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ShinKong Insurance Co., Ltd.

Financial Statements and Independent Auditor's Review Report

For the First Quarter of 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.

Company address: 11F., NO.13, Chienkuo N.Rd., Sec.2 Taipei, Taiwan, R.O.C.
Tel. No.: (02)2507-5335

Financial review reports
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Review report of independent auditors

To: ShinKong Insurance Co., Ltd.

Foreword

We have reviewed the accompanying balance sheet of ShinKong Insurance Co., Ltd. as of March 31, 2024 and 2023 and the related statements of income, retained earnings, cash flows and notes (including the summary of major accounting policies) to the financial statements for the years then ended. These financial statements to be prepared in accordance with "Regulations Governing the Preparation of Financial Reports by Insurance Enterprises" and the International Accounting Standards (IAS) 34 "Interim Financial Reporting" that was recognized and announced with effect by the Financial Supervisory Commission are the responsibility of the company's management. Our responsibility is to make a conclusion on these financial statements based on our review.

Scope

We conducted our review in accordance with Standards on Review Engagements (TWSRE) No.2410 "Review of Financial Statements." Those standards require that we perform inquiries (mainly to the personnel in charge of finance and accounting matters), analytical procedures, and other review procedures. The scope of a review is apparently not to the extent of an audit; therefore, we would not be able to detect all identifiable matters through an audit, and we could not issue an audit opinion.

Conclusion

In our conclusion, the financial statements referred to above present fairly, in all material respects, the financial position of ShinKong Insurance Co., Ltd. as of March 31, 2024 and 2023, and the results of its operations and its cash flows for the years then ended in conformity with the "Regulations Governing the Preparation of Financial Reports by Insurance Enterprises" and the International Accounting Standards (IAS) 34 "Interim Financial Reporting" that was recognized and announced with effect by the Financial Supervisory Commission.

Ernst & Young Global Limited
The competent authorities approved the processing of financial reports of the public company
Auditing and Certification No.: (93) Chin-Kuan-Certificate-Zi No. 0930133943
(97) Chin-Kuan-Certificate-Zi No. 0970038990

Hsu Daniel

CPA:

James Huang

April 16, 2024

(English Translation of Financial Statements Originally Issued in Chinese)

ShinKong Insurance Co., Ltd

Balance Sheet

As at March 31, 2024, December 31, 2023 and March 31, 2023

Unit: NTD thousands

Assets			March 31, 2024		December 31, 2023		March 31, 2023	
Code	Account titles	Note	Amount	%	Amount	%	Amount	%
11000	Cash and cash equivalents	4, 6 and 7	$13,718,519	28	$11,549,324	25	$11,326,361	25
12000	Accounts receivable	4, 6 and 7	2,524,451	5	2,192,574	5	1,828,910	4
14110	Financial assets at fair value through profit or loss	4, 6 and 7	6,368,768	13	7,210,252	15	6,951,828	15
14145	Financial assets at amortized cost	4, 6 and 7	12,601,566	26	12,224,923	26	10,887,861	24
14180	Other Financial assets - net amount	4, 6 and 7	299,778	1	299,779	1	299,956	1
14190	Financial assets at fair value through other comprehensive income	4, 6 and 7	1,357,168	3	1,363,941	3	1,392,461	3
14200	Investment property	4 and 6	2,540,367	5	2,544,635	5	2,557,438	6
15000	Reinsurance contract assets	4 and 6	7,025,620	15	7,368,012	16	7,662,793	17
16000	Property, plant, and equipment	4 and 6	1,150,902	2	1,166,760	2	1,148,887	3
16700	Right-of-use assets	4 and 6	22,198	-	16,157	-	29,974	-
17000	Intangible assets	4 and 6	27,431	-	19,169	-	24,112	-
17800	Deferred income tax assets	4 and 6	193,109	-	158,122	-	188,553	-
18000	Other assets	6	914,713	2	915,110	2	759,548	2
1XXXX	Total assets		$48,744,590	100	$47,028,758	100	$45,058,682	100

(Please refer to Notes to the Financial Statements)

Chairman: WU, HSIN-HUNG　　President: HO, YING-LAN　　Accounting Supervisor: TSENG, YA-FANG

(English Translation of Financial Statements Originally Issued in Chinese)

ShinKong Insurance Co., Ltd

Balance Sheet (continued)

As at March 31, 2024, December 31, 2023 and March 31, 2023

Unit: NTD thousands

Liabilities and equity			March 31, 2024		December 31, 2023		March 31, 2023	
Code	Account titles	Note	Amount	%	Amount	%	Amount	%
21000	Accounts Payables	6 and 7	$2,959,714	6	$3,099,150	7	$2,532,095	6
21700	Current income tax liabilities	4 and 6	494,832	1	328,091	1	255,560	1
23200	Financial liabilities at fair value through profit or loss	4, 6 and 7	157,425	-	30,933	-	165,375	-
23800	Lease liabilities	4 and 6	22,607	-	16,570	-	30,593	-
24000	Insurance liability	4 and 6	26,270,523	54	25,594,328	54	26,064,031	58
27000	Reserve for liabilities	4 and 6	50,812	-	51,076	-	47,486	-
28000	Deferred tax liabilities	4 and 6	80,467	-	41,658	-	32,706	-
25000	Others		261,596	1	348,123	1	73,410	-
2XXXX	Total liabilities		30,297,976	62	29,509,929	63	29,201,256	65
31000	Capital stock	6	3,159,633	7	3,159,633	7	3,159,633	7
32000	Capital reserves	4 and 6	64,800	-	64,800	-	64,800	-
33000	Retained earnings							
33100	Legal reserve	4	4,059,965	8	4,059,965	9	3,651,093	8
33200	Special reserve	4	7,255,823	15	7,255,823	15	6,504,748	14
33300	Undistributed earnings	6	3,042,168	6	2,162,657	4	1,667,574	4
34000	Other equity	6	864,225	2	815,951	2	809,578	2
3XXXX	Total equity		18,446,614	38	17,518,829	37	15,857,426	35
	Total Liabilities and Equity		$48,744,590	100	$47,028,758	100	$45,058,682	100

(Please refer to Notes to the Financial Statements)

Chairman: WU, HSIN-HUNG President: HO, YING-LAN Accounting Supervisor: TSENG, YA-FANG

(English Translation of Financial Statements Originally Issued in Chinese)

ShinKong Insurance Co., Ltd.

Statement of Comprehensive Income

January 1 to March 31, 2024 and 2023

(Expressed in Thousands of New Taiwan dollars, except for Earnings Per Share)

Unit: NTD thousands

Code	Account titles	Note	From January 1 to March 31, 2024		From January 1 to March 31, 2023	
			Amount	%	Amount	%
41000	Operating revenues:					
41110	Written premiums	4 and 7	$6,550,335	125	$6,109,273	130
41120	Reinsurance premium income	4 and 7	173,096	3	171,744	4
41100	Premium revenues		6,723,431	128	6,281,017	134
51100	Less: Reinsurance premiums expense	4 and 7	(1,428,108)	(27)	(1,349,774)	(29)
51310	Net changes in unearned premium reserve	4 and 7	(513,201)	(10)	(457,220)	(10)
41130	Retained earned premium		4,782,122	91	4,474,023	95
41300	Reinsurance commission income	7	97,021	2	80,411	2
41400	Handling fees earned		11,354	-	11,856	-
41500	Net gain(loss) from investment		357,537	7	118,085	3
41510	Interest revenue		139,623	3	130,918	3
41521	Gain (loss) on financial assets and liabilities at fair value through profit or loss		58,490	1	365,050	8
41526	Net gains from derecognition of financial assets at amortized cost	6	-	-	(19,087)	-
41550	Profit or loss from foreign exchange		207,218	4	(44,207)	(1)
41570	Profit or loss from investment property	6	19,217	-	19,620	-
41585	Expected credit impairment losses and gains on reversal of investments	6	(129)	-	(394)	-
41600	(Losses) gains from adoption of overlay approach	6	(66,882)	(1)	(333,815)	(7)
41800	Other operating revenue		7,370	-	10,339	-
	Total operating revenues		5,255,404	100	4,694,714	100
51000	Operating cost:					
51200	Insurance claims and benefits		(2,413,738)	(46)	(3,105,020)	(66)
41200	Less: Benefits & Claims Recovered from reinsurers		318,896	6	895,888	19
51260	Retained claims and benefits		(2,094,842)	(40)	(2,209,132)	(47)
51300	Other insurance liabilities net change		(374,605)	(7)	(273,280)	(6)
51500	Commission expense	7	(739,229)	(14)	(749,424)	(16)
51800	Other operating cost		(23,802)	(1)	(16,375)	-
	Total operating cost		(3,232,478)	(62)	(3,248,211)	(69)
58000	Operating expenses:					
58100	Business expense	6	(798,143)	(15)	(747,459)	(16)
58200	Administrative expenses	6	(133,763)	(2)	(125,334)	(3)
58300	Employee training expense		(557)	-	(253)	-
58400	Expected credit impairment losses and gains on reversal of non-investments	6	(33,350)	(1)	(16,388)	-
	Total operating expenses		(965,813)	(18)	(889,434)	(19)
61000	Operating revenues		1,057,113	20	557,069	12
59000	Non-operating revenues and expenses		2,367	-	1,235	-
62000	Income from continuing operations before tax		1,059,480	20	558,304	12
63000	Income tax expense	4 and 6	(179,969)	(3)	(105,230)	(2)
66000	Net income		879,511	17	453,074	10
83000	Other comprehensive income	6				
83100	Items that are not re-classified as profit or loss					
83190	Gains (losses) on equity instruments at fair value through other comprehensive income		(4,492)	-	29,845	1
83200	Items that are or may be reclassified subsequently to profit or loss					
83290	Gains (losses) on debt instruments at fair value through other comprehensive income		(17,645)	-	13,420	-
83295	Other comprehensive income (loss) from adoption of overlay approach		66,882	1	333,815	7
83280	Income taxes relating to items that are or may be reclassified subsequently to profit or loss		3,529	-	(2,683)	-
	Other Comprehensive income in current period (net after tax)		48,274	1	374,397	8
85000	Total comprehensive income in current period		$927,785	18	$827,471	18
	Earnings per share					
97500	Basic earnings per share (denominated in New Taiwan dollars)	6	$2.78		$1.43	

(Please refer to Notes to the Financial Statements)

Chairman: WU, HSIN-HUNG President: HO, YING-LAN Accounting Supervisor: TSENG, YA-FANG

(English Translation of Financial Statements Originally Issued in Chinese)

ShinKong Insurance Co., Ltd.

Statement of Changes in Equity

January 1 to March 31, 2024 and 2023

(Reviewed only, not audited in accordance with the generally accepted auditing standards)

Unit: NTD thousands

Item	Capital stock	Capital reserves	Retained earnings			Other equity		Total equity
			Legal reserve	Special reserve	Undistributed earnings	Unrealized gain on financial assets measured at fair value through other comprehensive profit or loss	Other comprehensive income reclassified using the overlay approach	
Balance as of January 1, 2023	$3,159,633	$64,800	$3,651,093	$6,504,748	$1,214,500	$(126,236)	$561,417	$15,029,955
Net income in January 1 to March 31, 2023	-	-	-	-	453,074	-	-	453,074
Other comprehensive income in January 1 to March 31, 2023	-	-	-	-	-	40,582	333,815	374,397
Total comprehensive income in current period	-	-	-	-	453,074	40,582	333,815	827,471
Balance as of March 31, 2023	$3,159,633	$64,800	$3,651,093	$6,504,748	$1,667,574	$(85,654)	$895,232	$15,857,426
Balance as of January 1, 2024	$3,159,633	$64,800	$4,059,965	$7,255,823	$2,162,657	$(101,994)	$917,945	$17,518,829
Net income in January 1 to March 31, 2024	-	-	-	-	879,511	-	-	879,511
Other comprehensive income in January 1 to March 31, 2024	-	-	-	-	-	(18,608)	66,882	48,274
Total comprehensive income in current period	-	-	-	-	879,511	(18,608)	66,882	927,785
Balance as of March 31, 2024	$3,159,633	$64,800	$4,059,965	$7,255,823	$3,042,168	$(120,602)	$984,827	$18,446,614

(Please refer to Notes to the Financial Statements)

Chairman: WU, HSIN-HUNG　　President: HO,YING-LAN　　Accounting Supervisor: TSENG, YA-FANG

(English Translation of Financial Statements Originally Issued in Chinese)
ShinKong Insurance Co., Ltd.
Statements of Cash Flows
January 1 to March 31, 2024 and 2023

Unit: NTD thousands

Item	From January 1 to March 31, 2024	From January 1 to March 31, 2023
Cash flow from operating activities:		
Income from continuing operations before tax	$1,059,480	$558,304
Adjusted Items:		
Revenue, expense and loss		
Depreciation expenses	20,733	20,327
Amortization expenses	3,507	5,622
Net losses (gains) on financial assets and liabilities at fair value through profit or loss	(58,490)	(365,050)
Net losses (gains) on financial assets at fair value through other comprehensive income	-	19,087
Interest expenses	151	177
Interest income	(139,623)	(130,918)
Net changes in insurance liabilities	887,806	730,500
Expected credit impairment losses (reversal gains) of investments	129	394
Expected credit impairment losses of (reversal gains) non-investments	33,350	16,388
Losses (gains) from adoption of overlay approach	66,882	333,815
(Gains) losses on disposal or scrapping of property and equipment	12	10
Other	(2)	-
Changes in operating assets and liabilities		
Iincrease in accounts receivable	(307,412)	(171,048)
Decrease financial assets at fair value through profit or loss	1,011,324	41,569
Decrease (increase) in financial assets at fair value through other comprehensive income	(15,366)	3,575
Decrease (increase) in financial assets at amortized cost	(376,768)	242,671
Increase of other financial assets	-	(300,000)
Decrease (increase) of reinsurance contracts assets	125,102	(309,723)
Decrease (increase) of other assets	(210)	34,416
Decrease of payables	(139,436)	(159,116)
Decrease of provisions	(264)	(351)
Decrease of other liabilities	(86,527)	(169,872)
Cash inflow from operating activities	2,084,378	400,777
Interest received	91,035	65,987
Dividend received	11,593	31,334
Interest paid	(52)	(48)
Income tax paid	(5,877)	(1,665)
Net cash provided by (used in) operating activities	2,181,077	496,385
Cash flows from investment activities		
Acquisition of property and equipment	(5,669)	(16,003)
Acquisition of intangible assets	(3,349)	(2,000)
Net cash used in investing activities	(9,018)	(18,003)
Cash flows from financing activities:		
Principle repayment of lease liabilities	(2,864)	(4,157)
Net cash used in financing activities	(2,864)	(4,157)
Increase (decrease) of cash and cash equivalents in current period	2,169,195	474,225
Balance of cash and cash equivalents at the beginning of period	11,549,324	10,852,136
Balance of cash and cash equivalents at the ending of period	$13,718,519	$11,326,361

(Please refer to Notes to the Financial Statements)

Chairman: WU, HSIN-HUNG President: HO,YING-LAN Accounting Supervisor: TSENG, YA-FANG

(English Translation of Financial Statements Originally Issued in Chinese)
ShinKong Insurance Co., Ltd.
Notes to financial statements
January 1 to March 31, 2024 and January 1 to March 31, 2023
(Reviewed only, not audited in accordance with the generally accepted auditing standards)
(Expressed in thousands of New Taiwan dollars, unless otherwise stated)

1. Company history and business scope

Shin Kong Insurance Co., Ltd. (hereinafter referred to as the Company) held a founding shareholders' meeting on March 20, 1963, and officially started the business on May 1 of the same year. With the main business of property insurance, the Company was initially settled at No. 43 Guanqian Road, Taipei City, and later moved to No. 35, Section 1, Wuchang Street, Taipei City on April 24, 1965 to meet the business expansion, and then moved to No. 34, Baoqing Road, Taipei City on January 30, 1973, and then again moved to the new corporate building at No. 15, Section 2, Jianguo North Road on January 20, 1983 for business expansion and restructuring. Capital: Initially NT$ 32,000 thousand in 1963, and increased to NT$ 54,400 thousand in 1977. Through the years of capital increase, as of March 31, 2024, the paid-in capital amounted to NT$ 3,159,633 thousand.

Organization:

The Company has a total of 22 branches, including offices in Banqiao, Taoyuan, Hsinchu, Taichung, Shalu, Changhua, Yunlin, Chiayi, Tainan, Kaohsiung, Pingtung, Shilin, Yuanlin, Fengshan, Nantou, Zhongli, Lanyang, Xizhi, Shuanghe, Neihu, Sanchong, and international insurance businesses. The branches have a total of 3 communications offices, with service posts established all over Taiwan.

Head office: 11F., No. 15, Sec. 2, Jianguo N. Rd., Taipei City
Tel: (02) 2507-5335 (pilot)

Branches:

(1)	Banqiao Branch:	15F, No. 266, Section 1, Wenhua Road, Banqiao District, New Taipei City TEL: (02) 2254-5568
(2)	Taoyuan Branch:	21F, Building A, No. 205, Fuxing Road, Taoyuan City Tel: (03) 338-4003
(3)	Hsinchu Branch:	5F, No. 192 Minsheng Road, Hsinchu City TEL: (03) 533-9121
(4)	Taichung branch:	12F, No. 340, Section 2, Taiwan Boulevard, North District, Taichung City Tel: (04) 2322-1158
(5)	Shalu Branch:	No. 609, Section 2, Zhonghua Road, Wuqi District, Taichung City Tel: (04) 2662-0099
(6)	Changhua Branch:	No. 326, Section 2, Zhongshan Road, Changhua City Tel: (04) 724-2147
(7)	Yunlin Branch:	3F, No. 148, Xinsheng Road, Huwei Town, Yunlin County Tel: (05) 632-1389

(Expressed in thousands of New Taiwan dollars, unless otherwise stated)

(8) Chiayi Branch:	5F, No. 427, Minquan Road, Chiayi City Tel: (05) 225-3190
(9) Tainan Branch:	12F, No. 32, Section 1, Yonghua Road, West Central District, Tainan City Tel: (06) 227-1313
(10) Kaohsiung Branch:	12F, No. 154, Zhongzheng 3rd Road, Xinxing District, Kaohsiung City Tel: (07) 235-3197
(11) Pingtung Branch:	Suite 1-2, 8F, No. 450, Ziyou Road, Pingtung City Tel: (08) 738-2000
(12) Shilin Branch:	2F, No. 222, Wenlin North Road, Beitou District, Taipei City Tel: (02) 2828-7010
(13) Yuanlin Branch:	2F, No. 2, Section 2, Datong Road, Yuanlin Township, Changhua County Tel: (04) 835-5151
(14) Fengshan Branch:	Suite 1, 10F, No. 224, Ziyou Road, Fengshan District, Kaohsiung City Tel: (07) 745-6131
(15) Nantou Branch:	No. 24, Datong South Street, Nantou City, Nantou County Tel: (049) 224-5747
(16) Zhongli Branch:	Suite A, 9F, No. 121, Huanxi Road, Zhongli City, Taoyuan County Tel: (03) 491-1808
(17) Lanyang Branch:	1F, No. 398, Gongzheng Road, Luodong Town, Yilan County Tel: (03) 955-2640
(18) Xizhi Branch:	13F, Building D, No. 82, Section 1, Xintai 5th Road, Xizhi District, New Taipei City Tel: (02) 2696-0606
(19) Shuanghe Branch:	14F, No. 2, Jianba Road, Zhonghe District, New Taipei City Tel: (02) 8226-2620
(20) Neihu Branch:	6F, No. 295 Ruiguang Road, Neihu District, Taipei City Tel: (02) 2627-2026
(21)Sanchong Branch	19F, No. 53, Sec. 4, Chongxin Rd., Sanchong Dist., New Taipei City Tel: (02) 2985-8282
(22) International Insurance Branch:	10F, No. 15, Section 2, Jianguo North Road, Taipei City Tel: (02) 2507-5335

2. Financial Reporting Date and Procedures

This financial report was approved by the Board of Directors and released on April 16, 2024.

3. Application of New and Revised Standards and Interpretation

1. Changes in accounting policies resulting from the first application of International Financial Reporting Standards (IFRS)

(Expressed in thousands of New Taiwan dollars, unless otherwise stated)

The Company has adopted the International Financial Reporting Standards, International Accounting Standards, International Financial Reporting Interpretations or Interpretation Announcements that have been approved by the Financial Supervisory Committee (FSC) and applicable for fiscal years beginning after January 1, 2024. The first application of the new standards and amendments does not have significant impact on the Company.

2. The company did not adopt the following new/amended/revised standards and interpretations that are issued by IASB but not yet recognized by the FSC as of the financial report publication date:

No.	New/amended/revised standards and interpretation	The IASB's issuance is effective for the years after the following dates
1	Amendments to IFRS 10 "Consolidated Financial Statements" and IAS 28 "Investment in Associates and Joint Ventures" – Assets sales or investment of investors and their associates or joint ventures	To be determined by IASB
2	IFRS 17 "Insurance contracts"	January 1, 2023
3	Lack of Exchangeability (Amendments to IAS 21)	January 1, 2025
4	IFRS 18 "Presentation and disclosure in financial statements"	January 1, 2027

(1)Amendments to IFRS 10 "Consolidated Financial Statements" and IAS 28 "Investment in Associates and Joint Ventures" – Assets sales or investment of investors and their associates or joint ventures

This plan is to handle the inconsistency between IFRS 10 "Consolidated Financial Statements" and IAS 28 "Investment in Associates and Joint Ventures" regarding the loss of control by investing in associates or joint ventures at the cost of the subsidiary. According to IAS 28, the profit or loss amount should be eliminated in accordance with the downstream transaction when exchange non-monetary assets for the equity of the associates or joint ventures. According to IFRS 10, the entire profit and loss should be recognized at the time of losing the control over the subsidiary. This amendment restricts the aforementioned provisions of IAS 28. The profit or loss arising from the sales or investment of business assets that meet the definition in IFRS 3 shall be fully recognized.

According to this amendment to IFRS 10, the sales or investment between the investors and associates or joint ventures for the subsidiary that does not meet the definition in IFRS 3, the profit or loss incurred shall be recognized for the amount that is not attributable to the investors.

(2)IFRS 17 "Insurance Contracts"

IFRS 17 provides a comprehensive model of insurance contracts, including all accounting-related matters (recognition, measurement, presentation, and disclosure principles). The core of IFRS 17 is a general model. Under this model, the original recognition is based on the sum of the fulfillment cash flow and contractual service margin to measure the insurance contracts, of which, the fulfillment cash flows include:

A. Estimated value of future cash flows
B. Discount rate: reflect the adjustment to the time value of money and the financial risks (to the extent when financial risks are not included in the estimated value of future cash flows) related to the future cash flows; and
C. Adjustments to non-financial risks

The book amount of the insurance contract group at the end of each reporting period is the sum of the remaining coverage liabilities and the incurred claims liabilities.

In addition to the general model, it also provides:

A. Specific applicable methods (variable fee approach) for contracts with direct participation characteristics
B. Simplified method (premium allocation approach) for short-term contracts

Upon the initial application of the standards, enterprises adopted IFRS9 may re-designate and re-classify the financial assets that comply with the requirements of the standards. Enterprises are not required to re-prepare the comparison information to reflect the changes in the classification of such assets; the differences between the former carrying amount and the carrying amount on the date of initial application shall be recognized in the opening retained earnings or other equity as at the date of initial application. When an enterprise has restated its comparison information, the comparison information shal reflects the requirements of IFRS9 on such financial assets being affected. In addition, for financial assets derecognized during the comparison period after the date of initial application of the standards, enterprises may elect the applicable overlay approach based on the individual financial assets, as if such assets have been re-classified according to the re-designation requirements under the standards during the comparison period.

This standard was announced in May of 2017 and amended in 2020 and 2021. This amendment, except for having the effective date postponed for 2 years (that is, postponed from January 1, 2023 to January 1, 2023) in the transitional clause with additional exemptions provided; also, reducing the cost of adopting this standard by simplifying some regulations and amend some regulations to make some situations easier to interpret. This standard in effect will replace the transitional standard (that is, IFRS 4 “Insurance Contracts”).

(3)Lack of Exchangeability (Amendments to IAS 21)

This amendment explains the convertibility and lack of convertibility between currencies, how the exchange rate is determined when a currency lacks convertibility, and adds additional disclosure requirements when a currency lacks convertibility. These amendments are applicable to fiscal years starting after January 1, 2025.

(4)IFRS 18 “Presentation and Disclosure in Financial Statements”

The main changes in the new standard are as below:

(a) Improved comparability in the statement of profit or loss

IFRS 18 requires entities to classify all income and expenses within their statement of profit or loss into one of five categories: operating; investing; financing; income taxes; and discontinued operations. The first three categories are new, to improve the structure of the income statement, and requires all entities to provide new defined subtotals, including operating profit. The improved structure and new subtotals will give investors a consistent starting point for analyzing entities' performance and make it easier to compare entities.

(b) Enhanced transparency of management-defined performance measures

IFRS 18 requires entities to disclose explanations of those entity-specific measures that are related to the income statement, referred to as management-defined performance measures.

(C) Useful grouping of information in the financial statements

IFRS 18 sets out enhanced guidance on how to organize information and whether to provide it in the primary financial statements or in the notes. The changes are expected to provide more detailed and useful information. IFRS 18 also requires entities to provide more transparency about operating expenses, helping investors to find and understand the information they need.

IFRS 18 replaces IAS 1 "Presentation of Financial Statements". IFRS 18 is effective for annual reporting periods beginning on or after January 1, 2027.

The aforementioned standards and explanations issued by IASB but not yet recognized by the FSC are applicable on the date determined by the FSC. The company is currently assessing the potential impact of the new/amended standards and explanations in (2) and is not yet able to reasonably estimate the impact of the aforementioned standards or interpretations on the company; however, the other new/amended standards and explanations have no significant impact on the company.

4. Summary of Significant Accounting Policies

1. Compliance Statement

The financial statements are prepared in accordance with "Regulations Governing the Preparation of Financial Reports by Insurance Enterprises" and IAS 34 "Interim Financial Reporting" that was recognized and announced with effect by the Financial Supervisory Commission.

2. Basis of preparation

The financial statements are prepared on the basis of historical costs, except for financial instruments measured at fair value and the net defined benefit liabilities recognized by deducting the present values of defined benefit obligations from the fair value of plan assets. Unless otherwise specified, amounts in financial statements are expressed in thousand NT dollars.

3. Cash and cash equivalents

Cash and cash equivalents include cash on hand, demand deposits, and time deposits or investments that are short-term, highly liquid, convertible to fixed amounts of cash at any time with little risk of value changes (including time deposits within 12 months of contractual period).

4. Transactions in foreign currencies

The Company's financial statements are expressed in NT dollars, which is the Company's functional currency. Transactions in foreign currencies are converted to the functional currency based on the exchange rate on the transaction date. At the end of each reporting period, monetary items in foreign currencies are converted at the closing exchange rate of that day; non-monetary items in foreign currencies measured at fair value are converted at the exchange rate on the day that the fair value is determined; non-monetary items in foreign currencies measured at historical cost are converted at the exchange rate of the transaction day.

Except for the following, the exchange differences arising from the delivery or conversion of monetary items are recognized as gains or losses of the current period:

(1) If the exchange differences from foreign currencies borrowed to obtain qualified assets are regarded as adjustments to interest costs, becoming part of the borrowing costs, they are capitalized as the costs of the assets.
(2) Foreign currencies applicable to IFRS 9 "Financial Instruments" are treated in accordance with the accounting policies of financial instruments.
(3) For monetary items that form part of the reporting entity's net investment in foreign institutions, the exchange differences resulting from initial recognition are recognized as other comprehensive income, and reclassified from equity to gains and losses when the net investment is disposed.

When the profits and losses of non-monetary items are recognized as other comprehensive income, any components of the conversion of the profits and losses are recognized as other comprehensive income. When the profits and losses of non-monetary items are recognized as gains and losses, any components of the conversion of the profits and losses are recognized as gains and losses.

5. Financial instruments

Financial assets and financial liabilities are recognized when the Company becomes a party to the contractual terms of the financial instrument.

Financial assets and financial liabilities applicable to IFRS 9 "Financial Instruments" are measured at fair value on initial recognition, and are directly attributable to the transaction cost of acquisition or issuance of the financial assets and financial liabilities (except for those measured at fair value through profit or loss), to be deducted from or added to the fair values of the financial assets and financial liabilities.

(1) Recognition and measurement of financial assets

All the recognition and delisting of financial assets through the Company's normal trade practice are accounted for on the transaction day.

The Company classifies financial assets into the following categories: those subsequently measured at amortized cost, those measured at fair value through other comprehensive income, and those measured at fair value through profit or loss, based on the following features:

A. Operating models
B. Contractual cash flows

Financial assets at amortized cost

Financial assets that meet the following two conditions are measured at amortized cost and listed on the balance sheet as financial assets 、other financial assets and other assets measured at accounts receivable and amortized cost:

A. Operating models: holding financial assets to collect contractual cash flows
B. Contractual cash flows: cash flows entirely for paying principals and interests on the principals in circulation

Such financial assets (excluding those involved in hedging) are subsequently measured at amortized cost [the amount measured on initial recognition, minus the principal paid, plus or minus the accumulated amortization of the difference between the original amount and the maturity amount (using the effective interest method), and adjustment of allowance for losses]. Upon derecognition, through amortization or recognition of impaired profits or losses, the profits or losses are recognized as gains and losses.

The interests calculated by the effective interest method (multiplying the effective interest rate by the total book value of the financial asset) or based on following conditions are recognized as gains and losses:

A. For purchased or originated credit-impaired financial assets, it is calculated as the credit-adjusted effective interest rate multiplied by the amortized cost.
B. For financial assets other than the aforementioned, but subsequently become credit impairment, it is calculated as the effective interest rate multiplied by the amortized cost.

Financial assets at fair value through other comprehensive income

Financial assets that meet the following two conditions are measured at fair value through other comprehensive income, and are listed on the balance sheet as financial assets at fair value through other comprehensive income:

A. Operating model: collecting contractual cash flows and selling financial assets.
B. Contractual cash flows: cash flows entirely for paying principals and interests on the principals in circulation

Recognition of gains and losses related to such financial assets are explained as follows:

A. Before derecognition or reclassification, except for impaired profits or losses and foreign exchange profits or losses that are recognized as gains and losses, the profits and losses of the financial assets are recognized as other comprehensive income.

B. Upon derecognition, the cumulative profits or losses previously recognized as other comprehensive income are reclassified from equity to gains or losses for adjustment.
C. The interests calculated by the effective interest method (multiplying the effective interest rate by the total book value of the financial asset) or based on following conditions are recognized as gains and losses:

(a) For POCI financial assets, it is calculated as the credit-adjusted effective interest rate multiplied by the amortized cost.
(b) For financial assets other than the aforementioned, but subsequently become credit impairment, it is calculated as the effective interest rate multiplied by the amortized cost.

In addition, for equity instruments applicable for IFRS 9 and are neither held for trading, nor recognized as contingent consideration by the acquirer in a merger under IFRS 3, and on initial recognition, it is optional (irrevocably) to list its subsequent fair value changes as other comprehensive income. The amount listed as other comprehensive income shall not subsequently be transferred to gains and loss (when disposing such equity instruments, the cumulative amount listed as other equity are directly transferred to retained earnings), and shall be listed on the balance sheet as financial assets at fair value through other comprehensive income. Dividends from investments are recognized as gains or losses, unless the dividends clearly represent part of the recovery of investment costs.

Financial assets at fair value through profit or loss

Except for the measurement by amortized cost under specific conditions as mentioned above or at fair value through other comprehensive income, financial assets are measured at fair value through profit or loss, and are listed on the balance sheet as financial assets and accounts receivable measured at fair value through profit or loss.

The profits or losses generated from remeasurement of such financial assets measured at fair value are recognized as gains and losses, whose profits or losses include any and all dividends or interests generated from the financial assets.

(2) Impairment of financial assets

The Company's debt instruments measured at fair value through other comprehensive income and financial assets measured at amortized cost are recognized as expected credit losses to measure allowance for losses. For the debt instruments measured at fair value through other comprehensive income, the allowance for losses is recognized as other comprehensive income, without reducing the book value of the investment.

The Company measures expected credit losses to reflect the following:

A. unbiased and probability-weighted amounts determined by evaluating all possible outcomes.
B. Time value of money
C. Reasonable and supportable information related to past events, current conditions and forecasts of future economic conditions (that can be obtained without excessive costs or investment on the balance sheet date)

Measurement of allowance for losses is explained as follows:

A. It is measured by the amount of 12-month expected credit losses: including financial assets whose credit risk has not significantly increased since initial recognition, or those that are determined to be low in credit risk at the balance sheet date. In addition, it also includes the allowance for losses which are measured at lifetime expected credit losses in the duration of previous financial reports, but on the current balance sheet day no longer meets the criteria for a significant increase in credit risk since initial recognition.
B. Measurement of lifetime expected credit losses: including financial assets with credit risk significantly increased since initial recognition, or POCI financial assets.
C. For accounts receivable or contract assets arising from transactions under IFRS 15, the Company uses lifetime expected credit losses to measure allowance for losses.
D. For lease receivables arising from transactions under IFRS 16, the Company uses lifetime expected credit losses to measure allowance for losses.

In addition to the above assessments, the Company has also provided adequate allowance for bad debts in accordance with the “Guidelines for Handling Assessment of Assets, Overdue and Non-Performing Loans and Bad Debts by Insurance Enterprises,” and the amount shall not be lower than the following standards: (1) 0.5% of the 1st type loan assets after deducting from life insurance loans, advanced premiums, and the balance of claims to government agencies, and 2%, 10%, 50%, respectively, of the balances of claims of loan assets from 2nd to 5th types (attention required, recovery expected, recovery difficult, and recovery hopeless), as well as the total of all the balances. 2. 1% of the total of the 1st to 5th types of loan assets after deducting from life insurance loans, advanced premiums and the balance of claims to government agencies. 3. Overdue and non-performing loans that have been reasonably assessed as free of secured claims. 4. If the sum of the minimum allowances for bad debts assessed in accordance with the criteria stated above in the 1st to 3rd subparagraphs is lower than the amount required by generally accepted accounting principles, the latter shall prevail. If the competent authority requires that the allowance for bad debts of specific loan assets be increased in accordance with its standards and deadlines in order to strengthen the capacity for losses of the specific loan assets, the Company shall comply.

On each balance sheet day, the Company compares the changes in the default risk of financial instruments from the initial recognition day, in order to assess whether the credit risk of the financial instruments has increased significantly after the initial recognition. For further information about the credit risks, please see Note 7.

(3) Derecognition of financial assets

The Company’s financial assets are derecognized when one of the following conditions is met:

A. The contractual rights from the cash flows of financial assets are terminated.
B. The financial assets have been transferred and almost all the risks and rewards from the ownership of the assets have been transferred to others.
C. Almost all risks and rewards of asset ownership have neither been transferred nor retained, but control of the assets has been transferred.

When a financial asset is derecognized as a whole, the difference between its book value and the received or receivable consideration plus any cumulative profits or losses recognized as other comprehensive income is recognized as gains and loss.

(4) Financial liabilities and equity instruments

Classification of liabilities or equity

The liabilities and equity instruments issued by the Company are classified as financial liabilities or equity based on the substance of the contractual agreement and the definitions of financial liabilities and equity instruments.

Equity instruments

The Company’s equity instruments refer to any contract with remaining equity after deducting all liabilities from assets. Equity instruments issued by the Company are recognized with the amount received deducting the cost of direct issuance.

Financial liabilities

Financial liabilities applicable to IFRS 9 are classified on initial recognition as financial liabilities at fair value through profit or loss or financial liabilities at amortized cost.

Financial liabilities at fair value through profit and loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated to be measured at fair value through profit or loss.

When one of the following conditions is met, financial liabilities are classified as held for trading:

A. The main purpose of acquisition is to sell them in a short time;
B. on initial recognition, it is a part of the portfolio of identifiable financial instruments under merger management, and there is evidence that the portfolio is to be operated for short-term profits in the near future; or
C. Derivative instruments (except for financial guarantee contracts or designated derivatives that are effective hedging instruments).

For a contract containing one or more embedded derivatives, the overall hybrid (combined) contract can be designated as a financial liability measured at fair value through profit and loss; when one of the following factors is met to provide more relevant information, the hybrid contract can be designated on initial recognition as measured at fair value through profit and loss:

A. The designation can eliminate or significantly reduce inconsistencies in measurement or recognition; or
B. A group of financial liabilities or a group of financial assets and financial liabilities are managed and evaluated on the fair value basis, based on written risk management or investment strategies, and the information on the investment portfolio provided to the management within the consolidated company is also based on fair value.

The profits or losses out of remeasurement of such financial liabilities are recognized as gains and losses, including any interests paid for the financial liabilities.

Financial liabilities measured at mortized cost

Financial liabilities measured at amortized cost include payables and lease liabilities, which are measured by the effective interest method after initial recognition. When financial liabilities are derecognized and amortized by the effective interest method, the related profit or loss and amortization are recognized as gains and losses.

The calculation of the amortized cost considers the discount or premium at the time of acquisition and transaction costs.

Derecognition of financial liabilities

A financial liability is derecognized when its obligation is discharged, cancelled or invalidated.

When the Company and creditors exchange debt instruments with materially different terms, or make major changes to all or part of the terms of existing financial liabilities (whether or not due to financial difficulties), the original liabilities are derecognized and new ones recognized, and when the financial liabilities are derecognized, the difference between their book values and the total considerations paid or payable (including transferred non-cash assets or liabilities assumed) is recognized as gains and losses.

(5) Offset of financial assets and liabilities

Financial assets and financial liabilities can be offset and listed on the balance sheet as a net amount only when the recognized amount currently has legal exercise rights of mutual offsetting and is intended to settle on a net amount or to realize assets and liquidate liabilities at the same time.

(6) Derivative instruments

The derivative instruments signed by the Company include forward foreign exchange contracts, mainly for managing the risk of changes in exchange rates. The initial recognition and subsequent measurement of such derivatives are based on fair value, and when the fair value is positive, the derivatives are recognized as assets, otherwise recognized as liabilities.

(7) Overlay approach for financial assets

When the Company applied IFRS 9 for the first time, the overlay approach described in IFRS 4 “Insurance Contracts” was adopted, and for the designated financial assets, an amount was reclassified between gains and losses and other comprehensive income, making the gains and losses of the designated assets at the closing day of the reporting period equal to the gains and losses of such financial assets if designated to comply with IAS 39. Accordingly, the reclassified amount is the difference between the following two items:

A. Gains and losses of the designated financial assets applicable to IFRS 9; and
B. Gains and losses of such financial assets if designated to comply with IAS 39.

A financial asset meets the specific requirements of the overlay approach only when the following conditions are met:

A. The financial asset is applicable to IFRS 9 through gains and losses measured at fair value, but if IAS 39 is applied, it will not be measured at fair value through gains or losses as a whole; and
B. The financial asset is not held for activities linked to contracts within the scope of IFRS 4 “Insurance Contracts.”

Thereafter, a financial asset is designated as qualified for overlay approach only when one of the following conditions is met:

A. The asset is initially recognized; or
B. The asset is newly qualified for being held for activities linked to the contract within the scope of the IFRS 4 “Insurance Contracts,” but previously did not meet the requirements.

The overlay approach should continue to be applied to the designated financial asset until it is derecognized; however, when the financial asset no longer meets the requirements of being held for activities linked to contracts within the scope of IFRS 4 “Insurance Contracts,” it should be de-designated; also, on the beginning day of any annual period, designations of financial assets to the overlay approach may all be ceased, and when such an act occurs, IAS 8 “Accounting Policy Changes” should be applied.

6. Measurement at fair value

Fair value refers to the price under which an amount is received from selling an asset or paid for transferring a liability in an orderly transaction among market participants on the measurement day. The measurement of fair value assumes that the sale of assets or transfer of liabilities takes place in one of the following markets:

(1) The main market for such assets or liabilities, or
(2) If there is no such a main market, the most favorable market shall apply.

The main market or the most favorable market must be accessible by the market participants.

The fair value of an asset or a liability is assumed by the market participants to price the asset or liability, and it is assumed that the market participants are acting in their best economic interests.

The measurement at fair value of a non-financial asset takes into account the efficacy that the buyer will take the asset to its highest and best use or the seller will sell the asset to the counterpart who will take the asset to its highest and best use, in order to generate economic benefits.

The Company adopts evaluation techniques which allow collection of appropriate and sufficient information under relevant circumstances so as to measure fair values, as well as maximize the use of observable input values and minimize the use of unobservable input values.

7. Property, plant, and equipment

Property, plant, and equipment are recognized based on the acquisition costs, and are listed after deducting accumulated depreciation and accumulated impairment. The said costs include the costs of dismantling and removing the property, plant and equipment and restoring the venue, as well as the necessary interests incurred out of unfinished projects. Significant components of the property, plant, and equipment are depreciated separately. Significant components of the property, plant and equipment that need to be periodically replaced are treated as individual assets, recognized based on their individual service life and depreciated separately. The book value of the replacement cost is derecognized in accordance with IAS 16 "Property, Plant and Equipment." A major maintenance cost qualified for recognition is regarded as replacement cost and recognized as part of the book value of the equipment, while other repair and maintenance expenses are recognized as gains and losses.

Depreciation of the following assets is accrued using the straight-line method, based on the estimated service life:

Buildings and structures	5–60 years
Miscellaneous equipment	3–15 years

The property, plant and equipment or any of its significant components after initial recognition that are disposed of or not expected to generate inflow of economic benefits from future use or disposal are derecognized into gains and losses.

The residual value, service life and depreciation method of the property, plant and equipment are assessed at the end of each fiscal year, and if the expected value is different from the previous estimate, the change is regarded as a change in accounting estimates.

8. Investment property

The company's own investment property is measured at the original cost, including the acquisition cost. The book value of investment property includes the cost of repairing or adding new investment to the property if only the cost is recognizable; however, the maintenance expenses incurred from day to day are not regarded as part of the cost. After initial recognition, the investment property, except for being qualified as a non-current asset held for sale (or included in the disposal group of being held for sale) according to IFRS 5 "Non-current Assets held for Sale and Discontinued Operations," the measurement of investment property is based on the cost model in accordance with IAS 16 "Property, Plant and Equipment"; however, if it is held by the lessee as a right-of-use asset and regarded as not being held for sale according to IFRS 5, the stipulations of IFRS 16 are applied.

Depreciation of the following assets is accrued using the straight-line method, based on the estimated service life:

Buildings and structures	10–60 years

Investment property is derecognized into gains and losses when it is disposed of or will no longer be used and economic benefits out of future disposal are not expected.

Assets are transferred into or out of investment property based on their actual use.

When a property either meets or no longer meets the definition of investment property and evidence shows change of use, the property is either transferred into or out of investment property, accordingly.

9. Leases

On the execution date, a contract is assessed whether it is attributed to, or includes, leasing. If a contract has transferred control of use of identified assets for a period of time in exchange for consideration, it is (or includes) a lease. Whether a contract has transferred control of use of identified assets for a period of time is determined on the basis of the following two factors over the entire period of use:

(1) Obtaining the right to almost all economic benefits from the use of the identified assets; and
(2) The right to direct the use of the identified assets.

For a contract that is attributed to (or includes) a lease, the lease components in the contract are regarded as individual ones and are treated separately from the non-lease components. For a contract that includes one lease component and one or more additional lease or non-lease components, the consideration is allocated to the lease components, based on the relative stand-alone price of each lease component and the aggregate of stand-alone prices of the non-lease components. The relative stand-alone prices of lease and non-lease components are determined on the basis of the prices charged by the lesser (or similar suppliers) separately for the components (or similar components). If the observable stand-alone price is not readily available, the maximized observable information is used to estimate the stand-alone price.

The Company as a lessee

In addition to compliance and selection of short-term leases or leases of low-value target assets, when the Company is the lessee of the lease contract, all the leases are recognized using the right-of-use assets and lease liabilities.

The lease liabilities are measured at present value of the lease payment not yet paid on the commencement date. If the lease implied interest rate is easy to determine, the lease payment is discounted at the said implied interest rate. If it is not, the interest rate for the lessee's incremental borrowing is used. On the commencement date, the lease payments included in the lease liabilities include the following due payments related to the right-to-use assets during the lease period but not yet paid on that date:

(1) Fixed payments (including substantive fixed payments), minus any collectable lease incentives;
(2) Lease payments that vary depending on changes in an index or rate (initial measurement by the index or rate on the commencement date);
(3) The amount expected to be paid by the lessee under the residual value guarantee;
(4) The price of exercising the purchase option, if exercising the option is reasonably assured; and
(5) The penalty payable for the termination of the lease, if in the lease period it shows that the lessee will exercise the option to terminate the lease.

After the commencement date, the lease liabilities are measured at amortized cost, and the effective interest rate method is used to increases the book value of the lease liabilities to reflect the interests on lease liabilities; fulfilled lease payments reduce the book value of lease liabilities.

On the commencement date, the right-of-use asset is measured by the costs, which include:

(1) The amount from initial measurement of the lease liabilities;
(2) Any lease payments paid on or before the commencement date, minus any lease incentives received;
(3) Any initial direct costs incurred by the lessee; and
(4) The estimated cost for the lessee to dismantle and remove the target asset and restore the venue, or restore the target asset to the state required by the lease terms and conditions.

The right-of-use asset is subsequently measured by deducting the accumulated depreciation and accumulated impairment loss from the cost, i.e. using the cost model to measure the right-of-use asset.

If the ownership of the target asset is transferred to the Company, or if the cost of the right-of-use asset reflects that the company will exercise the purchase option, when the lease period expires, the right-of-use asset is depreciated from the commencement date till the end of the service life of the target asset. Otherwise, the right-of-use asset is depreciated from the commencement date till the end of the service life of the right-of-use asset or till the expiration of the lease period, whichever is earlier.

The Company applies IAS 36 “Impairment of Assets” to determine whether the right-of-use asset is impaired and deal with any identified impairment losses accordingly.

In addition to compliance and selection of short-term leases or leases of low-value target assets, the right-of-use assets and lease liabilities are listed in the balance sheet, and the lease-related depreciation and interests are listed in the consolidated income statement.

For short-term leases and leases of low-value target assets, the lease payments are recognized as expenses on a straight-line basis or another systematic basis during the lease period.

<u>The Company as a lesser</u>

The leases are classified into operating and financial ones on the date of contract establishment. A lease transferring almost all the risks and rewards attached to the ownership of the target asset is classified as a financial lease; otherwise, as an operating lease. On the commencement date, the assets held under the financial leases are listed in the balance sheet as financial lease payments receivable based on the net lease investment.

For contracts including lease and non-lease components, the consideration in the contract is allocated in accordance with IFRS 15.

The lease payments out of operating leases are recognized as rental income on a straight-line basis or another systematic basis. Variable lease payments of operating leases that are not dependent on a certain index or rate are recognized as rental income when they occur.

10. Intangible assets

Intangible assets acquired separately are initially recognized at cost. The cost of an intangible asset acquired through a merger is the fair value on the acquisition date. An intangible asset after being initially recognized has its book value based on its cost minus accumulated amortization and accumulated impairment losses. An internally generated intangible asset not qualified for recognition is not capitalized; instead, it is recognized as gains and losses when it occurs.
The service life of intangible assets is assessed as limited.
The intangible asset with a limited service life is amortized over its service life, and an impairment test is performed when a sign of impairment appears. The amortization period and amortization method of intangible assets with limited service life are reviewed at least at the end of each fiscal year. If the estimated service life of an asset is different from the previous estimate or the expected pattern of future economic benefit consumption has changed, the amortization method or amortization period are adjusted and considered as changes in accounting estimates.

The profit or loss arising from derecognition of intangible assets is recognized as gains and losses.

11. Impairment of non-financial assets

On the closing date of each reporting period, assets applicable to IAS 36 are assessed for signs of impairment. If an asset has signs of impairment or is scheduled for an annual impairment test, the asset or the cash-generating unit of the asset is the test target. If the book value of the tested asset or its cash-generating unit is greater than its recoverable amount, an impairment loss is recognized. The recoverable amount is the net fair value or use value, whichever is greater.

At the end of each reporting period, assets other than goodwill are assessed for signs that the impairment loss previously recognized is reduced or no longer exists. If such signs appear, the recoverable amount of the asset or its cash-generating unit is assessed. If the recoverable amount increases due to changes in the estimated service potential of the asset, the impairment loss is reversed. However, if the book value after the reversal does not exceed the value before the impairment loss was recognized, the accrued depreciation or amortization is deducted from the book value.

The impairment loss and the number of reversals of continuing operations are recognized as gains and losses.

12. Segmentation requirements for specific assets

The Company's business of compulsory automobile liability insurance (hereinafter referred to as the Insurance) is based on Article 4 of the "Regulations for the Accounting Arrangement and Procedure of Submitting Business and Financial Reports of Compulsory Automobile Liability Insurance" stipulated in Article 47, Paragraph 3 of the "Compulsory Automobile Liability Insurance Act" for the insurance-related accounting.

The special reserve fund for the Insurance in accordance with Article 5 of the "Regulations for the Management of the Various Reserves for Compulsory Automobile Liability Insurance" is used for purchase of treasury bills or time deposits in financial institutions. However, funds approved by the competent authority may be used to purchase the following domestic securities:

(1) Non-exchangeable government bonds;
(2) Financial bonds, negotiable certificates of deposit, bank acceptance drafts, commercial promissory notes guaranteed by financial institutions. However, financial bonds are limited to general financial bonds.

The amount of the purchased treasure bills and the time deposits in financial institutions shall not be less than 30% of the total retained pure premiums earned that has been certified by a CPA in the most recent period, and the competent authority may also consider the Company's operations to appropriately increase the lower limit of loan-deposit ratio of the time deposits.

If the balance of the special reserve fund has not reached 30% of the retained pure premiums earned that has been certified by a CPA in the most recent period, the reserve shall be fully used to purchase treasure bills or for time deposits in financial institutions.

In accordance with Article 6 of the "Regulations for the Management of the Various Reserves for Compulsory Automobile Liability Insurance," the funds (various reserves, payables, temporary credits and pending transfers) held for the Insurance, except for special reserves as stipulated above, shall be used for demand deposits and time deposits in financial institutions. However, funds approved by the competent authority may be used to purchase the following domestic securities:

(1) Treasury bills;
(2) Negotiable certificates of deposit, bank acceptance drafts, and commercial promissory notes guaranteed by financial institutions;
(3) Repurchase government bonds.

The above demand deposits in financial institutions shall neither be less than 45% of the funds held by the Company for the Insurance after deducting the special reserve and nor be less than 30% of the retained pure premiums earned that has been certified by a CPA in the most recent period, and the competent authority may appropriately increase the loan-deposit ratio of the demand deposits based on the Company's operating conditions.

If the total amount of unearned premium reserve and claims reserve of the Insurance is less than 30% of the retained pure premiums earned that has been certified by a CPA in the most recent period, the funds held for the Insurance shall be fully used for demand deposits in financial institutions.

In accordance with Article 11 of the "Regulations for the Management of the Various Reserves for Compulsory Automobile Liability Insurance," when the property insurance business ceases to operate or ceases to deal with the aforementioned insurance, the various reserves of such insurance shall be transferred and merged into the various reserves of other insurers undertaking such insurance. If there is no other insurer to undertake such insurance, and the liability for the Insurance is over and the special reserve has a positive balance, the asset corresponding to the special reserve shall be transferred to the Motor Vehicle Accident Compensation Fund.

When the property insurance business is ordered to suspend operations for liquidation, or ordered to dissolve, or its license for the Insurance is revoked, if no other insurer undertakes the Insurance, and the liability for the Insurance is over and the special reserve has a positive balance, the asset corresponding to the special reserve shall be transferred to the Motor Vehicle Accident Compensation Fund.

13. Classification of insurance contracts

An insurance contract refers to an agreement in which the insurer accepts the transfer of significant insurance risks from the policyholder, and agrees to compensate the policyholder when an uncertain event (insurance event) occurs in the future and causes damage to the policyholder. The significant insurance risks refer to the occurrence of any insurance event that causes the Company to pay significant amounts of additional benefits.

An insurance contract with a financial product nature refers to a contract that transfers significant financial risks. The financial risk refers to the risk that one or more specific interest rates, financial product prices, commodity prices, exchange rates, price indices, rate indices, credit ratings, credit indices or other variables may change in the future. If any of the above variables is non-financial, it is not regarded as held by a party to the contract.

An insurance policy that meets the definition of an insurance contract at initial judgment remains an insurance contract before all its rights and obligations disappear or expire, even if the insurance risks it undertakes during the policy period has been significantly reduced. However, if an insurance contract with a financial product nature transfers significant insurance risks to the Company after its renewal, it is reclassified as an insurance contract.

14. Insurance liability

The insurance liability reserve provided for insurance contracts is based on the "Regulations on Insurance Companies Various Reserves," "Regulations for the Management of the Various Reserves for Compulsory Automobile Liability Insurance," "Risk Spreading Mechanism of Residential Earthquake Insurance," "Regulations on Property Insurance Companies Various Reserves for Energy Insurance," "Property Insurance Companies Reserves for Commercial Earthquake Insurance and Typhoon Flood Insurance," and "Notes on Strengthening Property Insurance Companies Reserves for Natural Disaster Insurances," and certified by an FSC-licensed actuary. The insurance liability reserves are provided as follows:

(1) Unearned premium reserve

For valid contracts not yet expired or underwriting risks not yet terminated during the insurance period, the unearned premium reserve is set aside based on calculated unexpired risks of individual insurances.

(2) Loss reserve

The loss reserve is calculated based on the insurance types and past claims experience and expenses by actuarial principles, and provided in accordance with the reported but not settled (outstanding loss) and unreported claims, while the outstanding loss are calculated on a case-by-case basis by the insurance types.

(3) Special reserves

Special reserves are divided into “Special Reserves for catastrophic event” and “Special Reserves for fluctuation of risk,” and in accordance with IAS 12 “Income Taxes,” the annually added provisions are deducted by the income taxes and listed in the special surplus reserve under equity. The amount to be written down or recovered as required by statutory regulations and deducted by income tax in accordance with IAS 12 can be carried out from the appropriated retained earnings of the special surplus reserve under equity.

On January 1, 2013, the special reserves initially set aside under insurance liabilities, including special reserves for catastrophic event and special reserves for fluctuation of risk for insurance types other than compulsory automobile liability insurance, nuclear energy insurance, policy-based basic residential earthquake insurance, commercial earthquake insurance, and typhoon flood insurance , have the highest priority to supplement the special reserves for catastrophic event and special reserves for fluctuation of risk to full level, listed under liabilities, and in accordance with IAS 12, the special reserves for catastrophic event and special reserves for fluctuation of risk of other insurance types are deducted by income taxes and listed in the special surplus reserve under equity.

Special reserves for catastrophic event

The reserve for each insurance type is set aside in accordance with the ratio of special reserve for catastrophic event as stipulated by the competent authority.

For an accident qualified for the major disaster conditions issued by the authority, where the total amount of individual company’s accumulated retained claims for each insurance type amounts to $30,000, and the total amount of the overall property insurance industry’s claims payable for each insurance type exceeds $2,000,000, the claims can be written down from the special reserve for the catastrophic event.

Catastrophic event special reserves for commercial earthquake insurance and typhoon flood insurance provided for more than 30 years can be withdrawn; catastrophic event reserves for other insurance types provided for more than 15 years can have a withdrawal mechanism established by an actuary and sent to the competent authority for reference.

Special reserves for fluctuation of risk

When the balance of the actual indemnity of an insurance written down from the insurance's catastrophic event special reserve exceeds the expected indemnity, if it is a commercial earthquake insurance or a typhoon flood insurance, a special reserve for fluctuation of risk equal to 75% of the difference is set aside, and for the other insurance types, the special reserve is 15% of the difference.

When the balance of the actual indemnity of an insurance written down from its special reserve for catastrophic event exceeds the expected indemnity, the excess may be written down from the special reserve for fluctuation of risk. If the special reserve for fluctuation of risk is insufficient to write down the indemnity, special reserves for fluctuation of risk provided for other insurance types may be used for the write-down, and the insurance types as well as the amounts of the substitute write-down should comply with relevant regulations set by the competent authority and sent to the authority for reference.

When the accumulated special reserve for the fluctuation of risk in commercial earthquake insurance exceeds 18 times its current year's retained premiums earned, or such a reserve for the typhoon flood insurance exceeds 8 times its current year's retained premiums earned, or such a reserve for the accident insurance or the health insurance exceeds 30% of its current year's retained premiums earned, or such a reserve for other type insurance exceeds 30% of its current year's retained earned premium, the excess is withdrawn.

(4) Premium deficiency reserve

The unexpired contracts or undertaken risks during the insurance period are assessed for possible claims and expenses in the future, and if the assessment exceeds the unearned premium reserve and expected future premium revenues, the premium deficiency reserve is provided.

(5) Policy reserve

The minimum Policy reserve of a health insurance with a period of more than one year is regularly revised on an annual basis. The Policy reserve for a health insurance with special features is determined by the competent authority.

15. Liability adequacy test

In accordance with Article 24-1 of the "Regulations on Insurance Companies Various Reserves" to test an insurance contract for its liability adequacy required by IFRS 4, the insurance's future cash flow is assessed based on the current information on each balance sheet date to test the adequacy of recognized insurance liabilities, and a reserve for the inadequacy is provided based on the principle of actuarial practice.

16. Treasury stock

Treasury stocks are recognized at the acquisition cost and listed as a deduction of equity. The trading spread of treasury stocks is recognized under equity.

17. Share-based payment transactions

The cost of stock-based payment transactions between the Company and employees for equity delivery is measured at fair value of the equity instrument on the date of grant, and the fair value is measured by an appropriate pricing model. The date that the subscription price and the number of shares are confirmed is the grant date, on which the expenses are recognized at the fair value of the equity instruments, and the equity is increased accordingly.

18. Insurance premium revenues and acquisition costs

The insurance premium revenues of the direct underwriting business are recognized based on all the insurance policies undertaken and approved in the current period; the ceded-in reinsurance premium revenues are regularly booked on the bill arrival date, and on the balance sheet date the unreached reinsurance premium revenues are assessed with a reasonable and systematic method. The related acquisition costs (such as commission expenses, agency fees, handling fees and reinsurance commissions) are recognized in the same period without being deferred.

The unearned premium reserve is set aside for valid insurance contracts not expired or with undertaking risks not yet terminated during the insurance period, and the unearned premiums are calculated based on the unexpired risks of individual insurances, for which the reserves are set aside by the insurance categories.

The unearned premium reserve for the compulsory automobile liability insurance is set aside in accordance with the provisions of the “Regulations for the Various Reserves for Compulsory Automobile Liability Insurance.”
The unearned premium reserve for the residential earthquake insurance is set aside in accordance with the “Enforcement Rules for the Risk Spreading Mechanism of Residential Earthquake Insurance.”

The unearned premium reserve for the nuclear energy insurance is set aside in accordance with the “Regulations on Property Insurance Companies Various Reserves for Energy Insurance” (Jinguanbaocai Zi No. 10102517091).

Unless otherwise stipulated by laws, provision for the unearned premium reserve is decided by an actuary based on the insurance attributes, and the amount (no change permitted unless approved by the competent authority) is certified by a certified actuary.

Taxes related to insurance business incomes are recognized on an accrual basis in accordance with the laws of value-added taxes, non-value-added taxes and stamp taxes.

19. Costs of insurance claims

Insurance claims of direct underwriting are recognized based on the reported and settled claims (including indemnity expense) incurred and accepted in the current period, and if the claims department has determined the amount of the claims while the accounting and financial department has not yet performed the payment procedure, or if the claims department has not yet determined the amount of the claims, the claims are estimated according to actual data on a case-by-case basis by insurance category, and recognized as a net change in reserve for RBNS claims.

The reinsurance claims of ceded-in reinsurance are booked on the bill arrival date, and on the balance sheet date, unreached reinsurance claims are estimated with a reasonable and systematic method and recognized as a net change in the claims reserve.

Unreported insurance claims of ceded-in reinsurance and direct underwriting are calculated based on past claims experience and expenses by the insurance type, in accordance with actuarial principles, and are recognized as a net change in the reserve for unreported claims.

The claims recoverable from reinsurers (including claim expenses) of a ceded reinsurance contract, if already paid, are recognized as claims recovered from reinsurers; if they are Outstanding loss or unreported (including claim expenses), they are recognized as a net change in the Loss reserve.

The Loss reserve is not calculated by discount.

Claims reserve for the compulsory automobile liability insurance is set aside in accordance with the “Regulations for the Management of the Various Reserves for Compulsory Automobile Liability Insurance.”

Claims reserve for the residential earthquake insurance is set aside in accordance with the “Risk Spreading Mechanism of Residential Earthquake Insurance.”

Claims reserve for the nuclear energy insurance is set aside in accordance with the “Regulations on Property Insurance Companies Various Reserves for Energy Insurance” (Jinguanbaocai Zi No. 10102517091).

20. Undertaking remnants and subrogation rights

The remnants of the direct underwriting business that are accepted by law as a result of the claims settlement are recognized at fair value; for the right of recovery of the equity of an underwriting object obtained by law, if the actual recovery situation is clear (likely future inflow of economic benefits) and the amount can be reliably measured, it is recognized.

21. Reinsurance

In order to limit the amount of losses that may be caused by certain risk exposure events, the Company operates the reinsurance business in accordance with the business needs and relevant insurance laws and regulations. For the ceded reinsurance, the Company shall not refuse to perform its obligations to the insured on the grounds that the reinsurer has failed to perform its obligations.

The ceded reinsurance business is recognized as reinsurance expenses by ceded reinsurance contracts. Its financial report includes considerations for the deadline and should be consistent with the premium revenues. On the balance sheet date, unreached reinsurance expenses are estimated with a reasonable and systematic method. Its related income (e.g. reinsurance commission income) are recognized in the same period. The relevant reinsurance gains and losses are not deferred.

Reinsurance reserves include: ceded unearned premium reserve, ceded Claims reserve, ceded policy reserve, ceded premium deficiency reserve, and ceded liabilities adequacy reserve, which are the rights to the reinsurer in accordance with the "Regulations on Insurance Companies Various Reserves" and the reinsurance contracts.

The Company's rights to the reinsurer are reinsurance contract assets, including reinsurance reserve assets, claims recoverable from reinsurers, and net due from reinsurers and ceding companies, which are regularly assessed to determine whether they have been impaired or cannot be recovered. When objective evidence shows that events that occurred after the initial recognition of the reinsurance contract assets may make it impossible to recover all of the receivables specified in the contract, and the impact on the amounts recoverable from the reinsurer can be reliably measured, the portion of the recoverable amounts less than the book value of the reinsurance contract assets is recognized as impairment losses. The reinsurance contracts are classified by determining whether they transfer significant insurance risks to the reinsurer, and if not, the contracts are measured and recognized by deposit accounting.

22. Co-insurance organization, co-insurance and guarantee fund agreement

The Company has entered into a "Compulsory Automobile Liability Insurance Co-Insurance Contract" with all member companies that have been approved by the competent authority to operate compulsory automobile liability insurance, agreeing that all the underwritten business is included in the co-insurance, and violators must pay liquidated damages, and the co-insurance organization may audit the business. The underwritten co-insurance business is calculated based on pure premiums, which are allocated according to the agreed co-insurance ratio. Any member company participating in the co-insurance shall not arbitrarily withdraw from the business, except for liquidation or closure. Ceasing to operate the automobile liability insurance business spells withdrawal from the co-insurance at the same time, and the natural maturity mechanism is applied to the unexpired liabilities.

The company has entered into a "Travel Agency Performance Bond Co-Insurance Contract" with property insurance companies in the underlying business and reinsurance companies, agreeing that all the underwritten business is included in the co-insurance, and violators must pay liquidated damages, and the co-insurance organization may audit the business. The underwritten co-insurance business is calculated based on the inclusion of co-insurance premiums (i.e. risk premiums), and each member company bears its own co-insurance liabilities according to its underwriting portion, and is not jointly liable. A member company may notify the co-insurance organization in writing to withdraw from the co-insurance three months before the beginning of the following year; its initial co-insurance underwriting portion remains till the end of the current year, and it continues to be responsible for the unfulfilled liabilities till their natural maturity.

23. Stability fund

To protect the basic rights and interests of the insured and maintain financial stability according to Article 143-1 of the Insurance Law, a stability fund is established, of which a fund for compulsory insurance is set aside with the contribution rate based on Article 44 of the Compulsory Automobile Insurance Act, and another fund for non-compulsory insurance is also set aside according to the "Life Insurance and Property Insurance Stability Fund Contribution Standard," both of which are deposited in the Property Insurance Stability Fund, and booked under the account of Stability Fund Expenditure.

24. Retirement Benefits Plan

The Company's employee retirement plan is applicable to all employees who are officially employed, and a retirement fund is fully set aside for the management by the Supervisory Committee of Business Entities' Labor Retirement Reserve and deposited into a dedicated pension fund account; since the retirement fund is deposited in the name of the committee, it is completely separated from the Company, and therefore not included in the above financial statements.

For the post-retirement benefit plan of the defined contribution plan, the monthly pension contribution rate shall not be less than 6% of the employee's monthly salary, and the amount allocated is recognized as current expenses.

The post-retirement benefit plan of the defined benefit plan is listed based on an actuarial report with the projected unit credit method on the closing date of the reporting period. The remeasurement of the net defined benefit liability (asset) includes any changes in the return of plan assets and the impact of the asset ceiling, minus the net interest of the net defined benefit liability (asset), and actuarial gains and losses. When the remeasurement of the net defined benefit liability (asset) occurs, it is listed under other comprehensive income, and immediately recognized in retained surplus. The service cost of previous period is the amount of change in the present value of the defined benefit obligation caused by the planned revision or reduction, and is recognized as an expense on the earlier date of the following two:

(1) When the planned revision or reduction occurs; and
(2) When the related restructuring costs or resignation benefits are recognized.

The net interest of the net definite benefit liability (asset) is determined by multiplying the net defined benefit liability (asset) by the discount rate, both of which are determined at the beginning of the annual reporting period, and then in consideration of any change in the net defined benefit liability (asset) due to the appropriated amount and benefit payment.
When the loss is recognized as gains and losses, any exchange component of the profit or loss is recognized as gains and losses.

25. Taxation

The income tax expense (benefit) refers to the aggregate amount related to the current income tax and deferred income tax included in the current gains and losses.

Income tax expenses in the current period

The current income tax liability (asset) related to the current and previous periods is measured by the tax rate and tax laws that have been legislated or substantively legislated at the end of the reporting period. The current income tax and those recognized as other comprehensive income or directly recognized as equity are respectively recognized as other comprehensive income other than gains and losses.

The additional profit-making enterprise income tax on the undistributed surplus is recognized as income tax expense on the day when the shareholders' meeting decides the surplus distribution.

Deferred tax

The deferred income tax is calculated based on the temporary difference between the tax basis of assets and liabilities and the book value on the balance sheet at the end of the reporting period.

Except for the following two, all the taxable temporary differences are recognized as deferred income tax liabilities:

(1) The initial recognition of goodwill; or the initially recognized assets or liabilities that are not generated by a business merger and does not affect accounting profits at the time of the transaction, nor does it affect the taxable incomes (losses), and no equivalent taxable and deductible temporary differences arise at the time of the transaction.
(2) Taxable temporary differences arising from investment in subsidiaries, affiliates and joint agreement equity, whose reversal timing is controllable and is unlikely to be reversed in the foreseeable future.

Except for the following two, deductible temporary differences, unused tax losses and deferred income tax assets arising from unused tax deductions are recognized within the range of possible future taxable incomes:

(1) Deductible temporary differences related to the initially recognized assets or liabilities from non-merger transactions that neither affect accounting profits nor taxable incomes (losses) at the time of the transaction, and no equivalent taxable and deductible temporary differences arise at the time of the transaction.
(2) Deductible temporary differences related to investment in subsidiaries, affiliates, and joint agreement equity that are likely to be reversed only in the foreseeable future, and recognized with sufficient taxable income at the time of reversal for use by the temporary differences.

Deferred income tax assets and liabilities are measured by the tax rate for the period in which the assets are expected to be realized or the liabilities settled, and the tax rate is based on the tax rate and tax law that has been legislated or substantively legislated at the end of the reporting period. The measurement of deferred income tax assets and liabilities reflects the tax consequences arising from the book value of the assets expected to be recovered or the liabilities to be settled at the end of the reporting period. The deferred income tax related to items not recognized as gains and losses is not recognized as gains and losses; instead, it is recognized as other comprehensive income or directly as equity depending on it transaction. Deferred income tax assets are reviewed and recognized at the end of the reporting period.

The deferred income tax assets and liabilities have the statutory enforcement power to offset only the current income tax assets and liabilities, where the deferred income tax belongs to the same taxpayer and levied by the same tax authority.

According to the International Tax Reform—Pillar Two Model Rules (Amendment to IAS12)
The amendments introduce a temporary exception to the accounting requirements for deferred taxes in IAS 12, so that an entity would neither recognise nor disclose information about deferred tax assets and liabilities related to Pillar Two income taxes.

The interim income tax expenses are accrued and disclosed at the tax rate applicable to the expected total earnings of the current year, that is, the estimated annual average effective tax rate is applied to the net income before tax of the interim period. The estimated annual average effective tax rate only includes the current income tax expense. The deferred income tax is consistent with the annual financial report and is recognized and measured in accordance with the provisions of IAS 12 "Income Tax." When there is change in tax rate during the interim period, the impact of the change in tax rate on the deferred income tax shall be entirely recognized in the profit and loss, other comprehensive profit and loss, or directly recognized in the equity.

5. Main Source of Significant Accounting Judgment, Estimates and Assumptions Uncertainty

The preparation of the Company's financial statements requires the corporate management to make judgments, estimates and assumptions at the end of the reporting period, which affects the disclosure of revenues, expenses, and assets and liabilities as well as contingent liabilities. However, the uncertainties in these major assumptions and estimates may result in significant future adjustments to the book value of the assets or liabilities.

1. Judgments

In the process of adopting the Company's accounting policies, the corporate management makes the following judgments that have a significant impact on the amounts recognized in the financial statements:

(1) The level of significance of insurance risk transfer measured based on the risk ratio of the initial insurance policy.

Insurance policy risk ratio
= (Amount paid by the insurance company under the scenario of an insured accident/Amount paid by the insurance company under the scenario of a non-insured accident-1)×100%
The initial insurance policy that meets one of the following conditions is recognized as an insurance contract:

A. The insurance period is greater than or equal to 5 years, and at least 5 policy years with the risk ratio greater than 10% (or 5%);

B. The insurance period is less than 5 years, and more than half of the policy years with the risk ratio greater than 10% (or 5%).

The formula to calculate the insurance risk ratio shows that apparently property insurance policies usually meet the conditions for transferring significant insurance risks, and therefore insurers can often directly recognize most property insurance policies as insurance contracts without calculating the risk ratio of the initial insurance policy.

(2) Use the risk ratio of the reinsurance policy to measure the level of significance of the insurance risk transfer.

The reinsurance policy risk ratio = (Σ present value of the net loss incurred by the ceded-in reinsurer × probability of occurrence/present value of the expected premium of the ceded-in reinsurer) × 100%

The reinsurance policy with risk ratio greater than 1% is recognized as a reinsurance contract.

2. Estimates and assumptions

The main information source of uncertainty about the future estimates and assumptions made at the end of the reporting period has a significant risk of causing significant adjustments in the book value of assets and liabilities in the next fiscal year. It is described as follows:

(1) Fair value of financial instruments

When the fair value of financial assets and financial liabilities recognized on the balance sheet cannot be obtained from the active market, the fair value is determined using valuation techniques, including income approach (such as discounted cash flow model) or market approach, whose assumed changes will affect the fair value of the reported financial instruments. Please see Note 7 for details.

(2) Insurance liabilities

The insurance liabilities are measured in accordance with the "Regulations on Insurance Companies Various Reserves"

The unearned premium reserve is calculated based on the unexpired risks by risk types, and the reserves are set aside in accordance with the risk characteristics determined by the actuary.

The Claims reserve is estimated based on the past claim experiences and settlement expenses and actuarial principles. The main assumptions are the loss development factor and the expected claim rate, leading to the final indemnity cost. The loss development factors and expected claim rates are based on the Company's historical claim experiences, taking into account adjustments to the Company's policies such as fee rates and claims management.

(Expressed in thousands of New Taiwan dollars, unless otherwise stated)

The estimation of the liability adequacy reserve complies with the "Actuarial Standards of Practice of Promulgation 40 - Contract Classification and Liability Adequacy Test" promulgated by the Actuarial Association of Chinese Taipei. When the liability adequacy reserve is assessed, the current estimate of the insurance contract future cash flow is based on reasonable estimation of future insurance benefits, premium revenues and related expenses.

The professional judgment used in the above liability assessment affects the net change in insurance liabilities and the insurance liabilities recognized in the financial statements.

(3) Reinsurance reserve asset

It includes ceded unearned premium reserve, ceded claims reserve, ceded liability reserve, ceded premium deficiency reserve, and ceded liability adequacy reserve. The reserves are estimated in accordance with the "Regulations on Insurance Companies Various Reserves" and by the terms of the reinsurance contracts.

(4) Post-retirement benefit plan

The pension costs of the post-retirement benefit plan and the present value of the defined benefit obligations are decided by the actuarial valuation. The actuarial valuation involves a variety of assumptions, including: determined discount rates as well as increases in future wages, mortality and pension payments. For detailed descriptions of the assumptions used to measure the pension costs and the defined benefit obligations, please see Note 6.

6. Major accounting items described

1. Cash and cash equivalents

(1) This item is detailed as follows:

Item	2024.3.31	2023.12.31	2023.3.31
Cash on hand	$6,926	$6,199	$6,552
Working capital	1,818	1,788	1,703
Check deposit	21,798	62,961	32,202
Demand deposits	452,632	483,556	1,100,589
Time deposits	13,235,345	10,994,820	10,185,315
Total	$13,718,519	$11,549,324	$11,326,361

(1) For the guarantee provided with the Company's bank deposits, please see Note 9.

(2) The company lists the time deposit account with a contract period of more than 12 months under other financial assets, please see Note 6.

2. Accounts receivable

(Expressed in thousands of New Taiwan dollars, unless otherwise stated)

(1) This item is detailed as follows:

Item	2024.3.31	2023.12.31	2023.3.31
Notes receivable	$352,707	$279,069	$325,385
Notes receivable- Non-performing loans	86	812	160
Less: Allowance for losses	(3,613)	(3,602)	(3,414)
Net amount	$349,180	$276,279	$322,131
Insurance premium receivable	$1,228,273	$1,293,729	$732,936
Insurance premium receivable – Non-performing loans	482,238	200,838	405,598
Less: Allowance for losses	(64,578)	(36,665)	(45,269)
Net amount	$1,645,933	$1,457,902	$1,093,265
Other receivables	$531,292	$460,685	$415,175
Other receivable- Non-performing loans	91	5	45
Less: Allowance for losses	(2,045)	(2,297)	(1,706)
Net amount	$529,338	$458,393	$413,514

(2) The aging analysis of accounts receivable:

Item	2024.3.31	2023.12.31	2023.3.31
Notes receivable			
Less than 90 days	$352,722	$279,810	$325,473
91–365 days	-	-	-
More than 366 days	71	71	72
Total	$352,793	$279,881	$325,545
Insurance premium receivable			
Less than 90 days	$1,228,273	$1,293,729	$732,936
91–365 days	444,010	183,874	376,675
More than 366 days	38,228	16,964	28,923
Total	$1,710,511	$1,494,567	$1,138,534
Other receivables			
Less than 90 days	$531,292	$460,685	$415,175
91–365 days	91	5	45
More than 366 days	-	-	-
Total	$531,383	$460,690	$415,220

(3) The Impairment is assessed according to the “Guidelines for Handling Assessment of Assets, Overdue and Non-Performing Loans and Bad Debts by Insurance Enterprises” and IFRS 9. For the details of allowance for losses, please see Note 7.

(Expressed in thousands of New Taiwan dollars, unless otherwise stated)

3. Financial assets and financial liabilities at fair value through profit or loss

(1) This item is detailed as follows:

Item	2024.3.31	2023.12.31	2023.3.31
Financial assets mandatorily measured at fair value through profit or loss:			
Fund	$603,603	$1,322,650	$2,665,433
Stock	4,607,973	4,888,016	3,290,693
Financial bonds	51,134	51,137	51,133
Asset securities	1,106,058	913,363	944,569
Derivatives	-	35,086	-
Total	$6,368,768	$7,210,252	$6,951,828

Item	2024.3.31	2023.12.31	2023.3.31
Financial liabilities mandatorily measured at fair value through profit or loss:			
Derivatives	$157,425	$30,933	$165,375

(2) No guarantee provided for the financial assets at fair value through profit or loss.

(3) For the details of derivatives, please see Note 23.2.

(4) Since the application of IFRS 9, the Company has also adopted the overlay approach of IFRS 4 “Insurance Contracts” to express profit or loss of the designated financial assets. The financial assets related to the invested insurance contracts and designated to the overlay approach are as follows:

	2024.3.31	2023.12.31	2023.3.31
Financial assets mandatorily measured at fair value through profit or loss:			
Fund	$603,603	$1,322,650	$2,665,433
Stock	4,607,973	4,888,016	3,290,693
Asset securities	1,106,058	913,363	944,569
Total	$6,317,634	$7,124,029	$6,900,695

(5) During January 1 to March 31, 2024 and January 1 to March 31, 2023, respectively, the amounts of reclassification between profit or loss and other comprehensive income of such financial assets designated to the overlay approach are as follows:

(Expressed in thousands of New Taiwan dollars, unless otherwise stated)

	2024.1.1-2024.3.31	2023.1.1-2023.3.31
Gains (losses) due to applying IFRS 9 to profit or loss	$231,323	$370,161
(Gains) losses if applying IAS 39 to profit or loss	(164,441)	(36,346)
Gains (losses) on reclassification using overlay approach	$66,882	$333,815

Due to the adoption of overlay approach, profits from financial assets at fair value through profits or loss are decreased from profit NT$58,490 thousand to loss NT$8,392 thousand and the decreased from profit NT$365,050 thousand to profit NT$31,235 thousand during January 1 to March 31, 2024 and January 1 to March 31, 2023, respectively.

4. Financial assets at fair value through other comprehensive income

(1) This item is detailed as follows:

Item	2024.3.31	2023.12.31	2023.3.31
Equity instruments measured at fair value through other comprehensive income:			
Unlisted stocks (including OTC)	$214,025	$228,470	$237,183
Preference shares	824,745	814,792	851,053
Debt instruments measured at fair value through other comprehensive income:			
Corporate bonds	318,398	320,679	304,225
Total	$1,357,168	$1,363,941	$1,392,461

(2) The Company's dividend income related to equity instrument investments measured at fair value through other comprehensive income during January 1 to March 31, 2024 and January 1 to March 31, 2023, None of the dividend income was recognized, there are no exclusions either.

(3) No guarantee provided for the financial assets measured at fair value through other comprehensive income. For details of relevant credit risks, please see Note 7.

5. Financial assets at amortized cost

Item	2024.3.31	2023.12.31	2023.3.31
Government bonds	$520,613	$521,560	$524,915
Corporate bonds	9,299,292	8,923,323	8,196,032
Financial bonds	3,314,060	3,313,260	2,700,000
Less: Refundable deposits	(520,530)	(521,477)	(524,846)
Less: Allowance for losses	(11,869)	(11,743)	(8,240)
Total	$12,601,566	$12,224,923	$10,887,861

There was no disposal of financial assets at amortized cost during January 1 to March 31, 2024.From January 1 to March 31, 2023, the company disposed of some corporate bonds in advance due to long-term asset allocation considerations and the individual and aggregated amounts were not significant, resulting in a disposal loss of NT$19,087 thousand.

(Expressed in thousands of New Taiwan dollars, unless otherwise stated)

The Refundable deposit takes the government bonds as its collateral and re-recognized as a refundable deposit. Please see Note 9 for more information. For information about the credit risks, please see Note 7.

6. other financial assets

Item	2024.3.31	2023.12.31	2023.3.31
Time deposits	$300,000	$300,000	$300,000
Less: Allowance for losses	(222)	(221)	(44)
Net amount	$299,778	$299,779	$299,956

No guarantee provided for the other financial assets. For details of relevant credit risks, please see Note(VII.)

7. Reinsurance assets

Item	2024.3.31	2023.12.31	2023.3.31
Claims Recoverable from Reinsurers - net	$199,761	$373,894	$306,525
Claims Recoverable from Reinsurers – Non-Performing Loans	6,632	-	-
Less: Allowance for losses	(2,821)	(3,805)	(3,065)
Net amount	$203,572	$370,089	$303,460
Due from Reinsurers & Ceding Companies	$815,294	$776,851	$806,349
Due from Reinsurers & Ceding Companies – Non-Performing Loans	91,731	87,776	64,004
Less: Allowance for losses	(48,826)	(42,164)	(28,220)
Net amount	$858,199	$822,463	$842,133
Reinsurance reserve assets			
Ceded unearned premium reserve	$3,085,235	$3,104,528	$2,694,357
Ceded Claims reserve	2,878,614	3,070,932	3,820,742
Ceded premium deficiency reserve	-	-	2,101
Total	$5,963,849	$6,175,460	$6,517,200

8. Property, plant, and equipment

(Expressed in thousands of New Taiwan dollars, unless otherwise stated)

(1) This item is detailed as follows:

	Land	Buildings and Constructions	Miscellaneous equipment	Prepayments for equipment	Total
Costs:					
2024.1.1	$748,383	$490,215	$492,117	$56,943	$1,787,658
Additions	-	-	4,479	1,190	5,669
Disposals	-	-	(1,090)	-	(1,090)
Transfer	-	-	7,691	(15,505)	(7,814)
2024.3.31	$748,383	$490,215	$503,197	$42,628	$1,784,423
2023.1.1	$748,383	$490,215	$457,000	$35,069	$1,730,667
Additions	-	-	8,245	7,758	16,003
Disposals	-	-	(8,740)	-	(8,740)
Transfer	-	-	186	(2,186)	(2,000)
2023.3.31	$748,383	$490,215	$456,691	$40,641	$1,735,930
Depreciation & impairment:					
2024.1.1	$-	$(234,496)	$(386,402)	$-	$(620,898)
Depreciation	-	(1,975)	(11,726)	-	(13,701)
Disposals	-	-	1,078	-	1,078
Transfer	-	-	-	-	-
2024.3.31	$-	$(236,471)	$(397,050)	$-	$(633,521)
2023.1.1	$-	$(226,595)	$(357,133)	$-	$(583,728)
Depreciation	-	(1,975)	(10,070)	-	(12,045)
Disposals	-	-	8,730	-	8,730
Transfer	-	-	-	-	-
2023.3.31	$-	$(228,570)	$(358,473)	$-	$(587,043)
Carrying amount:					
2024.3.31	$748,383	$253,744	$106,147	$42,628	$1,150,902
2023.12.31	$748,383	$255,719	$105,715	$56,943	$1,166,760
2023.3.31	$748,383	$261,645	$98,218	$40,641	$1,148,887

(3) The above assets were not pledged to others as collateral.

9. Investment property

(Expressed in thousands of New Taiwan dollars, unless otherwise stated)

(1) This item is detailed as follows:

	Land	Buildings and Constructions	Total
Costs:			
2024.1.1	$2,146,513	$614,607	$2,761,120
Additions	-	-	-
Transfer	-	-	-
2024.3.31	$2,146,513	$614,607	$2,761,120
2023.1.1	$2,146,513	$614,607	$2,761,120
Additions	-	-	-
Transfer	-	-	-
2023.3.31	$2,146,513	$614,607	$2,761,120
Depreciation & impairment:			
2024.1.1	$(22,608)	$(193,877)	$(216,485)
Depreciation	-	(4,268)	(4,268)
Transfer	-	-	-
2024.3.31	$(22,608)	$(198,145)	$(220,753)
2023.1.1	$(22,608)	$(176,806)	$(199,414)
Depreciation	-	(4,268)	(4,268)
Transfer	-	-	-
2023.3.31	$(22,608)	$(181,074)	$(203,682)
Carrying amount:			
2024.3.31	$2,123,905	$416,462	$2,540,367
2023.12.31	$2,123,905	$420,730	$2,544,635
2023.3.31	$2,123,905	$433,533	$2,557,438

	2024.1.1-2024.3.31	2023.1.1-2023.3.31
Rental income from investment property	$19,217	$19,620
Less: direct operating expenses incurred by investment property that generates rental income in the current period	(451)	(239)
Total	$18,766	$19,381

(2) The above assets were not pledged to others as collateral.

(Expressed in thousands of New Taiwan dollars, unless otherwise stated)

(3) The investment property is not measured at fair value, but the fair value information is revealed, and the fair value is of level 3. As of March 31, 2024, December 31, 2023 and March 31, 2023, the fair values of the investment property was NT$3,157,695 thousand and NT$3,157,695 thousand and NT$3,100,351 thousand, respectively, and the fair values were evaluated by an external independent valuation expert. The fair values were determined and supported by market evidence, using at least two evaluation methods, such as comparative approach and cost approach, and estimated with the weighted score method, in which the main parameters used are:

	2024.3.31	2023.12.31	2023.3.31
Discount rate	1.55%~3.78%	1.55%~3.78%	0.79%~4.71%

10. Intangible assets

Item	2024.3.31	2023.12.31	2023.3.31
Computer software cost	$275,806	$269,286	$269,286
Increase in the current period	3,349	2,756	2,000
Transfer in the current period	7,814	3,764	2,000
Total	$286,969	$275,806	$273,286
Computer software cost – cumulative amortization	$(256,637)	$(246,440)	$(246,440)
Increase in the current period	(2,901)	(10,197)	(2,734)
Total	$(259,538)	$(256,637)	$(249,174)
Carrying amount:	$27,431	$19,169	$24,112

11. Other assets

(1) This item is detailed as follows:

Item	2024.3.31	2023.12.31	2023.3.31
Prepayments	$24,698	$29,080	$20,939
Refundable deposits	812,980	805,358	660,638
Other assets - others	77,035	80,672	77,971
Total	$914,713	$915,110	$759,548

(Expressed in thousands of New Taiwan dollars, unless otherwise stated)

(2) The refundable deposits are detailed as follows:

Item	2024.3.31	2023.12.31	2023.3.31
Insurance business deposits	$520,530	$521,477	$524,846
Club deposits	37,679	37,679	37,679
Other deposits	270,250	261,681	113,592
Less: cumulative impairment loss	(15,479)	(15,479)	(15,479)
Total	$812,980	$805,358	$660,638

(3) In accordance with Articles 141 and 142 of the Insurance Law, bonds are deposited in the Central Bank as the insurance deposits.

12. Accounts Payables

Item	2024.3.31	2023.12.31	2023.3.31
Claims and benefits payable	$16,573	$17,725	$19,007
Commission payable	279,163	258,236	279,163
Due to Reinsurers & Ceding Companies	1,812,870	1,699,726	1,478,675
Other payables	851,108	1,123,463	755,250
Total	$2,959,714	$3,099,150	$2,532,095

13. Insurance liabilities

Item	2024.3.31	2023.12.31	2023.3.31
Unearned premium reserve	$13,954,264	$13,460,356	$13,024,472
Claims reserve	10,192,188	10,019,961	10,977,505
Special reserve	2,122,388	2,111,724	2,047,925
Premium deficiency reserve	1,652	2,235	14,003
Policy reserve	31	52	126
Total	$26,270,523	$25,594,328	$26,064,031

(1) Unearned premium reserve

① Unearned premium reserve & ceded unearned premium reserve

2024.3.31

(Expressed in thousands of New Taiwan dollars, unless otherwise stated)

Item	Unearned premium reserve Direct underwriting (including ceded-in reinsurance)	Ceded unearned premium reserve Ceded reinsurance	Retention
Fire insurance	$2,415,950	$(1,014,843)	$1,401,107
Marine insurance	398,863	(264,412)	134,451
Motor insurance	6,580,987	(611,187)	5,969,800
Engineering insurance	2,075,955	(967,294)	1,108,661
Liability insurance	1,543,901	(156,775)	1,387,126
Accident & health insurance	938,608	(70,724)	867,884
Total	$13,954,264	$(3,085,235)	$10,869,029

	2023.12.31		
Item	Unearned premium reserve Direct underwriting (including ceded-in reinsurance)	Ceded unearned premium reserve Ceded reinsurance	Retention
Fire insurance	$2,514,088	$(1,169,445)	$1,344,643
Marine insurance	449,099	(288,599)	160,500
Motor insurance	6,538,099	(638,757)	5,899,342
Engineering insurance	1,778,030	(848,994)	929,036
Liability insurance	1,323,821	(127,981)	1,195,840
Accident & health insurance	857,219	(30,752)	826,467
Total	$13,460,356	$(3,104,528)	$10,355,828

	2023.3.31		
Item	Unearned premium reserve Direct underwriting (including ceded-in reinsurance)	Ceded unearned premium reserve Ceded reinsurance	Retention
Fire insurance	$1,958,641	$(673,855)	$1,284,786
Marine insurance	462,824	(304,285)	158,539
Motor insurance	6,510,017	(674,812)	5,835,205
Engineering insurance	1,596,239	(851,018)	745,221
Liability insurance	1,288,180	(99,578)	1,188,602
Accident & health insurance	1,208,571	(90,809)	1,117,762
Total	$13,024,472	$(2,694,357)	$10,330,115

② Adjustment of changes in unearned premium reserve & ceded unearned premium reserve

	2024.1.1-2024.3.31		2023.1.1-2023.3.31	
Item	Unearned	Ceded unearned	Unearned	Ceded unearned

	premium reserve	premium reserve	premium reserve	premium reserve
Opening amount	$13,460,356	$3,104,528	$12,537,465	$2,664,570
Current deposits	13,954,264	3,085,235	13,024,472	2,694,357
Current recovery	(13,460,356)	(3,104,528)	(12,537,465)	(2,664,570)
Closing amount	$13,954,264	$3,085,235	$13,024,472	$2,694,357

(2) Claims reserve

① Claims reserve & Ceded Claims reserve

	2024.3.31		
	Claims reserve	Ceded Claims reserve	
Item	Direct underwriting (including ceded-in reinsurance)	Ceded reinsurance	Retention
Outstanding losses	$7,073,500	$(2,219,800)	$4,853,700
IBNR	3,118,688	(658,814)	2,459,874
Total	$10,192,188	$(2,878,614)	$7,313,574

	2023.12.31		
	Claims reserve	Ceded Claims reserve	
Item	Direct underwriting (including ceded-in reinsurance)	Ceded reinsurance	Retention
Outstanding losses	$7,123,303	$(2,238,696)	$4,884,607
IBNR	2,896,658	(832,236)	2,064,422
Total	$10,019,961	$(3,070,932)	$6,949,029

	2023.3.31		
	Claims reserve	Ceded Claims reserve	
Item	Direct underwriting (including ceded-in reinsurance)	Ceded reinsurance	Retention
Outstanding losses	$8,524,705	$(3,168,172)	$5,356,533
IBNR	2,452,800	(652,570)	1,800,230
Total	$10,977,505	$(3,820,742)	$7,156,763

② Net changes in Claims reserve and Ceded Claims reserve

2024.1.1-2024.3.31

(Expressed in thousands of New Taiwan dollars, unless otherwise stated)

Item	Direct underwriting (including ceded-in reinsurance) Deposit (1)	Direct underwriting (including ceded-in reinsurance) Recovery (2)	Net change in Claims reserve (3)=(1)-(2)	Ceded reinsurance Deposit (4)	Ceded reinsurance Recovery (5)	Net change in Ceded Claims reserve (6)=(4)-(5)
Outstanding losses	$7,073,500	$7,123,303	$(49,803)	$2,219,800	$2,238,696	$(18,896)
IBNR	3,118,688	2,896,658	222,030	658,814	832,236	(173,422)
Total	$10,192,188	$10,019,961	$172,227	$2,878,614	$3,070,932	$(192,318)

2023.1.1-2023.3.31

Item	Direct underwriting (including ceded-in reinsurance) Deposit (1)	Direct underwriting (including ceded-in reinsurance) Recovery (2)	Net change in Claims reserve (3)=(1)-(2)	Ceded reinsurance Deposit (4)	Ceded reinsurance Recovery (5)	Net change in Ceded Claims reserve (6)=(4)-(5)
Outstanding losses	$8,524,705	$8,454,689	$70,016	$3,168,172	$3,413,012	$(244,840)
IBNR	2,452,800	2,370,051	82,749	652,570	594,443	58,127
Total	$10,977,505	$10,824,740	$152,765	$3,820,742	$4,007,455	$(186,713)

③ Outstanding losses and Incurred but not reported losses (IBNR) Claims reserve to policyholders

2024.3.31

Item	Claims reserve Outstanding losses	Claims reserve IBNR	Claims reserve Total
Fire insurance	$2,058,698	$5,159	$2,063,857
Marine insurance	466,058	53,493	519,551
Motor insurance	2,556,906	1,787,594	4,344,500
Engineering insurance	965,663	375,776	1,341,439
Liability insurance	746,650	386,890	1,133,540
Accident & health insurance	279,525	509,776	789,301
Total	$7,073,500	$3,118,688	$10,192,188

2023.12.31

Item	Claims reserve Outstanding losses	Claims reserve IBNR	Claims reserve Total
Fire insurance	$2,031,531	$5,467	$2,036,998
Marine insurance	516,232	52,528	568,760
Motor insurance	2,543,862	1,688,428	4,232,290
Engineering insurance	915,346	301,654	1,217,000
Liability insurance	832,760	426,346	1,259,106
Accident & health insurance	283,572	422,235	705,807
Total	$7,123,303	$2,896,658	$10,019,961

2023.3.31

Claims reserve

(Expressed in thousands of New Taiwan dollars, unless otherwise stated)

Item	Outstanding losses	IBNR	Total
Fire insurance	$3,319,286	$9,033	$3,328,319
Marine insurance	475,368	71,350	546,718
Motor insurance	2,873,377	1,439,014	4,312,391
Engineering insurance	809,863	59,664	869,527
Liability insurance	796,367	381,962	1,178,329
Accident & health insurance	250,444	491,777	742,221
Total	$8,524,705	$2,452,800	$10,977,505

④ Reinsurance assets –Ceded Claims reserve for Outstanding losses and IBNR Claims reserve to policyholders

	2024.3.31		
	Ceded Claims reserve		
Item	Outstanding losses	IBNR	Total
Fire insurance	$1,131,522	$370	$1,131,892
Marine insurance	251,726	17,241	268,967
Motor insurance	143,382	426,801	570,183
Engineering insurance	457,558	154,802	612,360
Liability insurance	212,946	42,079	255,025
Accident & health insurance	22,666	17,521	40,187
Total	$2,219,800	$658,814	$2,878,614

	2023.12.31		
	Ceded Claims reserve		
Item	Outstanding losses	IBNR	Total
Fire insurance	$1,164,873	$352	$1,165,225
Marine insurance	275,625	18,473	294,098
Motor insurance	142,058	502,163	644,221
Engineering insurance	396,163	163,138	559,301
Liability insurance	238,518	143,734	382,252
Accident & health insurance	21,459	4,376	25,835
Total	$2,238,696	$832,236	$3,070,932

	2023.3.31		
	Ceded Claims reserve		
Item	Outstanding losses	IBNR	Total
Fire insurance	$2,093,332	$967	$2,094,299
Marine insurance	297,700	44,607	342,307
Motor insurance	146,144	452,965	599,109
Engineering insurance	369,834	9,153	378,987
Liability insurance	238,670	108,569	347,239
Accident & health insurance	22,492	36,309	58,801
Total	$3,168,172	$652,570	$3,820,742

(Expressed in thousands of New Taiwan dollars, unless otherwise stated)

⑤Adjustment of changes in Claims reserve and Ceded Claims reserve

Item	2024.1.1-2024.3.31 Claims reserve	2024.1.1-2024.3.31 Ceded Claims reserve	2023.1.1-2023.3.31 Claims reserve	2023.1.1-2023.3.31 Ceded Claims reserve
Opening amount	$10,019,961	$3,070,932	$10,824,740	$4,007,455
Current deposits	10,192,188	2,878,614	10,977,505	3,820,742
Current recovery	(10,019,961)	(3,070,932)	(10,824,740)	(4,007,455)
Closing amount	$10,192,188	$2,878,614	$10,977,505	$3,820,742

(3) Special reserves

① Special reserve – compulsory automobile liability insurance

Item	2024.1.1-2024.3.31	2023.1.1-2023.3.31
Opening amount	$441,050	$342,352
Current deposits	26,952	23,879
Current recovery	(10,442)	(6,517)
Closing amount	$457,560	$359,714

② Special reserve – non-compulsory automobile liability insurance

Item	Liabilities			
	2024.1.1-2024.3.31			
	catastrophic event	fluctuation of risk	Property appreciation	Total
Opening amount	$444,273	$1,000,552	$225,849	$1,670,674
Current deposits	-	-	-	-
Current recovery	(5,846)	-	-	(5,846)
Closing amount	$438,427	$1,000,552	$225,849	$1,664,828

Item	Liabilities			
	2023.1.1-2023.3.31			
	Catastrophic event	Fluctuation of risk	Property appreciation	Total
Opening amount	$467,655	$1,000,552	$225,849	$1,694,056
Current deposits	-	-	-	-
Current recovery	(5,845)	-	-	(5,845)
Closing amount	$461,810	$1,000,552	$225,849	$1,688,211

When the company initially applied IFRSs, the property appreciation measured at fair value in the initial DAY application should be used to make up the adverse effects of other accounting items caused by the initial application, and the unrealized value added amont from the re-evaluation should be fully listed as a special reserve on the date of conversion.

According to the "Notice for Reinforcingthe Reserve of Natual Disaster of Property Insurance Business (initially: Notice for Reinforcing Reserve of Natural Disaster of Property Insurance Industry)" starting from January 1, 2013, property insurance companies should use the special reserves for catastrophic event and fluctuation of risk provided under liabilities before December 31, 2012 for insurances other than the compulsory automobile liability insurance, nuclear energy insurance, policy-based basic residential earthquake insurance, commercial earthquake insurance, and typhoon flood insurance, to make up with higher priority the special reserves for catastrophic event and fluctuation of risk of the commercial earthquake insurance and typhoon flood insurance to their full level, and list them under liabilities, and then deduct the taxes from the balance of the above special reserves in accordance with IAS 12 and list the remainder in the special reserve under owner's equity.

According to Article 2 of the "Compulsory Automobile Liability Insurance Act" and paragraph 1, Article 24-2 of the "Regulations for the Provision Appropriation for the Insurance Companies" established under the authorization of paragraph 2, Article 145 and paragraph 2, Article 148-3 of the "Insurance Act," from April 1, 2023, property insurance companies shall appropriate NT$30 from each insurance contract as the special provision based on the business expense of the insured under the compulsory automobile liability insurance business it operates. Subsequently, for the major business of the property insurance companies, when there are net losses from the insurance premium for the year, they shall use the provision hereof to make compensation first; for the insufficient part, they shall comply with Article 8 of the "Regulations for the Provision Appropriation for Compulsory Automobile Liability Insurance."

(1) Matters to be disclosed according to the Notice for Reinforcingthe Reserve of Natual Disaster (commercial earthquake insurance and typhoon and flood insurance) of Property Insurance Business :

The impact of not being subject to the said precaution on the net income (loss) before tax, liabilities, equity, and earnings per share in the period from January 1 to March 31, 2024 and 2023 was a decrease of NT$5,846 thousand, a decrease of NT$1,208,059 thousand, an increase of NT$961,770 thousand, and a decrease of NT$0.01 per share, respectively; and also a decrease of NT$5,845 thousand, a decrease of NT$1,231,442 thousand, an increase of NT$980,478 thousand, and a decrease of NT$0.01 per share, respectively.

(2) Matters to be disclosed in accordance with the "Guidelines for Strengthening Reserves of Residential Earthquake Coinsurance Organization Members" are:

The impact of not being subject to the said precaution on the liabilities and equity in the period from January 1 to March 31, 2024 and 2023 was a decrease of NT$171,516 thousand and an increase of NT$137,213 thousand, respectively; also, there was no impact on the earnings per share.

(3) Matters to disclosed in accordance with the "Regulations on Property Insurance Companies Various Reserves for Energy Insurance" are:

The impact of not being subject to the said precaution on the liabilities and equity in the period from January 1 to March 31, 2024 and 2023 was a decrease of NT$59,405 thousand and an increase of NT$47,524 thousand, respectively; also, there was no impact on the earnings per share.

(4) Premium deficiency reserve

① Details of premium deficiency reserve

(Expressed in thousands of New Taiwan dollars, unless otherwise stated)

	2024.3.31		
	Premium deficiency reserve	Ceded premium deficiency reserve	
Item	Direct underwriting (including ceded-in reinsurance)	Ceded reinsurance	Retention
Marine insurance	$1,652	$-	$1,652
Total	$1,652	$-	$1,652

	2023.12.31		
	Premium deficiency reserve	Ceded premium deficiency reserve	
Item	Direct underwriting (including ceded-in reinsurance)	Ceded reinsurance	Retention
Marine insurance	$2,235	$-	$2,235
Total	$2,235	$-	$2,235

	2023.3.31		
	Premium deficiency reserve	Ceded premium deficiency reserve	
Item	Direct underwriting (including ceded-in reinsurance)	Ceded reinsurance	Retention
Liability insurance	$10,502	$(2,101)	$8,401
Accident & health insurance	3,501	-	3,501
Total	$14,003	$(2,101)	$11,902

② Recognized loss of net premium deficiency reserve – net change in premium deficiency reserve and net change in ceded premium deficiency reserve

	2024.1.1-2024.3.31						
	Direct underwriting (including ceded-in reinsurance)		Net change in premium deficiency reserve	Ceded reinsurance		Net change in ceded premium deficiency reserve	Current recognized loss (profit) of net premium deficiency reserve
Item	Deposit (1)	Recovery (2)	(3)=(1)-(2)	Deposit (4)	Recovery (5)	(6)=(4)-(5)	(7)=(3)-(6)
Marine insurance	$1,652	$2,235	$(583)	$-	$-	$-	$(583)
Total	$1,652	$2,235	$(583)	$-	$-	$-	$(583)

(Expressed in thousands of New Taiwan dollars, unless otherwise stated)

	2023.1.1-2023.3.31						
	Direct underwriting (including ceded-in reinsurance)		Net change in premium deficiency reserve	Ceded reinsurance		Net change in ceded premium deficiency reserve	Current recognized loss (profit) of net premium deficiency reserve
Item	Deposit (1)	Recovery (2)	(3)=(1)-(2)	Deposit (4)	Recovery (5)	(6)=(4)-(5)	(7)=(3)-(6)
Liability insurance	$10,502	$77,690	$(67,188)	$2,101	$15,538	$(13,437)	$(53,751)
Accident & health insurance	3,501	27,440	(23,939)	-	-	-	(23,939)
Total	$14,003	$105,130	$(91,127)	$2,101	$15,538	$(13,437)	$(77,690)

③ Adjustment of changes in premium deficiency reserve and ceded premium deficiency reserve

	2024.1.1-2024.3.31		2023.1.1-2023.3.31	
Item	premium deficiency reserve	Ceded premium deficiency reserve	premium deficiency reserve	Ceded premium deficiency reserve
Opening amount	$2,235	$-	$105,130	$15,538
Current deposits	1,652	-	14,003	2,101
Current recovery	(2,235)	-	(105,130)	(15,538)
Closing amount	$1,652	$-	$14,003	$2,101

④ Impact of changes in estimates and assumptions

The premium deficiency reserve is estimated by anticipated cost approach, where the anticipated final loss rate is based on the Company's loss experience in the past five years, taking into account the impact of large claims on the loss rate, while the anticipated maintenance cost takes reference to expense items such as salaries and information expenses listed in the Insurance Expense Exhibit for the past six years. However, the estimates and assumptions are uncertain, so the anticipation estimates may not match the actual ones in the future.

(5) Policy reserve

① Details of Policy reserve

	2024.3.31		
	Policy reserve	Ceded policy reserve	
Item	Direct underwriting (including ceded-in reinsurance)	Ceded reinsurance	Retention
Accident & health insurance	$31	$-	$31

	2023.12.31		
	Policy reserve	Ceded policy reserve	Retention

Item	Direct underwriting (including ceded-in reinsurance)	Ceded reinsurance	
Accident & health insurance	$52	$-	$52

	2023.3.31		
	Policy reserve	Ceded policy reserve	
Item	Direct underwriting (including ceded-in reinsurance)	Ceded reinsurance	Retention
Accident & health insurance	$126	$-	$126

② Net change in Policy reserve and net change in Ceded policy reserve

	2024.1.1-2024.3.31					
	Direct underwriting (including ceded-in reinsurance)		Net change in Policy reserve	Ceded reinsurance		Net change in Ceded policy reserve
Item	Deposit (1)	Recovery (2)	(3)=(1)-(2)	Deposit (4)	Recovery (5)	(6)=(4)-(5)
Accident & health insurance	$31	$52	$(21)	$-	$-	$-

	2023.1.1-2023.3.31					
	Direct underwriting (including ceded-in reinsurance)		Net change in Policy reserve	Ceded reinsurance		Net change in Ceded policy reserve
Item	Deposit (1)	Recovery (2)	(3)=(1)-(2)	Deposit (4)	Recovery (5)	(6)=(4)-(5)
Accident & health insurance	$126	$151	$(25)	$-	$-	$-

③ Adjustment of changes in Policy reserve and Ceded policy reserve

	2024.1.1-2024.3.31		2023.1.1-2023.3.31	
Item	Policy reserve	Ceded policy reserve	Policy reserve	Ceded policy reserve
Opening amount	$52	$-	$151	$-
Current deposits	31	-	126	-
Current recovery	(52)	-	(151)	-
Closing amount	$31	$-	$126	$-

14. Retirement benefits plan

(Expressed in thousands of New Taiwan dollars, unless otherwise stated)

Defined contribution pension plan

The Company's "Labor Pension Regulations" set forth in accordance with the "Labor Pension Act" is a defined contribution pension plan. According to the Act, the Company's monthly labor pension contribution rate shall not be less than 6% of the employee's monthly salary. Based on the "Labor Pension Regulations," 6% of the employee's salary is contributed to the individual retirement account established in the Bureau of Labor Insurance on a monthly basis.

The amounts of expenses on the defined contribution pension plan recognized from January 1 to March 31, 2024 and 2023 were NT$11,749 thousand and NT$12,800 thousand, respectively.

Defined benefit plan

The Company's "Labor Pension Regulations" set for in accordance with the "Labor Standards Act" is a define benefit plan, where the employee retirement pension is calculated based on the number of service years as the basis points and the monthly average salary at the time when the retirement is approved. Employees with 15 years (or less) of service are given 2 basis points for every full service year, and for every full service year after the 15 years are given 1 basis point, till 45 basis points topped. In accordance with the "Labor Standards Act," the Company allocates a certain percentage of the total salary on a monthly basis, and deposits it in a dedicated account in the Bank of Taiwan in the name of the Supervisory Committee of Business Entities' Labor Retirement Reserve. In addition, before the end of each year, the Company estimates the balance of the dedicated account based on the above calculation, and if the balance is not enough to pay the pension amount for the estimated number of workers illegible for retirement in the next year, the difference will be allocated by the end of March of the next year.

The company had recognized the defined benefit plan expense for an amount of NT$567 thousand and NT$681 thousand for the period from January 1 to March 31, 2024 and 2023, respectively.

15. Common stock

As of March 31, 2024, December 31, 2023 and March 31, 2023, the Company's authorized capital was NT$5,000,000 thousand, and the paid-up capital was NT$3,159,633 thousand, and the par value per share was NT$10, consisting of 315,963,300 shares.

16. Capital reserve

Item	2024.3.31	2023.12.31	2023.3.31
Share premium	$50,355	$50,355	$50,355
Treasury stock trade	14,213	14,213	14,213
Others	232	232	232
Total	$64,800	$64,800	$64,800

According to the statutory regulations, the capital reserve shall be used only to make up for corporate losses, and in the case of no business losses, the capital reserve from the surplus of shares issued in excess of the par value as well as donations can be appropriated to the capital by a fixed ratio of the paid-in capital, while the capital surplus may also be distributed in cash in proportion to the shareholders' initial shares.

17. Earnings distribution and dividend policy

(1) According to The Articles of Incorporation, if there is a surplus in the annual final accounts, it shall be distributed in the following order:

A. Withholding for taxes
B. Make-up for losses
C. 20% of the surplus deposited as the Legal reserve.
D. Provision or reversal of special reserve in accordance with other statutory regulations or orders from the competent authority.
E. Any remaining balances shall be combined with the accumulated earinings at the beginning of the same period and the adjusted amount of the undistributed earnings for the year, and the Board shall prepare the proposal for the distribution of earnings and submit it to the sharheolders' meeting for resolution.

(2) In light of the sustainable development of the Company, healthy financial planning, improvements of capital use efficiency, and the protection of the interests of investors, the Company adopts the residual dividend policy as its dividend policy. The policy primarily considers the estimated capital planning of the Company in the future to measures the capital requirements of the year, and appropriate earnings according to requirements in the preceding paragraph; the distribution ratio of cash dividends shall be no less than 25% of the total dividends.

(3) The Board of Directors proposes a distribution plan for the distributable surplus, and submits it to the shareholders' meeting for resolution, and the relevant information of which is available from the Public Information Observatory.

(4) According to the Company Act, Legal reserve shall be allocated until its total amount has reached the total capital. Legal reserve can be used to make up for the business losses. If there is no business loss, the part of the Legal reserve exceeding 25% of the paid-in capital can be used to issue new shares or distribute cash in proportion to the initial shares subscribed by shareholders. However, according to the Interpretation Decree No. 10202501991 of Jinguanbaocai Zi, cash distribution can be made according to Article 241 of the Company Act on conditions that the Legal reserve must be allocated until its total amount has reached the total paid-in capital according to Article 145-1 of the Insurance Law and other requirements listed in the Decree are also met, before the application for cash distribution from the Legal reserve according to Article 241 of the Company Art is sent to the competent authority for approval.

(5) According to Regulations for the Provision of Reserves of Insurance Companies, the Company added the amount of provision annually for the special reserves regarding material accidents and crisis and changes for the insurance industry. The Company accounts for the provision of special surplus reserve at the end of the year, and the part of the earnings shall not be distributed or used otherwise. On March 31, 2024, December 31, 2023, and March 31, 2023, the amount of cumulative reserve was NT$7,248,601 thousand, NT$7,248,601 thousand, and NT$6,500,736 thousand, respectively.

(6) According to Letter Jin-guan-bao-cai-zi No. 10904939031 on October 29, 2020, to optimize the financial structure of the insurance industry, at the end of each fiscal year, the Company shall provide, in accordance with the "Table for the Standard Rates Paid for Accidental Death and Disability of Individual Travel Insurance," appropriate the balances to the special surplus reserve under the equity of owners after deducting the nominal tax rate of 20% according to 10% of the total premium income based on the amount of insurance policy sold for accidental death and disability of individual travel insurance sold for the year. On March 31, 2024, December 31, 2023, and March 31, 2023, the amount of the cumulative reserve was NT$7,222 thousand, NT$7,222 thousand and NT$4,012 thousand, respectively.

(Expressed in thousands of New Taiwan dollars, unless otherwise stated)

The Company's shareholders' meetings on March 11, 2024 and May 25, 2023, respectively, resolved the 2023 and 2022 proposals on distribution of retained earnings and dividends per share, which are listed as follows:

	Distribution of retained earnings		Dividend per share (NTD)	
	2023	2022	2023	2022
Legal reserve	$582,130	$408,872	$-	$-
Special reserve	751,075	835,547	-	-
Common stock cash dividends	1,576,657	802,547	4.99	2.54

Please refer to Note 6.19 for the details of the assessment basis and recognized amounts of the remunerations for employees and directors.

18. Other equity

	2024.1.1-2024.3.31	2023.1.1-2023.3.31
Opening balance	$815,951	$435,181
Current period		
Unrealized valuation gains and losses on equity instrument investments measured at fair value through other comprehensive income	(4,492)	29,845
Unrealized valuation gains and losses on investments in debt instruments measured at fair value through other comprehensive income	(14,116)	10,737
Other comprehensive income (loss) from adoption of overlay approach	66,882	333,815
Other Comprehensive income in current period	48,274	374,397
Closing balance	$864,225	$809,578

19. Summary of employee benefits, depreciation and amortization expenses by functions

By functions / By attributes	2024.1.1-2024.3.31			2023.1.1-2023.3.31		
	Operating costs	Allocated as operating expenses	Total	Operating costs	Allocated as operating expenses	Total
Employee benefits						
Salaries and wages	$115,720	$339,910	$455,630	$142,352	$305,777	$448,129

(Expressed in thousands of New Taiwan dollars, unless otherwise stated)

Labor insurance and national health insurance	-	32,395	32,395	-	31,568	31,568
Pension expenses	-	12,316	12,316	-	13,481	13,481
Remuneration to directors	-	31,359	31,359	-	24,938	24,938
Depreciation expenses	-	20,733	20,733	-	20,327	20,327
Amortization expenses	-	3,507	3,507	-	5,622	5,622

The number of employees of the Company in March 31,2024, December 31,2023 and March 31, 2023 were 1546, 1577 and 1615, respectively, and among them 10 were directors who did not serve as working employees.

In accordance with The Articles of Incorporation, no less than 1% of the business profits, if any, shall be appropriated for the employees' remunerations, and no more than 2% for the directors' remunerations. The profits, however, shall be used to make up for the accumulated business losses, if any. The above employee remunerations are paid in stock or cash, depending on the resolution by the Board of Directors, with more than two-thirds of the directors present and approved by more than half of the attending directors, and the resolution is reported in the shareholders' meeting. For more information about the employee and director remunerations approved by the Board of Directors, please visit the "Public Information Observatory" website of the Taiwan Stock Exchange.

The company has appropriated 5.40% and 1.45% of the earnings generated in the period from January 1 to March 31, 2024 as remuneration to employees and directors for an amount of NT$ 51,054 thousand and NT$13,709 thousand, respectively. The company has appropriated 5.80% and 1.50% of the earnings generated in the period from January 1 to March 31, 2023 as remuneration to employees and directors for an amount of NT$38,725 thousand and NT$10,008 thousand, respectively, which is booked in the "salary expense" account. If there is a discrepancy between the estimated amount and the distribution amount resolved by the board of directors, it will be recognized as profit and loss in the following year.

The company's board of directors resolved on March 11, 2024 to pay NT$204,214 thousand and NT$54,835 thousand in cash as remuneration to employees and directors of 2023, respectively. There is no difference between the amount paid and the amount stated in the expense account of the 2023 financial report.

20. Components of other comprehensive income

The components of other comprehensive income from January 1 to March 31, 2024 are:

	Arising during the period	Current reclassification adjustment	Other comprehensive income	Income tax benefits (expenses)	After-tax amount
Items not reclassified to profit or loss:					

Unrealized valuation gains (losses) on equity instruments measured at fair value through other comprehensive income	$(4,492)	$-	$(4,492)	$-	$(4,492)
Items that may be subsequently reclassified to profit or loss:					
Unrealized valuation gains (losses) on debt instruments measured at fair value through other comprehensive income	(17,645)	-	(17,645)	3,529	(14,116)
Other comprehensive income from adoption of overlay approach	66,882	-	66,882	-	66,882
Total	$44,745	$-	$44,745	$3,529	$48,274

The components of other comprehensive income from January 1 to March 31, 2023 are:

	Arising during the period	Current reclassification adjustment	Other comprehensive income	Income tax benefit (expense)	After-tax amount
Items not reclassified to profit or loss:					
Unrealized valuation gains (losses) on equity instruments measured at fair value through other comprehensive income	$29,845	$-	$29,845	$-	$29,845
Items that may be subsequently reclassified to profit or loss:					
Unrealized valuation gains (losses) on debt instruments measured at fair value through other comprehensive income	13,420	-	13,420	(2,683)	10,737
Other comprehensive income from adoption of overlay approach	333,815	-	333,815	-	333,815
Total	$377,080	$-	$377,080	$(2,683)	$374,397

21. Income tax

Components of income tax:

Income tax recognized as profit or loss

	2024.1.1-2024.3.31	2023.1.1-2023.3.31
Current income tax expense (benefit):		
Current income tax payable	$172,618	$88,427
Deferred income tax expense (benefit):		
Deferred tax expense (benefit) relating to origination and reversal of temporary differences	7,351	16,803
Income tax expense	$179,969	$105,230

Income tax expense recognized in other comprehensive income

	2024.1.1-2024.3.31	2023.1.1-2023.3.31

Deferred tax expense (benefit):		
Unrealized valuation gains (losses) on debt instruments measured at fair value through other comprehensive income	$(3,529)	$2,683
Income tax expense (benefit) relating to components of other comprehensive income	$(3,529)	$2,683

Approval of income tax declaration

As of March 31, 2024, the Company's declaration of the income tax returns has been approved up to the fiscal year 2021，and 2020 has not yet been approved.

22. Earnings per share

The basic earnings per shares is calculated through dividing net profits after tax for the period by the weighter average number of outstanding ordinary shares.

As the Company has not issued any potential ordinary shares with diluted effects, the Company is not required to make dilution adjustment to the amount of basic earnings per share.

Earnings per share in the period from January 1 to March 31, 2024 and 2023 are as follows:

Item	2024.1.1-2024.3.31	2023.1.1-2023.3.31
Continuing operations	$879,511	$453,074
Weighted average number of common shares (in thousands) of basic earnings per share	315,963	315,963
Basic earnings per share (NTD)	$2.78	$1.43

After the reporting period and before the financial statements were approved for release, there were no other transactions that materially changed the number of common shares outstanding or the number of potential common shares at the end of the period.

23. Expected Credit Losses (Profits)

	2024.1.1-2024.3.31	2023.1.1-2023.3.31
Total operating revenues- Expected credit impairment loss and reversal gain on investment		

(Expressed in thousands of New Taiwan dollars, unless otherwise stated)

Financial assets at fair value through other comprehensive profit or loss	$2	$2
Financial assets based on cost after amortization	126	348
Other financial assets	1	44
subtotal	129	394
Operating expenses: -Expected credit impairment reversal from non-investments		
Receivalbe	11	821
Insurance premium receivable	27,913	8,864
Other receivables	(252)	(605)
Claims Recoverable from Reinsurance	(984)	781
Due from Reinsurer &Ceding companies	6,662	6,527
subtotal	33,350	16,388
Total	$33,479	$16,782

For information about the credit risks, please see Note 7.

24. Lease

(1) The company as a lessee

The Company leases a number of different assets, including property (houses and buildings) and other equipment. The lease periods of various contracts are from 1 year to 6 years.

The impact of the leasing business on the Company's financial status, financial performance and cash flow is described as follows:

A. Amounts recognized in the balance sheet

(a) Right-of-use assets

Book values of right-of-use assets

	2024.3.31	2023.12.31	2023.3.31
Buildings and structures	$17,289	$10,647	$19,742
Other equipment	4,909	5,510	10,232
Total	$22,198	$16,157	$29,974

During January 1 to March 31, 2024 and January 1 to March 31, 2023, the right-of-use assets increased NT$8,956 thousand and NT$784 thousand, respectively.

(b) Lease liabilities

2024.3.31	2023.12.31	2023.3.31

Lease liabilitie	$22,607	$16,570	$30,593

During January 1 to March 31, 2024 and January 1 to March 31, 2023, the interest expenses of the lease liabilities recognized were NT$99 thousand and NT$129 thousand, respectively.

As of March 31, 2024, December 31, 2023 and March 31, 2023, the maturities of lease liabilities are analyzed as follows:

March 31, 2024

	Maturity period			
	Less than one year	One to five years	Over five years	Total
Lease liabilitie	$10,323	$12,693	$-	$23,016

December 31, 2023

	Maturity period			
	Less than one year	One to five years	Over five years	Total
Lease liabilitie	$8,801	$7,968	$-	$16,769

March 31, 2023

	Maturity period			
	Less than one year	One to five years	Over five years	Total
Lease liabilitie	$14,916	$16,210	$-	$31,126

The above table shows the cash outflow analysis of the Company’s lease liabilities based on the remaining period from the balance sheet date to the contract maturity date. The amounts disclosed in the table are based on contractual cash flows, so the amounts disclosed will not correspond to relevant items on the balance sheet.

B. Amounts recognized in the consolidated income statement

Depreciation of right-of-use assets

	2024.1.1-2024.3.31	2023.1.1-2023.3.31
Buildings and structures	$2,163	$2,440
Other equipment	601	1,574
Total	$2,764	$4,014

C. The lessee’s income and expenses related to leasing activities

	2024.1.1-	2023.1.1-

(Expressed in thousands of New Taiwan dollars, unless otherwise stated)

	2024.3.31	2023.3.31
Short-term leasing expenses	$4,211	$2,691

D. The lessee's cash outflows related to leasing activities

The total cash outflows during January 1 to March 31, 2024 and January 1 to March 31, 2023, were NT$7,075 thousand and NT$6,848 thousand, respectively.

(2) The Company as a lessor

The Company owned investment properties are disclosed in Note 6.9. The Company owned investment properties are classified as operating leases because almost all the risks and rewards attached to the ownership of the underlying assets have not been transferred.

	2024.1.1 -2024.3.31	2023.1.1 -2023.3.31
Lease income recognized under operating lease		
Fixed lease payments	$19,217	$19,620

The lease contracts with undiscounted lease payments received and total amounts for remaining years ranged on March 31, 2023, December 31, 2023 and March 31, 2023 were:

	2024.3.31	2023.12.31	2023.3.31
no more than 1 year	$50,875	$56,818	$71,897
over 1 year but no more than 2 years	21,966	21,983	41,925
over 2 years but no more than 3 years	9,074	6,508	14,181
over 3 years but no more than 4 years	4,384	4,676	2,619
over 4 years but no more than 5 years	2,336	3,165	1,550
over 5 years	889	1,131	2,208
Total	$89,524	$94,281	$134,380

7. Risk management of insurance contracts and financial instruments

1. The objectives, policies, procedures and methods of risk management:

(1) The structure, organization, and accountability and empowerment

A. Board of Directors

a. The Board of Directors is the Company's highest decision-making body on risk management and undertakes the ultimate responsibility for the company's overall risk management.

b. The Board of Directors resolves the overall risk management policy and risk appetite in accordance with the corporate overall operating strategy and environment.

B. Risk Management Committee

To meet the legal requirements of internal control and audit, the Committee is established to set up a complete internal risk control management structure for effective formulation, implementation, and tracking of the overall risk management policies and related affairs, to prevent potential risks affecting the Company's operating stability, and create substantive values from it.

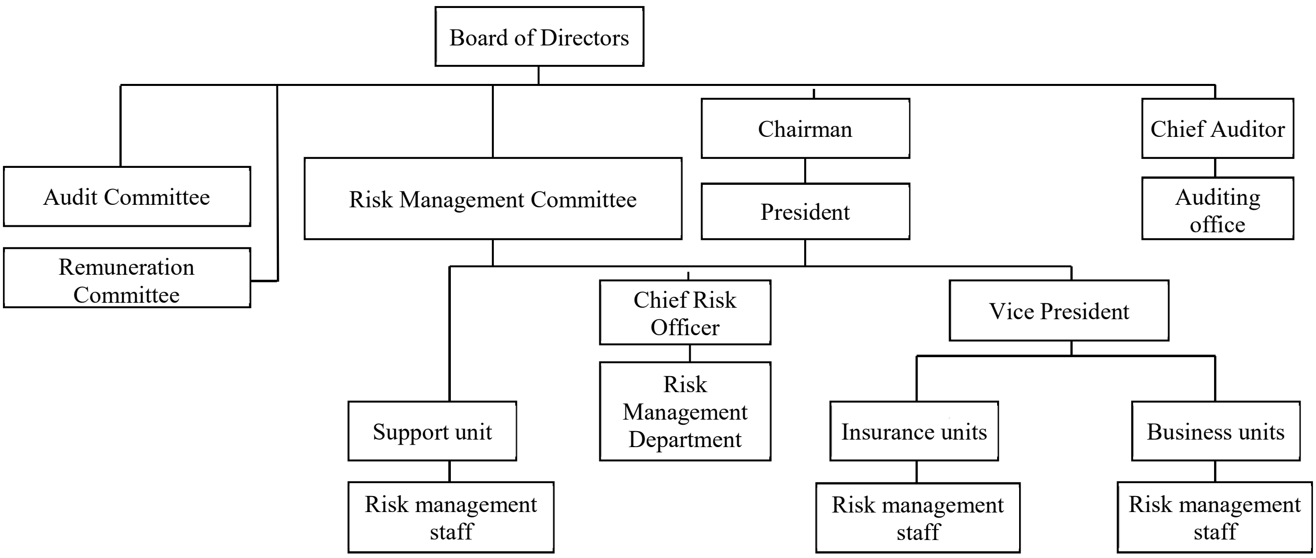
C. Risk Management Department

The department assists the Board of Directors in formulating and implementing risk management policies and driving the practices by consolidating the risk management in individual departments for an integrated operation.

D. Business Department

a. The department performs daily risk management affairs and provides feedback on risk information to the Risk Management Department.

b. The department has a risk management person working as a window to the Risk Management Department and handles risk management business under the instructions from the department head.



(2) The scope and features of the risk reporting and measurement system of the property insurance industry

A. Risk reporting

a. The business unit regularly sends risk information to the risk management unit for monitoring, and when the risk limit is exceeded, proposes an over-limit handling report along with corresponding measures.

b. The risk management unit summarizes the risk information received from the business unit, to review and track the use of major risk limits, and report to the Chairman every quarter for regular monitoring.

B. The scope and features of the market risk measurement system

The Company's market risk measurement is based on the Bloomberg Algor Model, expressed with the market risk value VaR, which covers the risk of changes in exchange rates and interest rates, where the information system is shared by the Investment Department and the Risk Management Department, while the measurement is performed by the Middle Platform of the Risk Management Department.

(3) Procedures for the property insurance industry to undertake, measure, supervise and control insurance risks, and underwriting policies to ensure appropriate risk classification and premium levels

The Company's Risk Management Department is responsible for monitoring and integrating the corporate insurance risks, and requires relevant departments to set up risk indicators and management mechanisms as the basis for the Risk Management Department to monitor, while all the relevant departments manage the underlying insurance risks, and regularly provide implementation status to the Risk Management Department in accordance with the statutory regulations, internal regulations, and their professional knowledge and experience, and the Risk Management Department submits quarterly risk management reports to the Board of Directors.

(4) Assessment of insurance risks and scope of insurance risk management

The Company's insurance risk management covers product design and pricing, underwriting, reinsurance, catastrophes, and risks related to claims and reserves, for which appropriate management mechanisms are established and implemented.

(5) Approaches used by the property insurance industry to limit exposure to insurance risks and avoid concentration risks:

When an insurance business is introduced, the Company's underwriters evaluate the business quality based on the underwriting standards of the insurance types to determine whether to undertake it, in order to appropriately avoid and control risks for lower level of exposure.

The Company operates ceded-in/out retention and reinsurance based on the " Regulations Governing Insurance Enterprises Engaging in Operating Reinsurance and Other Risk Spreading Mechanisms" for which a risk retention mechanism is established, and a reinsurance risk management plan is also established based on the risk undertaking capacity, while the limit of the risk retention is set according to individual risk units by insurance types. The risk retention limits of individual risk units by insurance types are disclosed as follows:

(Expressed in thousands of New Taiwan dollars, unless otherwise stated)

Insurance types	2024	2023
A.Fire insurance	$500,000	$500,000
B.Marine insurance		
a. Cargo insurance	300,000	300,000
b. Hull insurance	300,000	300,000
c. Fishing vessel insurance	300,000	300,000
C. Casualty Insurance		
a. Engineering insurance	1,000,000	1,000,000
b. Liability insurance	660,000	660,000
c. Accident insurance	1,300,000	1,300,000
d. Health insurance	5,000	5,000
D.Motor insurance		
a. Damage insurance	60,000	60,000
b. Third-party liability insurance	400,000	400,000

2. Management of assets and liabilities

Based on the business features, the Company regularly measures various reserves to ensure that the current capital allocation and asset investment liquidity are sufficient to cover possible future claims. Cash flow management is carried out on a daily basis by a fund dispatch unit independent of the trading unit, and the dispatch and management of the funds takes into account the fund demands and schedules of individual departments.

Also, the Company has established the Operational Crisis Response Guidelines based on the "Key Attributes for Handling Financial Institutions' Operational Crisis" set by the FSC, and in the event of a huge loss of funds or s severe liquidity shortage, a crisis taskforce will be established immediately to quickly assess the impact on the fund liquidity and the amount needed to fill the fund gap as well as the funding schedule and efficacy, to protect the interests of the policyholders and the Company.

3. The procedure for managing, monitoring and controlling commitments on liabilities or additional investment in owner's equity to be undertaken by insurance companies when a specific event occurs.

The Company has established a capital adequacy management mechanism, which includes a capital adequacy index to facilitate regular reviews and preparation of capital adequacy reports biannually.

If the capital adequacy ratio exceeds the risk limit, or an abnormality occurs, the cause of the event will be explored and responses be set forth to evaluate the impact on the capital adequacy

(Expressed in thousands of New Taiwan dollars, unless otherwise stated)

4. Receivables (payables) of insurance contracts

(1) Receivables of insurance contacts

Item	Notes receivable (note) 2024.3.31	2023.12.31	2023.3.31
Fire insurance	$28,160	$15,140	$20,866
Marine insurance	41,890	58,086	52,716
Motor insurance	73,789	68,863	66,986
Engineering insurance	124,498	107,508	137,439
Liability insurance	76,332	3,811	42,635
Accident & health insurance	6,880	25,524	4,563
Others	1,158	137	180
Total	352,707	279,069	325,385
Add: non-performing loans	86	812	160
Less: Allowance for losses	(3,613)	(3,602)	(3,414)
Net amount	$349,180	$276,279	$322,131

Note: As of March 31, 2023, December 31, 2024 and March 31, 2023, the notes receivable included non-performing loans of NT$86 thousand, NT$812 thousand and NT$160 thousand, respectively, and accordingly allowances for losses of NT$86 thousand, NT$ 812 thousand and NT$160 thousand were provided respectively.

Item	Premiums receivable (note) 2023.4.31	2023.12.31	2023.3.31
Fire insurance	$547,712	$589,951	$278,023
Marine insurance	171,926	226,926	143,195
Motor insurance	64,957	70,489	47,972
Engineering insurance	252,296	204,739	140,930
Liability insurance	149,635	167,193	78,100
Accident & health insurance	41,747	34,431	44,716
Total	1,228,273	1,293,729	732,936
plus: non-performing loans	482,238	200,838	405,598
Less: Allowance for losses	(64,578)	(36,665)	(45,269)
Net amount	$1,645,933	$1,457,902	$1,093,265

Note: The insurance premiums receivable on March 31, 2024, December 31, 2023, and March 31, 2023 included the collections of NT$482,238 thousand, NT$200,838 thousand, and NT$405,598 thousand with allowance for losses of NT$52,295 thousand, NT$23,728 thousand, and NT$37,940 thousand appropriated, respectively.

(Expressed in thousands of New Taiwan dollars, unless otherwise stated)

(2) Reinsurance assets – claims recoverable from reinsurers for the claims reported and settled with the policyholders

Item	2024.3.31 Actually paid	2023.12.31 Actually paid	2023.3.31 Actually paid
Fire insurance	$19,837	$116,799	$85,414
Marine insurance	11,935	13,933	5,146
Motor insurance	131,134	195,349	170,664
Engineering insurance	14,885	34,899	16,767
Liability insurance	16,397	3,593	10,953
Accident & health insurance	5,573	9,321	17,581
Total	199,761	373,894	306,525
Add: non-performing loans	6,632	-	-
Less: Allowance for losses	(2,821)	(3,805)	(3,065)
Net amount	$203,572	$370,089	$303,460

(3) Commissions payable for insurance contracts

Item	2024.3.31	2023.12.31	2023.3.31
Fire insurance	$58,360	$45,342	$55,491
Marine insurance	21,529	20,560	26,819
Motor insurance	103,787	120,057	102,285
Engineering insurance	38,165	24,986	23,320
Liability insurance	43,400	33,996	40,037
Accident & health insurance	13,922	13,295	31,211
Total	$279,163	$258,236	$279,163

(4) Due from (to) Reinsurers & Ceding Companies – holding reinsurance

Item	2024.3.31	
	Due from Reinsurers & Ceding Companies (note)	Due to Reinsurers & Ceding Companies
The Non-Life Insurance Association	$97,099	$123,050
JOH	216,975	367,205
SWH	92,262	53,185
WIT	185,129	126,985
Others	223,829	1,142,445
Subtotal	815,294	1,812,870
plus: non-performing loans	91,731	-
Less: Allowance for losses	(48,826)	-
Net amount	$858,199	$1,812,870

(Expressed in thousands of New Taiwan dollars, unless otherwise stated)

Item	2023.12.31 Due from Reinsurers & Ceding Companies (note)	2023.12.31 Due to Reinsurers & Ceding Companies
The Non-Life Insurance Association	$97,698	$140,197
AON	110,916	43,182
COS	96,876	-
JOH	47,608	10,553
SWH	106,399	22,180
WIL	43,207	7,800
WIT	188,723	436,102
Others	85,424	1,039,712
Subtotal	776,851	1,699,726
plus: non-performing loans	87,776	-
Less: Allowance for losses	(42,164)	-
Net amount	$822,463	$1,699,726

Item	2023.3.31 Due from Reinsurers & Ceding Companies (note)	2023.3.31 Due to Reinsurers & Ceding Companies
The Non-Life Insurance Association	$99,338	$140,555
AON	270,697	12,776
JOH	62,575	98,912
SWH	102,311	90,934
WIT	108,130	129,713
Others	163,298	1,005,785
Subtotal	806,349	1,478,675
plus: non-performing loans	64,004	-
Less: Allowance for losses	(28,220)	-
Net amount	$842,133	$1,478,675

Note:The reinsurance accounts receivable on March 31, 2024, December 31, 2023, and March 31, 2023 included the collections of NT$91,731 thousand, NT$87,776 thousand, and NT$64,004 thousand with the allowance for losses of NT$41,235 thousand, NT$35,557 thousand, and NT$21,080 thousand appropriated, respectively.

(5) The notes receivable, premiums receivable, other receivables, claims recoverable from reinsurers, and due from reinsurers and ceding companies are grouped based on the counterparty's credit rating, region and industry, and the allowances for losses measured with the provision matrix are as follows:

(Expressed in thousands of New Taiwan dollars, unless otherwise stated)

	2024.3.31				
	0–90 days	91–180 days	181–365 days	over 366 days	Total
Expected credit loss	0%-1%	1%-100%	2%-100%	50%-100%	
Total book value	$2,836,190	$604,725	$148,736	$118,454	$3,708,105
Allowance for loss (expected credit loss)	(23,698)	(10,191)	(9,618)	(78,376)	(121,883)
Total	$2,812,492	$594,534	$139,118	$40,078	$3,586,222

	2023.12.31				
	0–90 days	91–180 days	181–365 days	over 366 days	Total
Expected credit loss	0%-1%	1%-100%	2%-100%	50%-100%	
Total book value	$2,975,282	$342,384	$72,008	$83,985	$3,473,659
Allowance for loss (expected credit loss)	(26,861)	(4,970)	(6,192)	(50,510)	(88,533)
Total	$2,948,421	$337,414	$65,816	$33,475	$3,385,126

	2023.3.31				
	0–90 days	91–180 days	181–365 days	over 366 days	Total
Expected credit loss	0%-1%	1%-100%	2%-100%	50%-100%	
Total book value	$2,448,572	$463,360	$79,302	$64,943	$3,056,177
Allowance for loss (expected credit loss)	(20,735)	(8,357)	(5,337)	(47,245)	(81,674)
Total	$2,427,837	$455,003	$73,965	$17,698	$2,974,503

The company does not hold any collateral for the balance of such receivables.

5. Information related to business performance

(1) Insurance contract acquisition cost

	2024.1.1-2024.3.31				
Item	Commission expense	Agency expense	Handling fee expense	Reinsurance commission expense	Total
Fire insurance	$66,309	$-	$5,271	$165	$71,745
Marine insurance	18,004	-	-	9	18,013
Motor insurance	408,978	-	62,980	-	471,958
Engineering insurance	49,009	-	-	8	49,017
Liability insurance	65,105	-	-	-	65,105
Accident & health insurance	63,391	-	-	-	63,391
Total	$670,796	$-	$68,251	$182	$739,229

(Expressed in thousands of New Taiwan dollars, unless otherwise stated)

Item	2023.1.1-2023.3.31				
	Commission expense	Agency expense	Handling fee expense	Reinsurance commission expense	Total
Fire insurance	$64,043	$-	$5,390	$139	$69,572
Marine insurance	19,496	-	-	16	19,512
Motor insurance	406,570	-	68,882	-	475,452
Engineering insurance	31,714	-	-	3	31,717
Liability insurance	59,574	-	-	-	59,574
Accident & health insurance	93,597	-	-	-	93,597
Total	$674,994	$-	$74,272	$158	$749,424

(2) Analysis of insurance profit and loss

A. Analysis of the profit and loss of the underwriting and ceded-in reinsurance

Item	2024.1.1-2024.3.31							
	Premium revenues	Reinsurance premium income	Net changes in unearned premium reserve	Insurance contract acquisition cost	Insurance claims (including indemnity expense)	Reinsurance claims	Net change in Claims reserve	Insurance profit (loss)
Fire insurance	$1,222,605	$18,782	$98,138	$(71,745)	$(121,297)	$(630)	$(26,859)	$1,118,994
Marine insurance	224,147	671	50,236	(18,013)	(63,458)	(93)	49,209	242,699
Motor insurance	3,081,278	149,188	(42,888)	(471,958)	(1,601,413)	(150,374)	(112,210)	851,623
Engineering insurance	766,451	41	(297,925)	(49,017)	(100,200)	(5)	(124,439)	194,906
Liability insurance	727,171	2,374	(220,080)	(65,105)	(192,055)	(623)	125,566	377,248
Accident & health insurance	528,683	2,040	(81,389)	(63,391)	(183,215)	(375)	(83,494)	118,859
Total	$6,550,335	$173,096	$(493,908)	$(739,229)	$(2,261,638)	$(152,100)	$(172,227)	$2,904,329

Item	2023.1.1-2023.3.31							
	Premium revenues	Reinsurance premium income	Net changes in unearned premium reserve	Insurance contract acquisition cost	Insurance claims (including indemnity expense)	Reinsurance claims	Net change in Claims reserve	Insurance profit (loss)
Fire insurance	$1,008,017	$18,269	$105,954	$(69,572)	$(723,826)	$(14,164)	$176,552	$501,230
Marine insurance	275,785	809	(13,653)	(19,512)	(47,706)	50	27,896	223,669
Motor insurance	3,057,109	148,285	(105,639)	(475,452)	(1,602,114)	(99,688)	(273,989)	648,512
Engineering insurance	547,024	6	(268,407)	(31,717)	(145,632)	(85)	(61,342)	39,847
Liability insurance	577,941	2,394	(122,331)	(59,574)	(187,366)	(266)	22,977	233,775
Accident & health insurance	643,397	1,981	(82,931)	(93,597)	(283,892)	(331)	(44,859)	139,768
Total	$6,109,273	$171,744	$(487,007)	$(749,424)	$(2,990,536)	$(114,484)	$(152,765)	$1,786,801

B. Current profit and loss recognized for purchased reinsurance contracts

(Expressed in thousands of New Taiwan dollars, unless otherwise stated)

	2024.1.1-2024.3.31					
Item	Reinsurance premiums ceded	Net change in ceded unearned premium reserve	Reinsurance commission income	Claims recovered from reinsurers	Net change in ceded Claims reserve	Ceded reinsurance profit (loss)
Fire insurance	$(604,448)	$(154,602)	$30,177	$22,082	$(33,333)	$(740,124)
Marine insurance	(139,167)	(24,187)	18,371	26,249	(25,131)	(143,865)
Motor insurance	(245,906)	(27,570)	21,799	198,762	(74,038)	(126,953)
Engineering insurance	(327,381)	118,300	21,352	36,313	53,059	(98,357)
Liability insurance	(84,798)	28,794	4,695	29,252	(127,227)	(149,284)
Accident & health insurance	(26,408)	39,972	627	6,238	14,352	34,781
Total	$(1,428,108)	$(19,293)	$97,021	$318,896	$(192,318)	$(1,223,802)

	2023.1.1-2023.3.31					
Item	Reinsurance premiums ceded	Net change in ceded unearned premium reserve	Reinsurance commission income	Claims recovered from reinsurers	Net change in ceded Claims reserve	Ceded reinsurance profit (loss)
Fire insurance	$(594,564)	$(152,906)	$24,026	$573,318	$(303,472)	$(453,598)
Marine insurance	(166,744)	7,850	14,945	13,617	(7,636)	(137,968)
Motor insurance	(273,020)	(4,090)	25,341	218,058	31,438	(2,273)
Engineering insurance	(173,344)	118,551	9,460	60,788	65,219	80,674
Liability insurance	(57,460)	7,046	4,182	15,102	8,566	(22,564)
Accident & health insurance	(84,642)	53,336	2,457	15,005	19,172	5,328
Total	$(1,349,774)	$29,787	$80,411	$895,888	$(186,713)	$(530,401)

6. Sensitivity of insurance risks

			Expected impact on profit or loss with 5% increase of loss rate	
Insurance contract type	Premium revenues	Expected loss rate	Before holding reinsurance	After holding reinsurance
Fire insurance	$1,222,648	70.11%	$61,132	$30,910
Marine insurance	224,147	70.00%	11,207	4,249
Land and air insurance	2,621,048	65.63%	131,052	128,287
Liability insurance	558,178	70.96%	27,909	24,527
Engineering Guarantee Insurance	772,480	62.29%	38,624	22,183
Other property insurance	162,964	63.73%	8,148	7,362
Accident insurance	523,832	64.30%	26,192	24,871
Health insurance	4,851	61.75%	243	243
Automobile liability insurance	460,230	Not applicable	Not applicable	Not applicable
Total	$6,550,378		$304,507	$242,632

(Expressed in thousands of New Taiwan dollars, unless otherwise stated)

Note: The data period is from January to March 2024; fire insurance premiums are not covered in long-term fire insurance.

According to the data from January to March 2024, although the assumed increase of expected loss rate by 5% have a certain degree of impact on the profit or loss, with the reinsurance arrangement, however, the impact from the change in expected loss rate can be reduced, thereby spreading the risks, and the sensitivity can be maintained within a reasonable range.

7. Explanation of concentrated insurance risks

(1) Circumstances that may lead to concentrated insurance risks:

A. Proportion of premiums for underwriting and ceded-in reinsurance

The insurance contracts underwritten by the company are spread across different types of insurance without concentration on a single type of insurance, and the highest proportion is attributed to automobile insurance, which accounted for 48.05% and 51.03% of the total underwriting during January 1 to March 31, 2024 and January 1 to March 31, 2023, respectively. Although the proportion is higher than that of other insurances, experiences show the relevant loss is stable and the risk variation is not significant; other insurance types do not have risk concentration either.

Proportion of premiums for underwriting and ceded-in reinsurance:

	2024.1.1-2024.3.31		2023.1.1-2023.3.31	
Item	Amount	Percentage.	Amount	Percentage.
Fire insurance	$1,241,387	18.46%	$1,026,286	16.34%
Marine insurance	224,818	3.35%	276,594	4.40%
Motor insurance	3,230,466	48.05%	3,205,394	51.03%
Engineering insurance	766,492	11.40%	547,030	8.71%
Liability insurance	729,545	10.85%	580,335	9.24%
Accident & health insurance	530,723	7.89%	645,378	10.28%
Total	$6,723,431		$6,281,017	

B. Retention ratios

The car insurance has the highest retention ratios, which accounted for 56.36% and 59.47% of its total premiums during January 1 to March 31, 2024 and January 1 to March 31, 2023, respectively, and in consideration of the possibility of significant cumulative losses, reinsurance is arranged to spread the risks, and therefore no risk concentration present.

Also considered are insurances related to natural disasters (e.g. earthquakes and typhoon floods) that may lead to significant cumulative losses, as well as insurances that may result in cumulative losses including property related insurances (fire insurance, engineering insurance), marine insurance and accident insurance, and to avoid concentrated underwriting risks, catastrophe reinsurance contacts are purchased to spread the risks.

(Expressed in thousands of New Taiwan dollars, unless otherwise stated)

Premiums retention ratios:

Item	2024.1.1-2024.3.31 Amount	2024.1.1-2024.3.31 Percentage.	2023.1.1-2023.3.31 Amount	2023.1.1-2023.3.31 Percentage.
Fire insurance	$636,939	12.03%	$431,722	8.75%
Marine insurance	85,651	1.62%	109,850	2.23%
Motor insurance	2,984,560	56.36%	2,932,374	59.47%
Engineering insurance	439,111	8.29%	373,686	7.58%
Liability insurance	644,747	12.18%	522,875	10.60%
Accident & health insurance	504,315	9.52%	560,736	11.37%
Total	$5,295,323		$4,931,243	

C. The following table shows the concentrated risks of different insurance types before and after reinsurances:

Item	2024.1.1-202.3.31			
	Premium revenues	Reinsurance premium income	Reinsurance premiums ceded	Net premium revenues
Fire insurance	$1,222,605	$18,782	$(604,448)	$636,939
Marine insurance	224,147	671	(139,167)	85,651
Motor insurance	3,081,278	149,188	(245,906)	2,984,560
Engineering insurance	766,451	41	(327,381)	439,111
Liability insurance	727,171	2,374	(84,798)	644,747
Accident & health insurance	528,683	2,040	(26,408)	504,315
Total	$6,550,335	$173,096	$(1,428,108)	$5,295,323

Item	2023.1.1-2023.3.31			
	Premium revenues	Reinsurance premium income	Reinsurance premiums ceded	Net premium revenues
Fire insurance	$1,008,017	$18,269	$(594,564)	$431,722
Marine insurance	275,785	809	(166,744)	109,850
Motor insurance	3,057,109	148,285	(273,020)	2,932,374
Engineering insurance	547,024	6	(173,344)	373,686
Liability insurance	577,941	2,394	(57,460)	522,875
Accident & health insurance	643,397	1,981	(84,642)	560,736
Total	$6,109,273	$171,744	$(1,349,774)	$4,931,243

(Expressed in thousands of New Taiwan dollars, unless otherwise stated)

8. Claims development trend

This table discloses the IBNR reserves for the insurance types based on the "Loss Development Triangles."

◎ Claims development trend:

A. Cumulative reported claims

Accident Year	Assessment date 2020.12.31	2021.12.31	2022.12.31	2023.12.31	2024.3.31	2024.3.31 Cumulative settled claims	Outstanding claims	IBNR claims	Claims reserve
≦2019							$383,822		
2020	$9,736,071	$10,213,567	$10,287,953	$10,079,949	$10,081,750	$9,640,594	441,156		
2021		8,570,248	8,799,772	8,804,477	8,783,681	8,265,616	518,065		
2022			9,898,831	10,718,946	10,783,918	9,433,969	1,349,949		
2023				9,076,387	9,308,540	6,703,217	2,605,323		
2024					1,677,895	334,861	1,343,034		
Total							$6,641,349	$2,097,934	$8,739,283

Accident Year	Assessment date 2019.12.31	2020.12.31	2021.12.31	2022.12.31	2023.12.31	2023.12.31 Cumulative settled claims	Outstanding claims	IBNR claims	Claims reserve
≦2018							$342,007		
2019	$8,069,856	$8,686,669	$8,618,981	$8,395,432	$8,395,432	$8,323,615	71,817		
2020		9,736,071	10,213,567	10,287,953	10,079,949	9,593,321	486,628		
2021			8,570,248	8,799,772	8,804,477	8,191,212	613,265		
2022				9,898,831	10,718,946	9,206,379	1,512,567		
2023					9,076,387	5,408,661	3,667,726		
Total							$6,694,010	$1,941,773	$8,635,783

Accident Year	Assessment date 2019.12.31	2020.12.31	2021.12.31	2022.12.31	2023.3.31	2023.3.31 Cumulative settled claims	Outstanding claims	IBNR claims	Claims reserve
≦2018							$393,849		
2019	$8,069,856	$8,686,669	$8,618,981	$8,395,432	$8,404,894	$8,243,110	161,784		
2020		9,736,071	10,213,567	10,287,953	10,078,627	8,920,815	1,157,812		
2021			8,570,248	8,799,772	8,841,854	7,703,815	1,138,039		
2022				9,898,831	10,246,743	7,169,142	3,077,601		
2023					2,702,446	377,501	2,324,945		
Total							$8,254,030	$1,377,935	$9,631,965

(Expressed in thousands of New Taiwan dollars, unless otherwise stated)

B. Cumulative reported claims

Accident Year	Assessment date 2020.12.31	2021.12.31	2022.12.31	2023.12.31	2024.3.31	2024.3.31 Cumulative settled claims	Outstanding claims	IBNR claims	Claims reserve
≦2019							$140,258		
2020	$6,976,044	$7,297,107	$7,359,338	$7,339,920	$7,385,891	$7,434,249	(48,358)		
2021		7,164,861	7,380,765	7,411,645	7,375,533	7,074,137	301,396		
2022			8,496,275	8,627,480	8,665,712	8,111,764	553,948		
2023				8,251,165	8,387,749	6,128,041	2,259,708		
2024					1,622,580	319,679	1,302,901		
Total							$4,509,853	$1,855,116	$6,364,969

Accident Year	Assessment date 2019.12.31	2020.12.31	2021.12.31	2022.12.31	2023.12.31	2023.12.31 Cumulative settled claims	Outstanding claims	IBNR claims	Claims reserve
≦2018							$110,449		
2019	$6,383,975	$6,586,879	$6,575,205	$6,562,893	$6,557,228	$6,509,639	47,589		
2020		6,976,044	7,297,107	7,359,338	7,339,920	7,388,207	(48,287)		
2021			7,164,861	7,380,765	7,411,645	7,027,039	384,606		
2022				8,496,275	8,627,480	7,948,954	678,526		
2023					8,251,165	4,881,172	3,369,993		
Total							$4,542,876	$1,484,582	$6,027,458

Accident Year	Assessment date 2019.12.31	2020.12.31	2021.12.31	2022.12.31	2023.3.31	2023.3.31 Cumulative settled claims	Outstanding claims	IBNR claims	Claims reserve
≦2018							$146,351		
2019	$6,383,975	$6,586,879	$6,575,205	$6,562,893	$6,569,584	$6,482,365	87,219		
2020		6,976,044	7,297,107	7,359,338	7,358,701	7,070,855	287,846		
2021			7,164,861	7,380,765	7,390,836	6,685,659	705,177		
2022				8,496,275	8,721,346	6,598,523	2,122,823		
2023					2,145,082	358,347	1,786,735		
Total							$5,136,151	$1,170,036	$6,306,187

Note: The above figures do not include policy-based insurances (i.e. automobile compulsory insurance, residential earthquake insurance, nuclear energy insurance) and the insurances with IBNR reserves not provided based on the "Loss Development Triangles."

(Expressed in thousands of New Taiwan dollars, unless otherwise stated)

9. Types of financial instruments

Financial instruments	2024.3.31	2023.12.31	2023.3.31
Financial assets			
Financial assets at fair value through profit or loss:			
Mandatorily measured at fair value through profit or loss	$6,368,768	$7,210,252	$6,951,828
Financial assets at fair value through other comprehensive income	1,357,168	1,363,941	1,392,461
Financial assets at amortized cost:			
Cash and cash equivalents (excluding cash on hand and working capital)	13,709,775	11,541,337	11,318,106
Financial assets at amortized cost	12,601,566	12,224,923	10,887,861
Other financial assets	299,778	299,779	299,956
Accounts receivable	2,524,451	2,192,574	1,828,910
Refundable deposits	812,980	805,358	660,638
Subtotal	29,948,550	27,063,971	24,995,471
Total	$37,674,486	$35,638,164	$33,339,760
Financial liabilities			
Financial liabilities at fair value through profit or loss:			
Mandatorily measured at fair value through profit or loss	$157,425	$30,933	$165,375
Financial liabilities at amortized cost:			
Accounts Payables	2,959,714	3,099,150	2,532,095
Lease liabilitie	22,607	16,570	30,593
Subtotal	2,982,321	3,115,720	2,562,688
Total	$3,139,746	$3,146,653	$2,728,063

10. Financial risk management objectives and policies

Financial instruments other than derivatives held by the Company mainly include: cash and cash equivalents, and various investments. Such financial instruments are used to adjust the flow of operating funds. The Company also holds other financial assets and liabilities, such as notes receivable, premiums receivable, claims and benefits payable, due from (to) reinsurers & ceding companies, refundable deposits, resulted from business operations.

The Company also engages in derivatives trading, mainly on forward exchange agreements, to avoid exchange rate risks out of investment activities. The Company’s policy is NOT to engage in derivative transactions for trading purposes.

The main risks of the Company’s financial instruments are market risks, credit risks and liquidity risks. The risk management policy approved by the Board of Directors is as follows:

(1) Market risk

A. Exchange rate risk

The Company is exposed to the risk of fluctuated exchange rates between the U.S. dollar and the New Taiwan dollar due to holding foreign currencies from trust investments. Since the amounts of such investment positions are significant, forward exchange agreements are carried out to hedge this part of investment activities.

The Company is also exposed to the exchange rate risk arising from reinsurance of business operations denominated in non-functional currencies. However, this type of transactions usually has a short cash collection period with less significant exchange rate fluctuation, and therefore transactions as such are usually not hedged.

The conditions for the hedging tools and for the hedged items are the same based on the Company's self-assessment, so as to maximize the hedging efficacy.

B. Interest rate risk

The interest rate risk is a result from fluctuated fair value of financial instruments or fluctuated cash flows in the future due to changes in market interest rates, and the floating interest rate assets held by the company as well as the floating interest rate debts undertaken by the company may lead risks arising from fluctuated cash flows in the future due to the changes in the market interest rates; however, the Company's financial instruments are all capital-guaranteed, and therefore the impact is not significant.

C. Equity price risk

The company holds domestic and foreign listed and unlisted equity securities, whose prices will be affected by the uncertainty of the future value of their invested targets. These listed and unlisted equity securities held by the Company are included in the fair value measurement through profit or loss and the fair value measurement through other comprehensive profit or loss. Investment portfolios are used to set investment limits on single and overall equity securities to manage the price risks.

(2) Credit risk

A. Credit risk management policy

The company only deals with third parties that have been recognized as having good credit and, as the corporate policy requires, a credit transaction must go through a credit confirmation procedure before being carried out, and the recovery of premiums and bills receivable are continuously surveyed and evaluated and, as a result, the Company has maintained a good status from bad debts. If the counterparty shows credibility issues, however, relevant contracts will be suspended and the related rights and obligations will not be exercised until it gets back to the transaction status.

The credit risks to which the Company's financial transactions are exposed include issuer credit risk, counterparty credit risk and underlying asset credit risk:

a. The issuer credit risk refers to the risk of financial losses incurred by the Company due to the holding of financial debt instruments or deposits in banks for which payments or compensation obligations are not performed because of default, bankruptcy or liquidation of the issuer, guarantor or bank, in accordance with the agreed terms.

(Expressed in thousands of New Taiwan dollars, unless otherwise stated)

b. The counterparty credit risk refers to the risk of financial losses incurred by the Company due to the transactions of financial instruments, with which the counterparty fails to perform the delivery or payment obligations on the agreed date.
c. The underlying asset credit risk refers to the risk of losses due to the weakened credit quality, increased credit discounts, downgraded credit ratings, or breach of contract concerning the underlying asset linked to financial instruments.

The IFRS 9 is taken to assess expected credit losses, and except for receivables, for which allowance for loss is measured by the lifetime expected credit loss, the rest debt instruments not measured at fair value through profit or loss have the allowance for loss measured based on the lowest risk credit at initial procurement, and on every balance sheet date whether the credit risk is significantly increased since the initial recognition is assessed to determine the method and the loss rate for measuring the allowance for loss. The method and indicators used to assess the impairment of the debt instrument investments are described as follows:

			Loss rates		
Credit risk ratings	Indicators	Expected credit loss measurement method	2024.3.31	2023.12.31	2023.3.31
Low credit risk	Credit rating above Baa3	12-month expected credit loss	0.0158%~ 0.1894%	0.0158%~ 0.1894%	0.0068%~ 0.2096%
Credit risk increased significantly	Credit rating below Ba1	Lifetime expected credit loss	0.3233%~ 5.1743%	0.4509%~ 5.1571%	0.7724%~ 3.2143%

The financial assets with recovery unable to be reasonably expected (e.g. the issuer or debtor has major financial difficulties, or has gone bankrupt) are written off.

The debt instruments with increased credit risks are promptly disposed to reduce credit losses. To assess the expected credit losses based on IFRS 9, the forward-looking information (obtained without excessive cost or investment) used also includes general economic information and industry information, and the lose rate is adjusted if the information shows significant impact on the credit losses.

B. Judgment that the credit risk has increased significantly since initial recognition

a. The financial instruments are assessed for impairment based on IFRS 9 on every reporting date, to judge whether the credit risk has significantly increased since the initial recognition. This assessment considers reasonable and supportive information (including forward-looking one) that shows a significant increase in the credit risk since the initial recognition, and the main indicators include external credit ratings, credit spreads, and other market information related to the borrowers or issuers showing a significant increase of the credit risk.

b. Low credit risk: If a financial instrument is judged as having low credit risk on the reporting date, it can be assumed that the credit risk of the financial instrument has not significantly increased since initial recognition.

C. Defaulted and credit impaired financial assets

The default of a financial asset is defined the same as with its credit impairment, and one or more of the following conditions are met, the financial asset is judged as defaulted and credit impaired:

a. Quantitative indicator: When the contract payment is overdue for more than 90 days, the financial asset is judged as defaulted and credit impaired.

b. Qualitative indicator: When evidence shows that the issuer or borrower is unable to fulfill the contract payment, or that the issuer or borrower has major financial difficulties, such as:

(A) The issuer or borrower is bankrupt or may apply for bankruptcy or financial restructuring; or
(B) Failure to pay the principal or interest in accordance with the agreed terms; or
(C) The borrower's collateral is under provisional attachment or compulsory collection; or
(D) The borrower applies for changing the credit terms due to financial difficulties.

c. The above definitions of default and credit impairment apply to all financial assets held by the Company, and are consistent with the definitions used for financial assets at stake for internal credit risk management, and are also used in the relevant impairment assessment models.

D. Measurement of expected credit losses

a. The approach and assumption

The allowance for loss of the financial instruments with no significant increase of credit risks since initial recognition is measured by the 12-month expected credit loss; the allowance for loss of the financial instruments with significant increase of credit risk or credit impairment since initial recognition is measured by the lifetime expected credit loss.

To measure the expected credit loss, the probability of default (PD) in the next 12 months and in the lifetime of the financial instruments are considered, with the loss given default (LGD) accommodated, multiplied by the exposure at default (EAD), along with additional consideration on the influence of the time value of money, and then the expected credit loss is calculated for the 12 months and for the lifetime duration, respectively.

The PD is the probability that the issuer, guarantee agency or borrower will default, and the LGD is the loss ratio caused by the issuer, guarantee agency or borrower when the default occurs. The LGD used for the impairment assessment is based on the information regularly published by Moody's, an international credit rating agency; the PD is based on the information regularly published by the Taiwan Ratings and Moody's, taking into account historical data adjusted based on currently observable data and general economic information (such as GDP and economic growth rate). The EAD is measured at the amortized cost and interests receivable of financial assets.

b. Consideration of forward-looking information

The forward-looking information is taken into consideration when the expected credit loss of financial assets is measured.

E. Analysis of risk concentration

a. The following table shows the geographical distribution of the credit risk exposure of the financial assets:

(Expressed in thousands of New Taiwan dollars, unless otherwise stated)

March 31, 2024

Financial assets	Taiwan	America	Emerging market and others	Total
Cash and cash equivalents (Note 1)	13,709,775	-	-	13,709,775
Financial assets at fair value through profit or loss	51,134	-	-	51,134
Financial assets at fair value through other comprehensive income	-	318,398	-	318,398
Financial assets at amortized cost (Note 2)	9,326,623	3,049,081	746,392	13,122,096
Other financial assets	299,778	-	-	299,778
Total	23,387,310	3,367,479	746,392	27,501,181
Regional proportion to overall	85%	12%	3%	100%

December 31, 2023

Financial assets	Taiwan	America	Emerging market and others	Total
Cash and cash equivalents (Note 1)	11,541,337	-	-	11,541,337
Financial assets at fair value through profit or loss	51,137	-	-	51,137
Financial assets at fair value through other comprehensive income	-	320,679	-	320,679
Financial assets at amortized cost (Note 2)	9,100,553	2,927,627	718,220	12,746,400
Other financial assets	299,779	-	-	299,779
Total	20,992,806	3,248,306	718,220	24,959,332
Regional proportion to overall	84%	13%	3%	100%

March 31, 2023

Financial assets	Taiwan	America	Emerging market and others	Total
Cash and cash equivalents (Note 1)	11,318,106	-	-	11,318,106
Financial assets at fair value through profit or loss	51,133	-	-	51,133
Financial assets at fair value	-	304,225	-	304,225

(Expressed in thousands of New Taiwan dollars, unless otherwise stated)

through other comprehensive income				
Financial assets at amortized cost (Note 2)	7,688,908	3,005,365	718,434	11,412,707
Other financial assets	299,956	-	-	299,956
Total	19,358,103	3,309,590	718,434	23,386,127
Regional proportion to overall	83%	14%	3%	100%

Note 1: Cash and cash equivalents exclude cash on hand and working capital.
Note 2: Including security deposits

b. The following table shows the industrial distribution of the credit risk exposure of the financial assets:

March 31, 2024

Financial assets	Finance	Communication & technology	Others	Total
Cash and cash equivalents (Note 1)	13,709,775	-	-	13,709,775
Financial assets at fair value through profit or loss	51,134	-	-	51,134
Financial assets at fair value through other comprehensive income	-	-	318,398	318,398
Financial assets at amortized cost (Note 2)	6,454,953	2,298,510	4,368,633	13,122,096
Other financial assets	299,778	-	-	299,778
Total	20,515,640	2,298,510	4,687,031	27,501,181
Regional proportion to overall	75%	8%	17%	100%

December 31, 2023

Financial assets	Finance	Communication & technology	Others	Total
Cash and cash equivalents (Note 1)	11,541,337	-	-	11,541,337
Financial assets at fair value through profit or loss	51,137	-	-	51,137
Financial assets at fair value through other comprehensive income	-	-	320,679	320,679
Financial assets at amortized cost (Note 2)	6,454,238	2,235,929	4,056,233	12,746,400
Total	299,779	-	-	299,779
Other financial assets	18,346,491	2,235,929	4,376,912	24,959,332
Regional proportion to overall	73%	9%	18%	100%

March 31, 2023

Financial assets	Finance	Communication & technology	Others	Total
Cash and cash equivalents	11,318,106	-	-	11,318,106

(Expressed in thousands of New Taiwan dollars, unless otherwise stated)

(Note 1)				
Financial assets at fair value through profit or loss	51,133	-	-	51,133
Financial assets at fair value through other comprehensive income	-	-	304,225	304,225
Financial assets at amortized cost (Note 2)	5,244,004	2,029,988	4,138,715	11,412,707
Other financial assets	299,956	-	-	299,956
Total	16,913,199	2,029,988	4,442,940	23,386,127
Regional proportion to overall	72%	9%	19%	100%

Note 1: Cash and cash equivalents exclude cash on hand and working capital.
Note 2: Including security deposits

F. Analysis of credit risk quality

The following table shows the credit quality classification of the financial assets:

March 31, 2024

Financial assets	Normal assets		Total
	Investment grade	Non-investment grade	
Cash and cash equivalents (Note 1)	13,709,775	-	13,709,775
Financial assets at fair value through profit or loss	51,134	-	51,134
Financial assets at fair value through other comprehensive income	318,398	-	318,398
Financial assets at amortized cost (Note 2)	13,122,096	-	13,122,096
Other financial assets	299,778	-	299,778
Total	27,501,181	-	27,501,181

December 31, 2023

Financial assets	Normal assets		Total
	Investment grade	Non-investment grade	
Cash and cash equivalents (Note 1)	11,541,337	-	11,541,337
Financial assets at fair value through profit or loss	51,137	-	51,137
Financial assets at fair value through other comprehensive income	320,679	-	320,679
Financial assets at amortized cost (Note 2)	12,746,400	-	12,746,400
Other financial assets	299,779	-	299,779
Total	24,959,332	-	24,959,332

(Expressed in thousands of New Taiwan dollars, unless otherwise stated)

March 31, 2023

Financial assets	Normal assets		Total
	Investment grade	Non-investment grade	
Cash and cash equivalents (Note 1)	11,318,106	-	11,318,106
Financial assets at fair value through profit or loss	51,133	-	51,133
Financial assets at fair value through other comprehensive income	304,225	-	304,225
Financial assets at amortized cost (Note 2)	11,412,707	-	11,412,707
Other financial assets	299,956	-	299,956
Total	23,386,127	-	23,386,127

Note 1: Cash and cash equivalents exclude cash on hand and working capital.
Note 2: Including security deposits
Note 3: Investment grade refers to credit rating above BBB- and non-investment grade refers to BBB- or lower.

G. Maximum total book value of credit risk exposure and credit quality classification

2024.3.31

	Stage 1	Stage 2	Stage 3		
	12-month expected credit loss	Lifetime expected credit loss	Lifetime Expected credit loss	Purchased or credit-impaired financial assets	Total book value
Financial assets at amortized cost	$12,823,794	$181,687	$-	$-	$13,005,481
Financial assets at fair value through other comprehensive income	379,296	-	-	-	379,296
Other financial assets	304,625	-	-	-	304,625

2023.12.31

	Stage 1	Stage 2	Stage 3		
	12-month expected credit loss	Lifetime expected credit loss	Lifetime Expected credit loss	Purchased or credit-impaired financial assets	Total book value
Financial assets at amortized cost	$12,595,970	$180,833	$-	$-	$12,776,803
Financial assets at fair value through other comprehensive income	375,573	-	-	-	375,573
Other financial assets	303,526	-	-	-	303,526

2023.3.31

	Stage 1	Stage 2	Stage 3		
	12-month expected credit loss	Lifetime expected credit loss	Lifetime Expected credit loss	Purchased or credit-impaired financial assets	Total book value
Financial assets at amortized cost	$11,334,706	$151,469	$-	$-	$11,486,175

(Expressed in thousands of New Taiwan dollars, unless otherwise stated)

Financial assets at fair value through other comprehensive income	380,917	-	-	-	380,917
Other financial assets	300,203	-	-	-	300,203

Note: Including security deposits and interests receivable of financial assets.

H. Reconciliation of allowance for loss from beginning balance to ending balance

	12-month expected credit loss		Lifetime expected credit loss
	Measured at fair value through other comprehensive income	Measured at amortized cost	Measured at amortized cost
2024.1.1	$220	$6,184	$5,780
Derecognition	-	-	-
Originated or purchased	-	52	-
Change of model/risk parameters	2	74	1
2024.3.31	$222	$6,310	$5,781
2023.1.1	$177	$3,927	$3,965
Derecognition	-	(240)	-
Originated or purchased	-	187	-
Change of model/risk parameters	2	422	23
2023.3.31	$179	$4,296	$3,988

(3) Operational risk

The purpose is to avoid potential losses out of improper internal control, fraud, corruption, and negligence. The Company has established separate operating procedures and computer systems with the frontend and backend platforms and middleware according to the business features to effectively manage operational risks by way of strict internal control and auditing as well as external reviews and statutory compliance. The company has also formulated and implemented the “Operational Risk Management Mechanism” for risk assessment by each department; also, the “Guidelines for Risk Early Warning and Reporting” is set up to establish a loss experience database.

(4) Liquidity risk

A. Definition and source of liquidity risk

The liquidity risk of financial instruments can be divided as “fund liquidity risk” and “market liquidity risk.” The “fund liquidity risk” refers to the risk that necessary and sufficient funds are not available within a reasonable time and at a reasonable cost, resulting in a funding gap; the “market liquidity risk” refers to the losses incurred due to assets sold below the market price in order to acquire necessary funds.

(Expressed in thousands of New Taiwan dollars, unless otherwise stated)

B. Liquidity risk management

Based on the business features, the short-term cash flows are regularly assessed and monitored under a sound liquidity risk management mechanism, where the market transaction volumes and proportionality of fund positions are considered for prudent control of the market liquidity risk; also, contingency plans are drawn up to deal with major liquidity risks out of abnormal and emergent fund demands.

Stress testing analysis is to test changes in funding liquidity under various combinations of extremely abnormal and unfavorable situations to ensure safe funding liquidity. The stress scenarios assumed include major market fluctuations, occurrences of various credit events, and unexpected tightening of financial market liquidity that may generate liquidity pressures, and the test is to measure the changes in positive and negative funding gaps of the overall corporate fund supply and demand in various periods without affecting normal business operations. Aimed at the funding gaps resulted from the stress testing scenarios, contingency plans have been set up to deal with such major liquidity risks out of the assumed abnormal and emergent demands on funds.

(5) Market risk analysis

Market risk refers to the risk of reduced benefits or investment portfolio values due to changes in the market factors such as exchange rates, commodity prices, interest rates, credit spreads, and stock prices.
The market risk management tools such as Value at Risk (VaR) and stress testing are constantly used to comprehensively and effectively measure, monitor and manage the market risks.

A. Value at risk (VaR)

The VaR is used to measure the maximum potential loss incurred by investment portfolios due to changes in market risk factors during a specific period and under a certain confidence level. The Company currently take a confidence level of 99% to calculate VaR for the next two weeks.

The VaR of relevant asset positions is shown in the following table:

March 31, 2024

	Equity	Bond	Domestic Assets	Foreign Assets	Total VaR
Component VaR	$586,522	$26,841	$587,616	$32,095	$588,318

December 31, 2023

	Equity	Bond	Domestic Assets	Foreign Assets	Total VaR
Component VaR	$644,672	$27,630	$645,274	$32,850	$647,096

March 31, 2023

	Equity	Bond	Domestic Assets	Foreign Assets	Total VaR
Component VaR	$671,866	$28,445	$673,016	$32,725	$672,693

(Expressed in thousands of New Taiwan dollars, unless otherwise stated)

B. Stress testing

With the VaR model, regular stress testing is given to measure potential market risks when extremely abnormal events occur. The stress testing measures the potential impact on the value of the investment portfolio from extreme changes in a series of financial variables.

Currently a simple sensitivity analysis and a scenario simulation are regularly given to carry out the stress test on the financial positions, and the test covers loss of position caused by the change of risk factors in various historical scenarios:

a. Simple sensitivity analysis

The simple sensitivity analysis measures the changed value of the investment portfolio caused by changes in specific risk factors.

b. Scenario Analysis

The scenario analysis measures the changed total value of investment positions that occurs under hypothetical events, and the scenarios include:

i. Historical scenarios:

A period of historical events is selected, and the fluctuated risk factors in the period are added to the current investment portfolio to calculate the loss out of the historical events.

ii. Hypothetical scenarios:

With a reasonably expected hypothesis that could lead to extreme market changes in the future, its changed risk factors are added to the current investment portfolio to measure the loss out of the hypothetical events.

The Investment Department regularly carries out the stress test under hypothetical scenarios and send the resulted reports to the Risk Management Department for the corporate risk analysis, risk warning and business management.

March 31, 2024

Risk factors	Changed value (+/-)	Position profit and loss (P/L)
Equity risk (stock price index)	-10%	$(514,257)
Interest rate risk (yield rate curve)	+100bp	(60,643)
Exchange rate risk (exchange rate)	-5%	(80,486)

December 31, 2023

Risk factors	Changed value (+/-)	Position profit and loss (P/L)
Equity risk (stock price index)	-10%	$(598,913)
Interest rate risk (yield rate curve)	+100bp	(61,334)
Exchange rate risk (exchange rate)	-5%	(79,567)

March 31, 2023

Risk factors	Changed value (+/-)	Position profit and loss (P/L)
Equity risk (stock price index)	-10%	$(584,870)
Interest rate risk (yield rate curve)	+100bp	(59,271)
Exchange rate risk (exchange rate)	-5%	(14,530)

(5) Climate-related risk

With the increasing risk of climate change, the Company has established a climate change committee under the Risk Management Committee the Project Working Group on Risk-related Issues (the TCFD Working Group) is responsible for discussions on climate change risks and assist in the development of decarbonisation and adaptation measures to reduce risks. The Board of Directors oversees climate change The Risk Management Committee and the Corporate Sustainability Committee, the functional committees of the Board of Directors, are responsible for overseeing the implementation of risks and opportunities related to climate change, respectively line situation. In addition, a climate change risk management mechanism has been put in place to incorporate the identified climate-related risks into an important consideration in the Company's operations, to strengthen climate-related risk management to mitigate the impact of climate change, and to conduct stress tests on businesses affected by climate change in the self-risk and solvency assessment report, and to strengthen climate change risk management during underwriting, as well as to arrange reinsurance risk diversification. In the future, the Company will continue to review climate risk changes, assess the opportunities brought by climate changes, and adjust the Company's insurance products and business strategies.

11. Fair value information of financial instruments

(1) The methods and assumptions used to measure fair values are as follows:

A. The fair values of cash and cash equivalents, receivables and payables are estimated based on their book values on the balance sheet, because such items will become mature shortly and thus their book values are a reasonable basis for measuring the fair values.

B. The fair values of financial assets and financial liabilities that have standard terms and conditions and are traded in active markets are determined by reference to market quotes (including beneficiary certificates, listed stocks and bonds).

C. The fair values of derivatives are based on public quotes. When public quotes are not available, the fair values of non-option derivatives are calculated with the applicable lifetime yield curve by discounted cash flow analysis, while the fair values of option derivatives are calculated by the option pricing model.

(Expressed in thousands of New Taiwan dollars, unless otherwise stated)

D. The fair values of other financial assets and financial liabilities are determined based on the discounted cash flow analysis, where the assumptions such as interest rates and discount rates are mainly based on the information of similar instruments and applicable lifetime yield curves.

(2) Fair value by financial assets measured at amortized cost

Except for those listed in the following table, the book values of financial assets and financial liabilities measured by amortized cost approximate their fair values:

	Book value		
	2024.3.31	2023.12.31	2023.3.31
Financial assets			
Financial assets at amortized cost	$12,601,566	$12,224,923	$10,887,861
Refundable deposits – by government bonds	520,530	521,477	524,846

	Fair value		
	2024.3.31	2023.12.31	2023.3.31
Financial assets			
Financial assets at amortized cost	$11,942,538	$11,715,529	$10,326,142
Refundable deposits – by government bonds	504,977	509,455	512,882

(3) Fair value recognized on balance sheet

The following table provides the analysis of financial instruments measured at fair value after initial recognition, by dividing the fair values into the following three levels:

Level 1: Public quotes (unadjusted) of the same assets or liabilities in the active market.

Level 2: Except for the Level 1 public quotes, the fair value is derived from the direct observable input values (i.e. prices) and indirect ones (i.e. derivatives from prices) of the assets or liabilities.

Level 3: The fair value is derived with the appraisal technology that is not based on input values of the assets or liabilities from the observable market data.

Financial instruments measured at fair value	2024.3.31			
	Total	Level 1	Level 2	Level 3
Financial assets				
Financial assets at fair value through profit or loss				
Stock	$5,714,031	$5,349,904	$-	$364,127

(Expressed in thousands of New Taiwan dollars, unless otherwise stated)

Financial instruments measured at fair value	2024.3.31			
	Total	Level 1	Level 2	Level 3
Bonds	51,134	-	-	51,134
Fund	603,603	603,603	-	-
Financial assets at fair value through other comprehensive income				
Stock	1,038,770	824,745	-	214,025
Bonds	318,398	318,398	-	-
Financial liabilities				
Financial liabilities at fair value through profit or loss				
Swap and forward exchange contracts	157,425	-	157,425	-

Financial instruments measured at fair value	2023.12.31			
	Total	Level 1	Level 2	Level 3
Financial assets				
Financial assets at fair value through profit or loss				
Stock	$5,801,379	$5,420,852	$-	$380,527
Bonds	51,137	-	-	51,137
Fund	1,322,650	1,322,650	-	-
Swap and forward exchange contracts	35,086	-	35,086	-
Financial assets at fair value through other comprehensive income				
Stock	1,043,262	814,792	-	228,470
Bonds	320,679	320,679	-	-
Financial liabilities				
Financial liabilities at fair value through profit or loss				
Swap and forward exchange contracts	30,933	-	30,933	-

Financial instruments measured at fair value	2023.3.31			
	Total	Level 1	Level 2	Level 3
Financial assets				
Financial assets at fair value through profit or loss				
Stock	$4,235,262	$3,892,074	$-	$343,188
Bonds	51,133	-	-	51,133

(Expressed in thousands of New Taiwan dollars, unless otherwise stated)

Financial instruments measured at fair value	2023.3.31			
	Total	Level 1	Level 2	Level 3
Fund	2,665,433	2,665,433	-	-
Financial assets at fair value through other comprehensive income				
Stock	1,088,236	851,053	-	237,183
Bonds	304,225	304,225	-	-
Financial liabilities				
Financial liabilities at fair value through profit or loss				
Swap and forward exchange contracts	165,375	-	165,375	-

The assets and liabilities measured at repetitive fair value during January 1 to March 31, 2024 and January 1 to March 31, 2023, had no transfer between the Level 1 and Level 2 fair values.

(4) Details of changes in the Level 3 repetitive fair value

From the beginning to the end of the period, the adjusted balances of the Level 3 assets and liabilities measured at repetitive fair value are as follows:

	Assets		
	Measured at fair value through profit or loss	Measured at fair value through other comprehensive income	Total
2024.1.1	$431,664	$228,470	$660,134
Recognized total profits (losses):			
Recognized as gains and losses (under "Profit or loss on Financial Assets and Liabilities at Fair Value through profit or loss")	(3)	-	(3)
Recognized as other comprehensive income (under "Unrealized valuation profit or loss on equity instruments measured at fair value through other comprehensive income")	-	(14,445)	(14,445)
Recognized as other comprehensive profit or loss (under "Other comprehensive profit or loss reclassified with overlay approach")	(16,400)	-	(16,400)
2024.3.31	$415,261	$214,025	$629,286

	Assets		
	Measured at fair value through	Measured at fair value through	Total

	profit or loss	other comprehensive income	
2023.1.1	$394,325	$240,217	$634,542
Recognized total profits (losses):			
Recognized as gains and losses (under "Profit or loss on Financial Assets and Liabilities at Fair Value through profit or loss")	(4)	-	(4)
Recognized as other comprehensive income (under "Unrealized valuation profit or loss on equity instruments measured at fair value through other comprehensive income")	-	(3,034)	(3,034)
2023.3.31	$394,321	$237,183	$631,504

Among the above recognized total profits (losses), those related to the assets held during January 1 to March 31, 2024 and January 1 to March 31, 2023, respectively, are as follows:

	2024.1.1 -2024.3.31	2023.1.1 -2023.3.31
Total profits (losses)		
Recognized in the profit or loss	$(3)	$(4)
Recognized in the other comprehensive income	(30,845)	(3,034)

(5) The significant unobservable input values of the Level 3 fair value

The significant unobservable input values for measuring assets at Level 3 repetitive fair value are listed in the following table:

March 31, 2024

	Appraisal technology	Significant unobservable input values	Quantitative information	Relation between input value and fair value
Financial assets:				
Financial assets at fair value through profit or loss				
Unlisted stocks	Income approach	Liquidity and minority share discount	0-30%	The higher liquidity and minority equity discount, the lower fair value estimate
Bonds			Note	
Financial assets at fair value through other comprehensive income				
Unlisted stocks	Market approach, income approach,	Liquidity and minority share discount	0-30%	The higher liquidity and minority equity discount, the lower fair value estimate

	asset approach			

Note: The present value of expected return from holding a bond investment is calculated by the discount of expected future cash flow. The significant unobservable inputs are mainly expected cash flows in the future.

December 31, 2023

	Appraisal technology	Significant unobservable input values	Quantitative information	Relation between input value and fair value
Financial assets:				
Financial assets at fair value through profit or loss				
Unlisted stocks	Income approach	Liquidity and minority share discount	0-30%	The higher liquidity and minority equity discount, the lower fair value estimate
Bonds			Note	
Financial assets at fair value through other comprehensive income				
Unlisted stocks	Market approach, income approach, asset approach	Liquidity and minority share discount	0-30%	The higher liquidity and minority equity discount, the lower fair value estimate

Note: The present value of expected return from holding a bond investment is calculated by the discount of expected future cash flow. The significant unobservable inputs are mainly expected cash flows in the future.

March 31, 2023

	Appraisal technology	Significant unobservable input values	Quantitative information	Relation between input value and fair value
Financial assets:				
Financial assets at fair value through profit or loss				
Unlisted stocks	Market approach	Liquidity discount	0-30%	The higher liquidity discount, the lower fair value estimate
Bonds			Note	
Financial assets at fair value through other comprehensive income				
Unlisted stocks	Market approach, income approach, asset approach	Liquidity discount	0-30%	The higher liquidity discount, the lower fair value estimate

Note: The present value of expected return from holding a bond investment is calculated by the discount of expected future cash flow. The significant unobservable inputs are mainly expected cash flows in the future.

(Expressed in thousands of New Taiwan dollars, unless otherwise stated)

(6) Measurement not at fair value with required disclosure of fair value level

	2024.3.31			
	Total	Level 1	Level 2	Level 3
Assets with fair value disclosed only:				
Financial assets at amortized cost	$11,942,538	$10,203,940	$-	$1,738,598
Refundable deposits – by government bonds	504,977	504,977	-	-
Investment property (see Note 6.9)	3,157,695	-	-	3,157,695

	2023.12.31			
	Total	Level 1	Level 2	Level 3
Assets with fair value disclosed only:				
Financial assets at amortized cost	$11,715,529	$9,977,122	$-	$1,738,407
Refundable deposits – by government bonds	509,455	509,455	-	-
Investment property (see Note 6.9)	3,157,695	-	-	3,157,695

	2023.3.31			
	Total	Level 1	Level 2	Level 3
Assets with fair value disclosed only:				
Financial assets at amortized cost	$10,326,142	$8,588,189	$-	$1,737,953
Refundable deposits – by government bonds	512,882	512,882	-	-
Investment property (see Note 6.9)	3,100,351	-	-	3,100,351

8. Related party transactions

The transaction related parties in the Company's financial reporting period are:

(1) Name and affiliation of the parties:

Name	Affiliation
Taiwan Cement Corporation	Other related parities
Taiwan Shin Kong Security Co., Ltd.	Other related parities
Taiwan Security Co., Ltd.	Other related parities(Note)
Waibel Enterprise Inc.	Other related parities
Shin Kong Life Insurance Co., Ltd.	Other related parities
Shin Kong Mitsukoshi Department Store CO., LTD.	Other related parities
Shin Kong Synthetic Fibers Corporation	Other related parities
Shin Kong Textile Co., Ltd.	Other related parities
Shin-Po Express Co., Ltd.	Other related parities
The Ambassador Hotel Co., Ltd.	Other related parities
Shin-Kong Life Real Estate Service Co.,Ltd	Other related parities
Great Taipei Broadband Co.,Ltd	Other related parities(Note)
Others	Directors, supervisors, chairman,president, managers, their spouses, and the relatives

(Expressed in thousands of New Taiwan dollars, unless otherwise stated)

within 2nd degree of kinship

(Note) :This company has not been a related party of the company since May 25, 2023

(2) Major transactions with related parties:

1. Premium revenues

	2024.1.1-2024.3.31		2023.1.1-2023.3.31	
Name	Amount	Percentage of this item	Amount	Percentage of this item
Other related parities	$29,670	0.45%	$42,383	0.69%

2. Operating expenses

	2024.1.1-2024.3.31		2023.1.1-2023.3.31	
Name	Amount	Percentage of this item	Amount	Percentage of this item
Other related parities	$4,728	0.49%	$5,678	0.64%

3. Lease

Property investment gains and losses – rental income

	2024.1.1-2024.3.31		2023.1.1-2023.3.31	
Name	Amount	Percentage of this item	Amount	Percentage of this item
Other related parities	$79	0.41%	$75	0.38%

Right-of-use assets

	2024.3.31		2023.12.31		2023.3.31	
Name	Amount	Percentage of this item	Amount	Percentage of this item	Amount	Percentage of this item
Shin Kong Life Insurance	$7,952	35.91%	$4,097	25.35%	$8,162	27.23%

Lease liabilitie

	2024.3.31		2023.12.31		2023.3.31	
Name	Amount	Percentage of this item	Amount	Percentage of this item	Amount	Percentage of this item
Shin Kong Life Insurance	$8,164	36.11%	$4,153	25.06%	$8,275	27.05%

Interest expenses

(Expressed in thousands of New Taiwan dollars, unless otherwise stated)

	2024.1.1-2024.3.31		2023.1.1-2023.3.31	
Name	Amount	Percentage of this item	Amount	Percentage of this item
Other related parities	$34	0.14%	$31	0.19%

The lease periods and rent collections are stipulated in the contracts. The general lease term is 1 to 5 years, mainly with monthly collection of rents.

4. Remunerations of key management staff:

	2024.1.1 -2024.3.31	2023.1.1 -2023.3.31
Short-term employee benefits	$87,934	$88,279
Retirement benefits	38,835	57,861
Total	$126,769	$146,140

9. Pledged assets

As of March 31, 2024, December 31, 2023 and March 31, 2023, respectively, the details of pledged and guarantee assets are as follows:

Item	2024.3.31	2023.12.31	2023.3.31
Government bonds – insurance deposits	$520,530	$521,477	$524,846
Time deposit – performance bond	221,872	209,872	44,872

10. Major contingent liabilities and unrecognized contractual commitments

No such items

11. Major events after the reporting period

No such items

12. Major disaster losses

No such items

13. Proceeding or termination of major litigation cases

No such items

14. Execution, completion, cancellation or invalidation of major contracts

No such items

15. Employee pension information

See Note 6.13.

16. Discontinued operations information

No such items

(Expressed in thousands of New Taiwan dollars, unless otherwise stated)

17. Receiving from or transferring to other insurance companies the main part of the business, assets and liabilities

No such items

18. Allocation of profits and losses from incomes, costs and expenses due to business transactions, collaborative promotions, information exchange, and shared business equipment or premises made with Shin Kong Financial Holdings and its subsidiaries.

No such items

19. Fund entrusted operations

The funds were fully entrusted to the securities investment trust companies for operations, and the details as of March 31, 2024, December 31, 2023 and March 31, 2023, respectively, are as follows:

Item	2024.3.31	2023.12.31	2023.3.31
Cash and cash equivalents	$59,425	$83,922	$71,039
TWSE (Taiwan Stock Exchange) listed/OTC stocks	428,355	323,050	175,458
Total	$487,780	$406,972	$246,497

Discretionary contract limit:			
New Taiwan Dollars (NTD)	$300,000	$300,000	$200,000
RMB	$-	$-	$120,000

20. Private equity information

No such items

21. Major organizational restructuring and management system reforms

No such items

22. Major impact due to changes in laws and regulations

No such items

23. Others

1. The total amount of assets and liabilities that are expected to be recovered or settled within 12 months after the balance sheet date, and the total amount to be recovered or settled more than 12 months

	2024.3.31		
Item	Recovery or settlement within	Recovery or settlement more	Total

	12 months	than 12 months	
Cash and cash equivalents	$13,718,519	$-	$13,718,519
Accounts receivable	2,524,451	-	2,524,451
Investment	6,368,768	16,798,879	23,167,647
Reinsurance contract assets (net)	-	7,025,620	7,025,620
Property and equipment (net)	-	1,150,902	1,150,902
Right-of-use assets.	-	22,198	22,198
Intangible assets	-	27,431	27,431
Deferred income tax assets	-	193,109	193,109
Other assets	55,630	859,083	914,713
Total assets			$48,744,590
Accounts Payables	$2,959,714	$-	$2,959,714
Current income tax liabilities	494,832	-	494,832
Financial liabilities	157,425	-	157,425
Lease liabilitie	10,176	12,431	22,607
Insurance liability	-	26,270,523	26,270,523
Reserve for liabilities	-	50,812	50,812
Deferred tax liabilities	-	80,467	80,467
Others	254,188	7,408	261,596
Total liabilities			$30,297,976

	2023.12.31		
Item	Recovery or settlement within 12 months	Recovery or settlement more than 12 months	Total
Cash and cash equivalents	$11,549,324	$-	$11,549,324
Accounts receivable	2,192,574	-	2,192,574
Investment	7,205,827	16,437,703	23,643,530
Reinsurance contract assets (net)	-	7,368,012	7,368,012
Property and equipment (net)	-	1,166,760	1,166,760
Right-of-use assets.	-	16,157	16,157
Intangible assets	-	19,169	19,169
Deferred income tax assets	-	158,122	158,122
Other assets	63,660	851,450	915,110
Total assets			$47,028,758
Accounts Payables	$3,099,150	$-	$3,099,150
Current income tax liabilities	328,091	-	328,091
Financial liabilities	30,933	-	30,933
Lease liabilitie	8,698	7,872	16,570

(Expressed in thousands of New Taiwan dollars, unless otherwise stated)

Insurance liability	-	25,594,328	25,594,328
Reserve for liabilities	-	51,076	51,076
Deferred tax liabilities	-	41,658	41,658
Others	342,620	5,503	348,123
Total liabilities			$29,509,929

Item	2023.3.31 Recovery or settlement within 12 months	Recovery or settlement more than 12 months	Total
Cash and cash equivalents	$11,326,361	$-	$11,326,361
Accounts receivable	1,828,910	-	1,828,910
Investment	6,951,828	15,137,716	22,089,544
Reinsurance contract assets (net)	-	7,662,793	7,662,793
Property and equipment (net)	-	1,148,887	1,148,887
Right-of-use assets.	-	29,974	29,974
Intangible assets	-	24,112	24,112
Deferred income tax assets	-	188,553	188,553
Other assets	150,760	608,788	759,548
Total assets			$45,058,682
Accounts Payables	$2,532,095	$-	$2,532,095
Current income tax liabilities	255,560	-	255,560
Financial liabilities	165,375	-	165,375
Lease liabilitie	14,739	15,854	30,593
Insurance liability	-	26,064,031	26,064,031
Reserve for liabilities	-	47,486	47,486
Deferred tax liabilities	-	32,706	32,706
Others	63,261	10,149	73,410
Total liabilities			$29,201,256

2. Derivative instruments

As of March 31, 2024, December 31, 2023 and March 31, 2023, the derivatives not conformable to the hedge accounting and not expired yet are as follows:

SWAP and forward exchange contracts

March 31, 2024

Financial products	Contract amounts (Nominal principal)	Fair value (NTD)	Transaction date/Expiration date	Contract exchange rate (NTD)
Forward exchange contracts	USD 10,000	$(23,117)	2023.04.26/2024.04.30	29.573
Forward exchange contracts	USD 8,000	(18,494)	2023.04.26/2024.04.30	29.573

(Expressed in thousands of New Taiwan dollars, unless otherwise stated)

Forward exchange contracts	USD 10,000	(23,117)	2023.04.26/2024.04.30	29.573
Forward exchange contracts	USD 7,000	(16,182)	2023.04.26/2024.04.30	29.573
Forward exchange contracts	USD 7,000	(16,182)	2023.04.26/2024.04.30	29.573
Forward exchange contracts	USD 10,000	(10,412)	2023.12.18/2024.06.20	30.678
Forward exchange contracts	USD 10,000	(9,130)	2023.12.18/2024.12.20	30.186
Forward exchange contracts	USD 10,000	(10,934)	2023.12.27/2024.12.31	29.970
Forward exchange contracts	USD 2,000	(2,187)	2023.12.27/2024.12.31	29.970
Forward exchange contracts	USD 1,000	(1,093)	2023.12.27/2024.12.31	29.970
Forward exchange contracts	USD 8,000	(7,038)	2024.01.16/2024.07.18	30.740
Forward exchange contracts	USD 8,000	(7,038)	2024.01.16/2024.07.18	30.740
Forward exchange contracts	USD 2,000	(1,759)	2024.01.16/2024.07.18	30.740
Forward exchange contracts	USD 6,000	(3,681)	2024.01.18/2024.07.22	30.992
Forward exchange contracts	USD 9,000	(7,061)	2024.01.24/2025.01.24	30.205

December 31, 2023

Financial products	Contract amounts (Nominal principal)	Fair value (NTD)	Transaction date/Expiration date	Contract exchange rate (NTD)
Forward exchange contracts	USD 10,000	$3,403	2023.12.27/2024.12.31	29.970
Forward exchange contracts	USD 2,000	681	2023.12.27/2024.12.31	29.970
Forward exchange contracts	USD 1,000	340	2023.12.27/2024.12.31	29.970
Forward exchange contracts	USD 8,000	5,390	2023.12.14/2024.01.18	31.323
Forward exchange contracts	USD 8,000	5,390	2023.12.14/2024.01.18	31.323
Forward exchange contracts	USD 2,000	1,348	2023.12.14/2024.01.18	31.323
Forward exchange contracts	USD 10,000	5,577	2023.12.18/2024.06.20	30.678
Forward exchange contracts	USD 10,000	5,301	2023.12.18/2024.12.20	30.186
Forward exchange contracts	USD 6,000	3,309	2023.12.18/2024.01.22	31.186
Forward exchange contracts	USD 10,000	(7,365)	2023.04.26/2024.04.30	29.573
Forward exchange contracts	USD 8,000	(5,892)	2023.04.26/2024.04.30	29.573
Forward exchange contracts	USD 10,000	(7,365)	2023.04.26/2024.04.30	29.573
Forward exchange contracts	USD 7,000	(5,156)	2023.04.26/2024.04.30	29.573
Forward exchange contracts	USD 7,000	(5,155)	2023.04.26/2024.04.30	29.573
Forward exchange contracts	USD 9,000	4,347	2023.12.22/2024.01.26	31.133

March 31, 2023

Financial products	Contract amounts (Nominal principal)	Fair value (NTD)	Transaction date/Expiration date	Contract exchange rate (NTD)
Forward exchange contracts	USD 7,000	$(19,936)	2021.10.27/2023.04.28	27.525
Forward exchange contracts	USD 7,000	(19,936)	2021.10.27/2023.04.28	27.525
Forward exchange contracts	USD 4,000	(9,745)	2021.09.28/2023.09.28	27.439
Forward exchange contracts	USD 4,000	(9,745)	2021.09.28/2023.09.28	27.439
Forward exchange contracts	USD 2,000	(575)	2023.01.13/2023.04.17	30.137
Forward exchange contracts	USD 8,000	(2,299)	2023.01.13/2023.04.17	30.137
Forward exchange contracts	USD 8,000	(2,299)	2023.01.13/2023.04.17	30.137
Forward exchange contracts	USD 10,000	(1,056)	2021.10.20/2023.10.23	29.782
Forward exchange contracts	USD 10,000	(3,498)	2023.01.19/2023.04.28	30.066
Forward exchange contracts	USD 4,000	(9,783)	2023.01.19/2023.04.28	27.571
Forward exchange contracts	USD 6,000	(14,674)	2023.01.19/2023.04.28	27.571
Forward exchange contracts	USD 5,000	(12,228)	2023.01.19/2023.04.28	27.571
Forward exchange contracts	USD 9,000	(21,781)	2021.08.12/2023.08.16	27.498
Forward exchange contracts	USD 10,000	(3,498)	2021.08.12/2023.08.16	30.066
Forward exchange contracts	USD 6,000	(2,099)	2021.08.12/2023.08.16	30.066
Forward exchange contracts	USD 2,000	(211)	2021.09.13/2023.09.15	29.782
Forward exchange contracts	USD 10,000	(1,056)	2023.01.17/2023.04.19	29.782
Forward exchange contracts	USD 4,000	(418)	2023.01.17/2023.04.19	29.783
Forward exchange contracts	USD 7,000	(1,867)	2023.01.17/2023.04.19	30.119
Forward exchange contracts	USD 10,000	(2,667)	2023.03.24/2023.09.28	30.119
Forward exchange contracts	USD 8,000	(2,133)	2023.03.24/2023.09.28	30.119
Forward exchange contracts	USD 10,000	(2,667)	2023.03.24/2023.09.28	30.119
Forward exchange contracts	USD 9,000	(21,204)	2023.03.29/2023.09.28	27.440

3. As of March 31, 2024, December 31, 2023 and March 31, 2023, the financial assets and liabilities in foreign currencies with major impacts are as follows:

	2024.3.31		
	Foreign currencies (in dollars)	Exchange rate	NTD (in thousands)
Financial assets			
Monetary items			
USD	$152,551,801	31.950	$4,874,030

	2023.12.31		
	Foreign currencies (in dollars)	Exchange rate	NTD (in thousands)
Financial assets			
Monetary items			
USD	$152,711,169	30.655	$4,681,361

	2023.3.31		
	Foreign currencies (in dollars)	Exchange rate	NTD (in thousands)
Financial assets			
Monetary items			
USD	$164,156,797	30.400	$4,990,367

With a wide variety of functional currencies, it is impossible to disclose the currency exchange gains and losses of monetary and non-monetary financial assets and financial liabilities based on currencies with major impacts. The foreign currency exchange losses during January 1 to March 31, 2024 and January 1 to March 31, 2023,were NT$207,218 thousand and NT$(44,207) thousand, respectively.

4. Capital management policy

In view that insurance companies are not allowed to raise debts, the Company constantly reviews the changes and trends of the capital adequacy ratio (RBC) under the philosophy of stability, and monitors the capital demand for business growth, and at the same time implements a long-term stable dividend policy to maintain the appropriateness of capital management.

5. As of March 31, 2024, December 31, 2023 and March 31, 2023, the net worth ratios from equity divided by total assets excluding investment-linked insurance accounts were 37.84%, 37.25% and 35.19%, respectively.

6. Operations information

The Company operates a property insurance business in accordance with the Insurance Law. Based on IFRS 8, the Company only provides insurance contract products, with no different channels, customer types and supervision environments, and the decision making is based on overall allocation of the corporate resources and, as a result, the Company is a single operating department as a whole.

24. Property insurance information

(Expressed in thousands of New Taiwan dollars, unless otherwise stated)

No.	Item	Attachment
1	Retained gross premiums earned for compulsory and non-compulsory insurances	Attached table 1
2	Retained claims for compulsory and non-compulsory insurances	Attached table 2
3	Assets and liabilities of compulsory automobile liability insurances	Attached Table 3
4	Reserve for unqualified reinsurances	Attached Table 4
5	Loans for the turnover of huge insurance payments	None

25. Note disclosure

1. Major transactions:

(1) The property acquisition that amounts to NT$100 million or more than 20% of the paid-in capital: Attachment 5.

(2) The property disposal that amounts NT$100 million or more than 20% of the paid-in capital: no such transactions.

(3) The transaction of core business items engaged with related parties that amounts NT$100 million or more than 20% of the paid-in capital: no such transactions.

(4) The receivable from a related party that amounts NT$100 million or more than 20% of the paid-in capital: no such transactions.

(5) Derivative transactions: See Note 23.2.

(6) Others: For business relationship and major transactions between parent and subsidiary companies, and for different accounting policies adopted by the parent company and subsidiary companies, the accounting policies should be disclosed and the amounts should be separately disclosed on the financial statements: not applicable.

2. Reinvestment business: no such transactions

3. Investment and business in Mainland China: no such transactions

4. Key shareholders:

Unit: Share

Shares / Name of Major Shareholder	Quantity	Ratio of Shareholding
Shin Kong Textile Co., Ltd.	51,539,530	16.31%
Shin Kong Co., Ltd.	16,061,515	5.08%

Note:

(1) The information shown in this table is the shareholders holding ordinary and special shares (treasury shares included) with over 5% delivered by book-entry transfers, as calculated by the Taiwan Depository and Clearing Corporation on the last business day of each quarter. The share capital reported and the actual number of shares delivered by book-entry transfers may have discrepancy due to different calculation bases.

(2) Among the above shares, the entrusted ones are disclosed separately by individual trust accounts opened by the trustees for the principals. As for the shareholder's declaration of insider's over 10% shareholding in conformity with the Securities and Exchange Act, the shareholding includes the person's self-held shares plus the entrusted ones which the person has right to exercise. For more information on insider's shareholding declaration, please visit the website of Public Information Observatory.

26. Reserve for unqualified reinsurance

According to Article 7 of "Regulations Governing Insurance Enterprises Engaging in Operating Reinsurance and Other Risk Spreading Mechanisms," the reserve for unqualified ceded reinsurance is provided as detailed in Attachment 4.

According to Paragraph 5 of "Guidelines on Reserve for Unqualified Reinsurance," the transactions of unqualified ceded reinsurance disclosed as attachment on the financial statements are explained as:

1. Abstracts and types of unqualified reinsurance contracts:

March 31, 2024

Reinsurer/Reinsurance broker	Types of ceded reinsurance contract established
Trust International Insurance and Reinsurance CO. B.S.C. (C) Trust Re	Accident insurance, inland transportation insurance, cargo transportation insurance
Asia Capital Reinsurance Group Pte Ltd	Inland transportation insurance, cargo transportation insurance
Milli Reasurans T.A.S. Singapore Branch	Inland transportation insurance, cargo transportation insurance
S-Square Insurance Company, Inc.	one-year commercial fire insurance, commercial earthquake insurance, typhoon & flood insurance

December 31, 2023

Reinsurer/Reinsurance broker	Types of ceded reinsurance contract established
Tugu Insurance Company Limited, HK	Marine hull insurance

(Expressed in thousands of New Taiwan dollars, unless otherwise stated)

Trust International Insurance and Reinsurance CO. B.S.C. (C) Trust Re	Accident insurance, inland transportation insurance, cargo transportation insurance
Asia Capital Reinsurance Group Pte Ltd	Inland transportation insurance, cargo transportation insurance, engineering insurance
Milli Reasurans T.A.S. Singapore Branch	Inland transportation insurance, cargo transportation insurance
S-Square Insurance Company, Inc.	one-year commercial fire insurance, commercial earthquake insurance, typhoon & flood insurance

March 31, 2023

Reinsurer/Reinsurance broker	Types of ceded reinsurance contract established
Tugu Insurance Company Limited, HK	Marine hull insurance
Trust International Insurance and Reinsurance CO. B.S.C. (C) Trust Re	Accident insurance, inland transportation insurance, cargo transportation insurance
Asia Capital Reinsurance Group Pte Ltd	Inland transportation insurance, cargo transportation insurance, engineering insurance
Milli Reasurans T.A.S. Singapore Branch	Inland transportation insurance, cargo transportation insurance

2. Unqualified reinsurance premium expenses:

The expense for the unqualified insurance of the Company on March 31, 2024 and 2023, were NT$0.

3. A summary on the principles of providing the reserve for unqualified reinsurance and its constituent items:

	2024.3.31	2023.12.31	2023.3.31
Ceded unearned premium reserve	$6,145	$6,145	$-
Settled claims recoverable from reinsurers within 9 months of overdue payment	8	8	9
Ceded outstanding losses claims	2	2	654
Total reserve for unqualified reinsurance	$6,155	$6,155	$663

(Expressed in thousands of New Taiwan dollars, unless otherwise stated)

Attached Table 1: Information relating to retained earned gross premium of compulsory insurance and non-compulsory insurance

Item	Premium revenues (1)	Reinsurance premium (2)	Reinsurance premiums (3)	Retained premium (4)=(1)+(2)-(3)
Compulsory insurance	$460,231	$149,188	$190,592	$418,827
Non-compulsory	6,090,104	23,908	1,237,516	4,876,496
Total	$6,550,335	$173,096	$1,428,108	$5,295,323

Item	Direct underwriting unearned premium reserve		Assumed reinsurance unearned premium reserve		Net changes in unearned premium reserve	Ceded reinsurance unearned premium reserve		Net change in ceded unearned premium reserve	Retained premium
	Allocation (5)	Recovery (6)	Allocation (7)	Recovery (8)	(9)=(5)-(6)+(7)-(8)	Allocation (10)	Recovery (11)	(12)=(10)-(11)	(13)=(4)-(9)+(12)
Compulsory insurance	$779,560	$789,316	$339,852	$339,638	$(9,542)	$467,822	$473,680	$(5,858)	$422,511
Non-compulsory	12,789,121	12,287,168	45,731	44,234	503,450	2,617,413	2,630,848	(13,435)	4,359,611
Total	$13,568,681	$13,076,484	$385,583	$383,872	$493,908	$3,085,235	$3,104,528	$(19,293)	$4,782,122

(Expressed in thousands of New Taiwan dollars, unless otherwise stated)

Attached Table 2: Information relating to retained claims of compulsory insurance and non-compulsory insurance

Item	Insurance claims (including claim expenses) (1)	Reinsurance claims (2)	Claims recovered from reinsurers (3)	Retained claims (4)=(1)+(2)-(3)
Compulsory insurance	$268,614	$150,373	$160,642	$258,345
Non-compulsory insurance	1,993,024	1,727	158,254	1,836,497
Total	$2,261,638	$152,100	$318,896	$2,094,842

(Expressed in thousands of New Taiwan dollars, unless otherwise stated)

Attached Table 3: Information relating to assets and liabilities of Compulsory Automobile Liability Insurance

Item	Amount		Item	Amount	
Assets	Current period	Previous period	Liabilities	Current period	Previous period
Cash and Bank Deposits	$1,859,775	$1,800,074	Claims and benefits payable	$16,573	$19,007
Insurance premium receivable	751	884	Due to Reinsurers & Ceding Companies	123,050	140,555
Notes receivable	13,174	12,472	Unearned premium reserve	1,119,412	1,211,035
Claims Recoverable from Reinsurers - net	93,066	126,949	Loss reserve	1,323,172	1,345,670
Due from Reinsurers & Ceding Companies	97,099	99,338	Special reserve	457,560	359,714
Ceded unearned premium reserve	467,822	518,378	Temporary credit and amount to be carried down	4,247	-
Ceded Reserve for Claims	504,280	512,057			
Temporary debit and amount to be carried down	8,047	5,829			
Asset Total	$3,044,014	$3,075,981	Liability Total	$3,044,014	$3,075,981

Attached Table 3-1: Information Relating to Revenue and Cost of Compulsory Automobile Liability Insurance

Operating revenues			Operating cost		
Item	Current period	Previous period	Item	Current period	Previous period
Pure premium revenues	$317,598	$332,389	Insurance claims	$268,614	$297,043
Reinsurance premium income	149,188	148,286	Reinsurance claims	150,373	99,688
Premium revenues	466,786	480,675	Less: Losses recovered from reinsurers	(160,642)	(174,700)
Less: Reinsurance premiums ceded	(190,592)	(199,474)	Retained claims payments	258,345	222,031
Net changes in unearned premium reserve	3,684	10,368	Net change in loss reserve	20,603	67,853
Retained earned premium	279,878	291,569	Special reserve net change	16,510	17,362
Interest revenue	1,737	1,241			
Total Operating revenues	$281,615	$292,810	Total Operating Cost	$295,458	$307,246

ShinKong Insurance Co., Ltd. January 1 to March 31, 2024

Attached Table 4: Unqualified Reinsurance Reserve Table

Unit: NTD,%

Serial Number	Reinsurer					Reinsurance broker			Reinsurance premiums ceded	Reinsurance commission income	Ceded unearned premium reserve allocated for the current period	Settled claims recoverable from reinsurers within 9 months of overdue payment	Reserve for RBNS ceded claims	Re-insurance deposits received	Current Period Balance of Unqualified Reinsurance Reserve allocated	Previous Period Balance of Unqualified Reinsurance Reserve allocated	Current Period Additional Provisions or Reversal of Unqualified Reinsurance Reserve	Remarks	
	Code	Name	Credit Rating Agencies	Credit rating	Are they related parties	Code	Name	Are they qualified											
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)=(11)+(12)+(13)-(14)	(16)	(17)	(18)	(19)
1	281BHBH001	Trust International Insurance and Reinsurance CO. B.S.C. (C) TRUST RE	None	None	No				0	0	0	7,038	2,270	0	9,308	9,308	0	Credit rating downgrade (not meeting credit rating standards); The allocation calculation is 2. The Simple Allocation Method.	29 types of insurance including injury insurance,inland transportation insurance, cargo transportation,engineering insurance
2	025SGSG001	Asia Capital Reinsurance Group Pte Ltd	None	None	No				0	0	0	706	222	0	928	928	0	No credit rating (not up to the credit rating standard); The setting aside method is 2. The Simple Allocation Method.	29 types of insurance including inland transportation insurance, cargo transportation,engineering insurance
3	172TRSG001	MILLI REASURANS T.A.S. SINGAPORE BRANCH	AM Best	C	No		FP Marine	No	0	0	0	0	85	0	85	85	0	No credit rating (not up to the credit rating standard); The setting aside method is 2. The Simple Allocation Method.	29 types of insurance including inland transportation insurance, cargo transportation,engineering insurance
4	D81USUS001	S-Square Insurance Company, Inc.	None	None	No		Marsh Taiwan	No	0	0	6,144,565	0	0	0	6,144,565	6,144,565	0	1.Credit rating downgrade (not meeting credit rating standards); The allocation calculation is 2. The Simple Allocation Method. 2.There are no new unqualified cases in this period, but there are still unqualified business that are not valid policies for the current year, so it is still necessary to set aside unexpired premium reserves for ceding in this period.	29 types of insurance including one-year commercial fire insurance, commercial earthquake insurance, typhoon & flood insurance
	Total								0	0	6,144,565	7,744	2,577	0	6,154,886	6,154,886	0		