,088	-	\$ 6,088	
	Zhen Yu (2947)	None	"	184	15,883	-	15,883	
	Groundhog Inc.	None	"	166	28,981	-	28,981	
	EMERGING SHARES					-		
	BRYTON (7558)	None	Financial assets at fair value through profit or loss	161	2,010	-	2,010	
	MP (6720)	None	"	1,629	310,091	-	310,091	
	NAVIFUS CORPORATION (6872)	None	"	613	18,402	-	18,402	
	GGF (4441)	None	"	53	12,794	-	12,794	
	EASTERN UNION INTERACTIVE CORP.	None	"	312	53,302	-	53,302	
	<u>Unlisted Shares</u>					-		
	ADE	None	Financial assets at fair value through profit or loss	1,403	19,235	-	19,235	
	Tripresso	None	"	301	13,515	-	13,515	
	LYRA	None	"	617		-		
	VIVA ELECTRONIC	None	"	1,184	13,568	-	13,568	
	METANOIA	None	"	503	6,851	-	6,851	
	COMMUNICATIONS INC.							
	Forland Auto Trade Holding Co., Ltd.	None	"	2,400	61,800	-	61,800	
	Navigator Assets	None	"	13,000	272,870	-	272,870	
	Navigator Financial Leasing	None	"	5,000	45,200	-	45,200	
	AIVIVA	None	"	264	3,252	-	3,252	
	Ubitus	None	"	28	15,746	-	15,746	
	TOPRAY MEMS INC.	None	"	2,000	11,220	-	11,220	
	Backer-Founder Company Limited	None	"	1,715	8,386	-	8,386	
AcSun Energy Inc.	<u>Unlisted Shares</u>							
	AcSacca Solar Energy Co., Ltd.	None	Investment under equity method	56,600	\$1,075,582	100	\$1,075,582	
	KangYang New Energy Co., Ltd.	None	"	10,500	114,729	100	114,729	

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.