

The First Insurance Co., Ltd.

Financial Statements and Independent Auditor's  
Report  
2023 and 2022

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## **Independent Auditor's Report**

To stakeholders of The First Insurance Co., Ltd.:

### **Audit opinion**

We have audited the balance sheet of The First Insurance Co., Ltd. as of December 31, 2023 and 2022, the statement of comprehensive income, statement of changes in equity, and cash flow statement for the periods January 1 to December 31, 2023 and 2022, and the accompanying footnotes (including a summary of major accounting policies).

In our opinion, all material disclosures of the financial statements mentioned above were prepared in accordance with Regulations Governing the Preparation of Financial Reports by Insurance Enterprises and with the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretation, or SIC Interpretation endorsed by the Financial Supervisory Commission, and presented a fair view of the financial position of The First Insurance Co., Ltd. as of December 31, 2023 and 2022, and business performance and cash flow for periods January 1 to December 31, 2023 and 2022.

### **Basis of audit opinion**

We have conducted our audits in accordance with the Regulation Governing Auditing and Certification of Financial Statements by Certified Public Accountants and applicable auditing standards. Our responsibilities as an auditor under the abovementioned standards will be explained in the Responsibilities paragraph. All relevant personnel of the accounting firm have followed CPA code of ethics and maintained independence from The First Insurance Co., Ltd. when performing their duties. We believe that the evidence obtained provide an adequate and appropriate basis for our opinion.

### **Key audit issues**

Key audit issues are matters that we considered to be the most important, based on professional judgment when auditing the 2023 financial statements of The First Insurance Co., Ltd. These issues have already been addressed when we audited and formed our opinions on the financial statements. Therefore we do not provide opinions separately for individual issues.

Key audit issues concerning the 2023 financial statements of The First Insurance Co., Ltd. are as follows:

#### Estimation of not reported (NR) and not settled (NS) reserves

The First Insurance Co., Ltd. has an actuarial team that estimates NR/NS reserves based on previous claims and expenses incurred by the various types of insurance, using methods that conform with actuarial principles. The book value of claim reserves (presented as insurance liability) as of December 31, 2023 amounted to NT\$3,889,884 thousand, of which NT\$733,831 thousand were insurance incurred by not reported (IBNR). Because the amount was presented based on the actuarial estimate, any change of assumption or any misjudgment may cause significant changes to profit and loss, and therefore has been listed as a key audit issue for the current year.

For more details on the accounting policy and methodology adopted for claim reserve provisioning, please refer to Note 4(12) and Note 5 of the financial statements. For details on amounts and changes, please refer to Note 37(3) of the financial statements.

We have performed tests to gain insight about the design and execution of various procedures and controls the Company had adopted to estimate IBNR reserves. In addition, we obtained data on direct claims paid by the First Insurance Co., Ltd., for various insurance categories and retained materials related to actual losses to verify the integrity of data used in the actuarial estimate. Our actuarial experts assisted us in evaluating whether the methodologies and assumptions undertaken to provide for IBNR reserves were compliant with laws and establishing proprietary models for validating the rationality of the IBNR reserves provided by the Company.

#### **Responsibilities of the management and governing body to the financial statements**

Responsibilities of the management were to prepare and ensure fair presentation of financial statements in accordance with Regulations Governing the Preparation of Financial Reports by Insurance Enterprises, international financial reporting standards approved and published by the Financial Supervisory Commission, the International Accounting Standards and interpretations thereof, and exercise proper internal control practices that are relevant to the preparation of financial statements so that the financial statements are free of material misstatements caused by fraud or error.

The management's responsibilities when preparing financial statements also involved: assessing the ability of The First Insurance Co., Ltd. to operate, disclose information and account for transactions as a going concern unless the management intends to liquidate or cease business operations, or is compelled to do so with no alternative solution.

The governing body of The First Insurance Co., Ltd. (including the Audit Committee) is responsible for supervising the financial reporting process.

#### **Responsibilities of the auditor when auditing financial statements**

The purposes of our audit were to obtain reasonable assurance of whether the financial statements were prone to material misstatements caused by fraud or error, and issue a report of our audit opinions. We considered assurance to be reasonable only if it is highly credible. However, audit tasks conducted in accordance with applicable auditing principles do not necessarily guarantee detection of all material misstatements within the financial statements. Misstatements can be attributed to fraud or error. Misstatements are considered material if the individual amount or aggregate total is reasonably expected to affect economic decisions of the financial statement user.

When conducting audits in accordance with applicable auditing principles, we exercised judgments and raised doubts as deemed professionally appropriate. We also performed the following tasks as an auditor:

1. Identifying and assessing risks of material misstatement due to fraud or error; designing and executing appropriate responsive measures for the identified risks; and obtaining adequate and appropriate audit evidence to support audit opinions. Fraud may involve conspiracy, forgery, intentional omission, untruthful declaration or breach of internal control, and our audit did not find any material misstatement where the risk of fraud is greater than the risk of error.
2. Developing the required level of understanding on relevant internal controls and designing audit procedures that are appropriate under the prevailing circumstances, but without providing an opinion on the effectiveness of the internal control system of The First Insurance Co., Ltd.
3. Assessing the appropriateness of accounting policies adopted by the management, and the rationality of accounting estimates and related disclosures made.
4. Forming conclusions regarding the appropriateness of management's decision to account for the business as a going concern, and whether there are doubts or uncertainties about the

ability of The First Insurance Co., Ltd. to operate as a going concern, based on the audit evidence obtained. We are bound to remind financial statement users and make related disclosures if material uncertainties exist regarding the above-mentioned events or circumstances and amend audit opinions when the disclosures are no longer appropriate. Our conclusions are based upon audit evidence obtained as of the audit report date. However, occurrences of future events or circumstances may still render The First Insurance Co., Ltd. no longer capable of operating as a going concern.

5. Assessing the overall presentation, structure and contents of the financial statements (including related footnotes), and whether certain transactions and events are presented appropriately in the financial statements.

We have communicated with the governing body about the scope, timing and significant findings (including significant defects identified in the internal control) of our audit.

We have also provided the governance body with a declaration of independence stating that all relevant personnel of the accounting firm have complied with auditors' professional ethics, and communicated with the governance body on all matters that may affect the auditor's independence (including protection measures).

After communicating with the governance body regarding the 2023 financial statements of The First Insurance Co., Ltd, we have identified the key audit issues. These issues have been addressed in our audit report except for: 1. Certain topics that are prohibited by law from disclosing to the public; or 2. Under extreme circumstances, topics that we decided not to communicate in the audit report because of higher negative impacts they may cause than the benefits they bring to the public interest.

Deloitte Taiwan  
CPA: Hai-Yueh Huang

CPA: Sheng-Tai Liang

Approval reference of the Securities and  
Futures Bureau  
Tai-Cai-Zheng-VI-Zi No. 0920131587

Approval reference of the Financial  
Supervisory Commission  
Jin-Guan-Zheng-Shen-Zi No. 1100356048

March 12, 2024

The First Insurance Co., Ltd.  
Balance Sheet  
As at December 31, 2023 and 2022

Unit: NTD thousands

| Code  | Assets                                                                                | December 31, 2023    |            | December 31, 2022    |            |
|-------|---------------------------------------------------------------------------------------|----------------------|------------|----------------------|------------|
|       |                                                                                       | Amount               | %          | Amount               | %          |
| 11000 | Cash and cash equivalents (Notes 4 and 6)                                             | <u>\$ 1,387,004</u>  | <u>7</u>   | <u>\$ 1,335,225</u>  | <u>8</u>   |
|       | Receivables                                                                           |                      |            |                      |            |
| 12100 | Notes receivable (Notes 4, 12 and 37)                                                 | 170,953              | 1          | 178,270              | 1          |
| 12200 | Premiums receivable (Notes 4, 12, 31 and 37)                                          | 30,255               | -          | 20,454               | -          |
| 12500 | Other receivables (Notes 4 and 12)                                                    | <u>61,614</u>        | <u>-</u>   | <u>42,778</u>        | <u>-</u>   |
| 12000 | Total receivables                                                                     | <u>262,822</u>       | <u>1</u>   | <u>241,502</u>       | <u>1</u>   |
|       | Investment                                                                            |                      |            |                      |            |
| 14110 | Financial assets at fair value through profit and loss (Notes 4 and 7)                | 1,995,758            | 11         | 1,272,653            | 7          |
| 14145 | Financial assets carried at cost after amortization (Notes 4, 9 and 10)               | 2,949,242            | 15         | 2,438,062            | 14         |
| 14180 | Other financial assets (Notes 4, 6 and 11)                                            | 4,870,299            | 25         | 5,364,917            | 30         |
| 14190 | Financial assets at fair value through other comprehensive income (Notes 4, 8 and 10) | 2,657,809            | 14         | 2,585,030            | 15         |
| 14200 | Investment properties (Notes 4 and 13)                                                | <u>903,698</u>       | <u>5</u>   | <u>887,702</u>       | <u>5</u>   |
| 14000 | Total investment                                                                      | <u>13,376,806</u>    | <u>70</u>  | <u>12,548,364</u>    | <u>71</u>  |
|       | Reinsurance Contracts Assets                                                          |                      |            |                      |            |
| 15100 | Claims recoverable from reinsurers (Notes 4, 12, 14 and 37)                           | 171,918              | 1          | 116,500              | 1          |
| 15200 | Reinsurance accounts receivable (Notes 4, 12, 14 and 37)                              | 245,340              | 1          | 112,332              | 1          |
| 15300 | Reinsurance reserve assets (Notes 4, 14 and 37)                                       | <u>2,560,148</u>     | <u>14</u>  | <u>2,016,321</u>     | <u>11</u>  |
| 15000 | Total reinsurance contract assets                                                     | <u>2,977,406</u>     | <u>16</u>  | <u>2,245,153</u>     | <u>13</u>  |
| 16000 | Property, plant, and equipment (Notes 4 and 15)                                       | <u>624,836</u>       | <u>3</u>   | <u>658,434</u>       | <u>4</u>   |
| 16700 | Right-of-use asset (Notes 4 and 16)                                                   | <u>3,711</u>         | <u>-</u>   | <u>5,064</u>         | <u>-</u>   |
| 17300 | Intangible assets (Notes 4 and 17)                                                    | <u>33,314</u>        | <u>-</u>   | <u>39,759</u>        | <u>-</u>   |
| 17800 | Deferred income tax assets (Notes 4 and 26)                                           | <u>22,520</u>        | <u>-</u>   | <u>26,166</u>        | <u>-</u>   |
|       | Other assets                                                                          |                      |            |                      |            |
| 18300 | Guarantee deposits paid (Notes 8 and 18)                                              | 542,240              | 3          | 525,331              | 3          |
| 18700 | Other assets - Others (Note 19)                                                       | <u>18,120</u>        | <u>-</u>   | <u>28,682</u>        | <u>-</u>   |
| 18000 | Total other assets                                                                    | <u>560,360</u>       | <u>3</u>   | <u>554,013</u>       | <u>3</u>   |
| 1XXXX | TOTAL ASSETS                                                                          | <u>\$ 19,248,779</u> | <u>100</u> | <u>\$ 17,653,680</u> | <u>100</u> |
| Code  | Liabilities and equity                                                                | December 31, 2023    |            | December 31, 2022    |            |
|       |                                                                                       | Amount               | %          | Amount               | %          |
|       | Payables                                                                              |                      |            |                      |            |
| 21100 | Notes payable                                                                         | \$ 37,908            | -          | \$ 7,691             | -          |
| 21400 | Commission payable (Note 37)                                                          | 96,303               | -          | 114,403              | 1          |
| 21500 | Reinsurance accounts payable (Notes 4 and 37)                                         | 313,059              | 2          | 309,253              | 2          |
| 21600 | Other payables (Note 20)                                                              | <u>207,412</u>       | <u>1</u>   | <u>188,899</u>       | <u>1</u>   |
| 21000 | Total payables                                                                        | <u>654,682</u>       | <u>3</u>   | <u>620,246</u>       | <u>4</u>   |
| 21700 | Current income tax liabilities (Notes 4 and 26)                                       | <u>72,224</u>        | <u>-</u>   | <u>49,808</u>        | <u>-</u>   |
| 23800 | Lease liabilities (Notes 4 and 16)                                                    | <u>3,770</u>         | <u>-</u>   | <u>5,128</u>         | <u>-</u>   |
|       | Insurance liabilities (Notes 4, 5, 21 and 37)                                         |                      |            |                      |            |
| 24100 | Unearned premium reserve                                                              | 4,424,737            | 23         | 4,145,536            | 24         |
| 24200 | Claim reserve                                                                         | 3,889,884            | 20         | 3,198,094            | 18         |
| 24400 | Special claim reserve                                                                 | 1,860,436            | 10         | 1,826,863            | 10         |
| 24500 | Deficiency reserve                                                                    | -                    | -          | 1,017                | -          |
| 24000 | Total insurance liabilities                                                           | <u>10,175,057</u>    | <u>53</u>  | <u>9,171,510</u>     | <u>52</u>  |
| 27100 | Provision for employee benefits (Notes 4 and 22)                                      | <u>33,807</u>        | <u>-</u>   | <u>51,829</u>        | <u>-</u>   |
| 28000 | Deferred income tax liabilities (Notes 4 and 26)                                      | <u>92,934</u>        | <u>1</u>   | <u>108,291</u>       | <u>1</u>   |
|       | Other liabilities                                                                     |                      |            |                      |            |
| 25300 | Guarantee deposits received                                                           | 15,184               | -          | 14,524               | -          |
| 25900 | Other liabilities - Others (Note 23)                                                  | <u>73,490</u>        | <u>1</u>   | <u>69,810</u>        | <u>-</u>   |
| 25000 | Total other liabilities                                                               | <u>88,674</u>        | <u>1</u>   | <u>84,334</u>        | <u>-</u>   |
| 2XXXX | Total liabilities                                                                     | <u>11,121,148</u>    | <u>58</u>  | <u>10,091,146</u>    | <u>57</u>  |
| 31000 | Share capital (Note 24)                                                               | <u>3,011,638</u>     | <u>15</u>  | <u>3,011,638</u>     | <u>17</u>  |
|       | Retained earnings (Note 24)                                                           |                      |            |                      |            |
| 33100 | Legal reserve                                                                         | 1,689,198            | 9          | 1,580,672            | 9          |
| 33200 | Special reserve                                                                       | 2,585,494            | 13         | 2,359,679            | 13         |
| 33300 | Undistributed earnings                                                                | <u>484,160</u>       | <u>3</u>   | <u>324,592</u>       | <u>2</u>   |
| 33000 | Total retained earnings                                                               | <u>4,758,852</u>     | <u>25</u>  | <u>4,264,943</u>     | <u>24</u>  |
| 34000 | Other equity items (Note 24)                                                          | <u>357,141</u>       | <u>2</u>   | <u>285,953</u>       | <u>2</u>   |
| 3XXXX | Total equity                                                                          | <u>8,127,631</u>     | <u>42</u>  | <u>7,562,534</u>     | <u>43</u>  |
|       | Total liabilities and equity                                                          | <u>\$ 19,248,779</u> | <u>100</u> | <u>\$ 17,653,680</u> | <u>100</u> |

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

Chairman: C. H. Lee

Manager: Hsin-Kun Chen

Head of Accounting: Fei-Fen Hsiao

The First Insurance Co., Ltd.

Statement of Comprehensive Income

For periods from January 1 to December 31, 2023 and 2022

Unit: NTD thousands, except EPS which is in dollars

| Code  |                                                                                                        | 2023                 |               | 2022               |               | Variation<br>percentage<br>(%) |
|-------|--------------------------------------------------------------------------------------------------------|----------------------|---------------|--------------------|---------------|--------------------------------|
|       |                                                                                                        | Amount               | %             | Amount             | %             |                                |
|       | Operating revenues (Note 4)                                                                            |                      |               |                    |               |                                |
| 41110 | Written premiums (Notes 31 and 37)                                                                     | \$ 8,635,262         | 117           | \$ 7,904,950       | 114           | 9                              |
| 41120 | Reinsurance Premium                                                                                    | <u>424,951</u>       | <u>6</u>      | <u>429,483</u>     | <u>6</u>      | ( 1 )                          |
| 41100 | Premium revenues                                                                                       | 9,060,213            | 123           | 8,334,433          | 120           | 9                              |
| 51100 | Less: reinsurance premiums expense                                                                     | ( 2,194,819 )        | ( 30 )        | ( 1,949,219 )      | ( 28 )        | 13                             |
| 51310 | Less: Net change in unearned premium reserve                                                           | ( <u>214,921</u> )   | ( <u>3</u> )  | ( <u>107,584</u> ) | ( <u>1</u> )  | 100                            |
| 41130 | Retained Earned Premium                                                                                | <u>6,650,473</u>     | <u>90</u>     | <u>6,277,630</u>   | <u>91</u>     | 6                              |
| 41300 | Reinsurance commissions received (Note 37)                                                             | <u>331,565</u>       | <u>5</u>      | <u>301,006</u>     | <u>4</u>      | 10                             |
| 41400 | Service fee                                                                                            | <u>27,391</u>        | <u>-</u>      | <u>24,200</u>      | <u>-</u>      | 13                             |
|       | Net investment gains                                                                                   |                      |               |                    |               |                                |
| 41510 | Interest income (Note 25)                                                                              | 158,584              | 2             | 88,902             | 1             | 78                             |
| 41521 | Gains (losses) on financial assets or liabilities at fair value through profit and loss                | ( 2,426 )            | -             | ( 22,794 )         | -             | ( 89 )                         |
| 41527 | Realized gains/losses on financial assets at fair value through other comprehensive income (Note 8(1)) | 165,535              | 2             | 124,802            | 2             | 33                             |
| 41550 | Gain (loss) on exchange - investment (Note 25)                                                         | 1,045                | -             | 74,048             | 1             | ( 99 )                         |
| 41570 | Gains (losses) on investment property (Note 25)                                                        | 55,284               | 1             | 53,256             | 1             | 4                              |
| 41585 | Reversal of gains (impairment loss) on expected credit of investment                                   | <u>1,757</u>         | <u>-</u>      | ( <u>3,910</u> )   | <u>-</u>      | 145                            |
| 41500 | Total net investment gains                                                                             | <u>379,779</u>       | <u>5</u>      | <u>314,304</u>     | <u>5</u>      | 21                             |
|       | Other operating revenues                                                                               |                      |               |                    |               |                                |
| 41830 | Gain on exchange - non-investment (Note 25)                                                            | 4,918                | -             | 14,113             | -             | ( 65 )                         |
| 41890 | Other operating revenues - Others                                                                      | <u>477</u>           | <u>-</u>      | <u>1,628</u>       | <u>-</u>      | ( 71 )                         |
| 41800 | Total other operating income                                                                           | <u>5,395</u>         | <u>-</u>      | <u>15,741</u>      | <u>-</u>      | ( 66 )                         |
| 41000 | Total operating revenues                                                                               | <u>7,394,603</u>     | <u>100</u>    | <u>6,932,881</u>   | <u>100</u>    | 7                              |
|       | Operating Cost                                                                                         |                      |               |                    |               |                                |
|       | Retained claims and benefits (Notes 31 and 37)                                                         |                      |               |                    |               |                                |
| 51200 | Insurance claim and benefit payments                                                                   | 4,682,310            | 64            | 4,009,053          | 58            | 17                             |
| 41200 | Less: Claims recovered from reinsurers and benefits                                                    | ( <u>1,164,374</u> ) | ( <u>16</u> ) | ( <u>820,578</u> ) | ( <u>12</u> ) | 42                             |
| 51260 | Total retained claims and benefits paid                                                                | <u>3,517,936</u>     | <u>48</u>     | <u>3,188,475</u>   | <u>46</u>     | 10                             |

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| Code  |                                                                           | 2023       |    | 2022       |    | Variation<br>percentage<br>(%) |
|-------|---------------------------------------------------------------------------|------------|----|------------|----|--------------------------------|
|       |                                                                           | Amount     | %  | Amount     | %  |                                |
|       | Net change in other liabilities<br>(Note 37)                              |            |    |            |    |                                |
| 51320 | Net change in claim reserves                                              | \$ 212,243 | 3  | \$ 244,033 | 3  | ( 13 )                         |
| 51340 | Net change in special claim<br>reserves                                   | 33,573     | -  | 76,213     | 1  | ( 56 )                         |
| 51350 | Net change in premium<br>deficiency reserves                              | ( 1,017 )  | -  | 430        | -  | ( 337 )                        |
| 51300 | Total net change in<br>other liabilities                                  | 244,799    | 3  | 320,676    | 4  | ( 24 )                         |
| 51510 | Commission expenses (Note 37)                                             | 1,190,420  | 16 | 1,099,267  | 16 | 8                              |
| 51600 | Service charges (Note 37)                                                 | 134,931    | 2  | 129,912    | 2  | 4                              |
|       | Other operating costs                                                     |            |    |            |    |                                |
| 51810 | Contribution to insurance<br>stabilization fund (Note<br>37)              | 17,295     | -  | 15,095     | -  | 15                             |
| 51830 | Interest expenses                                                         | 113        | -  | 18         | -  | 528                            |
| 51890 | Other operating costs -<br>Others                                         | -          | -  | 4          | -  | ( 100 )                        |
| 51800 | Total other operating<br>costs                                            | 17,408     | -  | 15,117     | -  | 15                             |
| 51000 | Total operating costs                                                     | 5,105,494  | 69 | 4,753,447  | 68 | 7                              |
| 60000 | Gross profit                                                              | 2,289,109  | 31 | 2,179,434  | 32 | 5                              |
|       | Operating expenses (Notes 25 and 31)                                      |            |    |            |    |                                |
| 58100 | Selling expenses                                                          | 1,419,149  | 19 | 1,396,779  | 20 | 2                              |
| 58200 | Administrative expenses                                                   | 112,032    | 2  | 105,348    | 2  | 6                              |
| 58300 | Staff training expenses                                                   | 2,817      | -  | 2,135      | -  | 32                             |
| 58000 | Total operating expenses                                                  | 1,533,998  | 21 | 1,504,262  | 22 | 2                              |
| 61000 | Operating profit                                                          | 755,111    | 10 | 675,172    | 10 | 12                             |
|       | Non-operating income and expenses                                         |            |    |            |    |                                |
| 59400 | Asset retirement loss                                                     | ( 608 )    | -  | ( 142 )    | -  | 328                            |
| 59500 | Recovery of bad and overdue<br>debts                                      | 88         | -  | 46         | -  | 91                             |
| 59920 | Sundry income                                                             | 64         | -  | 3          | -  | 2,033                          |
| 59990 | Other non-operating expenses<br>(Note 16)                                 | ( 187 )    | -  | ( 145 )    | -  | 29                             |
| 59000 | Total non-operating income<br>and expenses                                | ( 643 )    | -  | ( 238 )    | -  | 170                            |
| 62000 | Operating income before tax                                               | 754,468    | 10 | 674,934    | 10 | 12                             |
| 63000 | Income tax expenses (Notes 4 and 26)                                      | 118,227    | 1  | 116,087    | 2  | 2                              |
| 66000 | Current net income                                                        | 636,241    | 9  | 558,847    | 8  | 14                             |
|       | Other comprehensive income (Note 24)                                      |            |    |            |    |                                |
| 83100 | Items not reclassified into profit<br>and loss                            |            |    |            |    |                                |
| 83110 | Remeasurement of defined<br>benefit plan (Notes 4 and<br>22)              | 3,223      | -  | 59,642     | 1  | ( 95 )                         |
| 83180 | Income tax on items not<br>reclassified into profit<br>and loss (Note 26) | ( 645 )    | -  | ( 11,929 ) | -  | ( 95 )                         |

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| Code  |                                                                                                  | 2023       |    | 2022       |       | Variation<br>percentage<br>(%) |
|-------|--------------------------------------------------------------------------------------------------|------------|----|------------|-------|--------------------------------|
|       |                                                                                                  | Amount     | %  | Amount     | %     |                                |
| 83190 | Gains/losses on valuation of equity instruments at fair value through other comprehensive income | \$ 134,010 | 2  | \$ 106,553 | 1     | 26                             |
|       | Total items not reclassified into profit and loss                                                | 136,588    | 2  | 154,266    | 2     | ( 11 )                         |
| 83200 | Items likely to be reclassified into profit and loss                                             |            |    |            |       |                                |
| 83290 | Gains/losses on debt instruments at fair value through other comprehensive income                | 9,106      | -  | ( 57,589 ) | ( 1 ) | 116                            |
| 83000 | Other comprehensive income - current (net, after tax)                                            | 145,694    | 2  | 96,677     | 1     | 51                             |
| 85000 | Total comprehensive income - current                                                             | \$ 781,935 | 11 | \$ 655,524 | 9     | 19                             |
|       | Earnings per share (Note 27)                                                                     |            |    |            |       |                                |
| 97500 | Basic                                                                                            | \$ 2.11    |    | \$ 1.86    |       |                                |
| 98500 | Diluted                                                                                          | \$ 2.11    |    | \$ 1.85    |       |                                |

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

Chairman: C. H. Lee

Manager: Hsin-Kun Chen

Head of Accounting: Fei-Fen Hsiao

The First Insurance Co., Ltd.  
Statement of Changes in Equity  
For periods from January 1 to December 31, 2023 and 2022

Unit: NTD thousands

| Code |                                                                                                | Retained Earnings   |                     |                     |                        | Other Equity                                                                                 | Total equity        |
|------|------------------------------------------------------------------------------------------------|---------------------|---------------------|---------------------|------------------------|----------------------------------------------------------------------------------------------|---------------------|
|      |                                                                                                | Share capital       | Legal reserve       | Special reserve     | Undistributed earnings | Unrealized gains/losses on financial assets at fair value through other comprehensive income |                     |
| A1   | Balance as of January 1, 2022                                                                  | \$ 3,011,638        | \$ 1,433,870        | \$ 2,140,240        | \$ 512,615             | \$ 173,055                                                                                   | \$ 7,271,418        |
|      | Appropriation and distribution of earnings:                                                    |                     |                     |                     |                        |                                                                                              |                     |
| B1   | Legal reserve                                                                                  | -                   | 146,802             | -                   | ( 146,802 )            | -                                                                                            | -                   |
| B3   | Special reserve                                                                                | -                   | -                   | 219,439             | ( 219,439 )            | -                                                                                            | -                   |
| B5   | Cash dividend                                                                                  | -                   | -                   | -                   | ( 364,408 )            | -                                                                                            | ( 364,408 )         |
| D1   | 2022 net income                                                                                | -                   | -                   | -                   | 558,847                | -                                                                                            | 558,847             |
| D3   | 2022 other comprehensive income                                                                | -                   | -                   | -                   | 47,713                 | 48,964                                                                                       | 96,677              |
| D5   | 2022 total comprehensive income                                                                | -                   | -                   | -                   | 606,560                | 48,964                                                                                       | 655,524             |
| Q1   | Disposal of investments in equity instruments at fair value through other comprehensive income | -                   | -                   | -                   | ( 63,934 )             | 63,934                                                                                       | -                   |
| Z1   | Balance as of December 31, 2022                                                                | 3,011,638           | 1,580,672           | 2,359,679           | 324,592                | 285,953                                                                                      | 7,562,534           |
|      | Appropriation and distribution of earnings:                                                    |                     |                     |                     |                        |                                                                                              |                     |
| B1   | Legal reserve                                                                                  | -                   | 108,526             | -                   | ( 108,526 )            | -                                                                                            | -                   |
| B3   | Special reserve                                                                                | -                   | -                   | 225,815             | ( 225,815 )            | -                                                                                            | -                   |
| B5   | Cash dividend                                                                                  | -                   | -                   | -                   | ( 216,838 )            | -                                                                                            | ( 216,838 )         |
| D1   | 2023 net income                                                                                | -                   | -                   | -                   | 636,241                | -                                                                                            | 636,241             |
| D3   | 2023 other comprehensive income                                                                | -                   | -                   | -                   | 2,578                  | 143,116                                                                                      | 145,694             |
| D5   | 2023 total comprehensive income                                                                | -                   | -                   | -                   | 638,819                | 143,116                                                                                      | 781,935             |
| Q1   | Disposal of investments in equity instruments at fair value through other comprehensive income | -                   | -                   | -                   | 71,928                 | ( 71,928 )                                                                                   | -                   |
| Z1   | Balance as of December 31, 2023                                                                | <u>\$ 3,011,638</u> | <u>\$ 1,689,198</u> | <u>\$ 2,585,494</u> | <u>\$ 484,160</u>      | <u>\$ 357,141</u>                                                                            | <u>\$ 8,127,631</u> |

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

Chairman: C. H. Lee

Manager: Hsin-Kun Chen

Head of Accounting: Fei-Fen Hsiao

The First Insurance Co., Ltd.

Cash Flow Statement

For periods from January 1 to December 31, 2023 and 2022

Unit: NTD thousands

| Code   |                                                                                | 2023        | 2022        |
|--------|--------------------------------------------------------------------------------|-------------|-------------|
|        | Cash flow from operating activities                                            |             |             |
| A10000 | Pre-tax profit for the current period                                          | \$ 754,468  | \$ 674,934  |
| A20000 | Adjustments:                                                                   |             |             |
| A20010 | Income, expenses and losses                                                    |             |             |
| A20100 | Depreciation                                                                   | 33,791      | 34,141      |
| A20200 | Amortization                                                                   | 16,357      | 16,415      |
| A20900 | Interest expenses                                                              | 277         | 163         |
| A21200 | Interest income                                                                | ( 158,584 ) | ( 88,902 )  |
| A21300 | Dividend income                                                                | ( 192,756 ) | ( 155,106 ) |
| A21400 | Net change of various reserves                                                 |             |             |
|        | - current                                                                      | 1,003,547   | 595,742     |
| A21830 | Expected credit impairment loss (reversal gain) on investment                  | ( 1,757 )   | 3,910       |
| A22500 | Loss on asset disposal                                                         | 608         | 142         |
| A22900 | Gain on lease modification                                                     | ( 62 )      | -           |
| A24100 | Unrealized (gain) loss on foreign exchange                                     | 1,721       | ( 76,786 )  |
| A50000 | Change in assets/liabilities related to operating activities                   |             |             |
| A51110 | Notes receivable                                                               | 7,317       | 3,311       |
| A51120 | Premiums receivable                                                            | ( 9,801 )   | 125,898     |
| A51130 | Other receivables                                                              | 98          | ( 42 )      |
| A51140 | Gains on financial assets or liabilities at fair value through profit and loss | ( 723,105 ) | 52,897      |
| A51141 | Financial assets at fair value through other comprehensive income              | 60,820      | 207,022     |
| A51145 | Debt instrument investments measured at cost after amortization                | ( 510,000 ) | ( 321,990 ) |
| A51160 | Other financial assets                                                         | 494,579     | ( 966,239 ) |
| A51170 | Reinsurance Contracts Assets                                                   | ( 732,253 ) | ( 139,337 ) |
| A51190 | Guarantee deposits paid                                                        | ( 10,982 )  | 4,940       |
| A51990 | Other assets                                                                   | 10,562      | ( 399 )     |
| A52110 | Notes payable                                                                  | 30,217      | 1,683       |
| A52120 | Claims payable                                                                 | -           | ( 16,560 )  |
| A52140 | Commission payable                                                             | ( 18,100 )  | ( 4,084 )   |

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| Code   |                                                                         | 2023                | 2022                |
|--------|-------------------------------------------------------------------------|---------------------|---------------------|
| A52150 | Reinsurance accounts payable                                            | \$ 3,806            | \$ 8,658            |
| A52160 | Other payables                                                          | 18,513              | ( 5,214 )           |
| A52200 | Provisions for employee benefits                                        | ( 14,799 )          | ( 9,739 )           |
| A52240 | Guarantee deposits received                                             | 660                 | 338                 |
| A52990 | Other liabilities                                                       | <u>3,680</u>        | <u>( 23,985 )</u>   |
| A33000 | Cash inflow (outflow) from operating activities                         | 68,822              | ( 78,189 )          |
| A33100 | Interests received                                                      | 143,817             | 83,329              |
| A33200 | Dividends received                                                      | 192,756             | 155,106             |
| A33300 | Interests paid                                                          | ( 277 )             | ( 163 )             |
| A33500 | Income tax paid                                                         | <u>( 108,167 )</u>  | <u>( 96,289 )</u>   |
| AAAA   | Net cash inflow from operating activities                               | <u>296,951</u>      | <u>63,794</u>       |
|        | Cash flow from investing activities                                     |                     |                     |
| B02700 | Acquisition of property and equipment                                   | ( 12,592 )          | ( 15,555 )          |
| B04500 | Acquisition of intangible assets                                        | <u>( 9,912 )</u>    | <u>( 13,280 )</u>   |
| BBBB   | Cash outflow from investing activities                                  | <u>( 22,504 )</u>   | <u>( 28,835 )</u>   |
|        | Cash flow from financing activities                                     |                     |                     |
| C04020 | Repayment of lease principal                                            | ( 4,148 )           | ( 4,089 )           |
| C04500 | Cash dividends paid                                                     | <u>( 216,838 )</u>  | <u>( 364,408 )</u>  |
| CCCC   | Cash outflow from financing activities                                  | <u>( 220,986 )</u>  | <u>( 368,497 )</u>  |
| DDDD   | Exchange rate effects on cash                                           | ( 1,682 )           | 3,460               |
| EEEE   | Increase (decrease) in cash and cash equivalents for the current period | 51,779              | ( 330,078 )         |
| E00100 | Opening cash and cash equivalents                                       | <u>1,335,225</u>    | <u>1,665,303</u>    |
| E00200 | Closing cash and cash equivalents                                       | <u>\$ 1,387,004</u> | <u>\$ 1,335,225</u> |

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

Chairman: C. H. Lee

Manager: Hsin-Kun Chen

Head of Accounting: Fei-Fen Hsiao

The First Insurance Co., Ltd.  
Notes to financial statements  
For periods from January 1 to December 31, 2023 and 2022  
(Unless otherwise specified, all amounts are presented in NTD thousands)

1. Corporate history

The First Insurance Co., Ltd. (the Company) was founded in September 1962. It is primarily involved in the offering of non-life insurance products, particularly fire insurance, cargo insurance and automobile insurance. The Company has branches established in Taichung, Kaohsiung, Tainan, Taoyuan and New Taipei City.

On November 28, 2000, the Company received approval from Securities and Futures Commission, Ministry of Finance, to list for trading on Taiwan Stock Exchange Corporation.

This financial report is presented using the Company's functional currency (NTD).

2. Financial statement approval date and procedures

This financial report was passed during the Board of Directors meeting dated March 12, 2024.

3. Adoption of new and amended standards and interpretations

- (1) The first-time adoption of International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), and interpretations (IFRIC) and announcements (SIC) thereof approved by the Financial Supervisory Commission ("FSC") (collectively referred to as "IFRSs" below)

Adoption of FSC-approved amended IFRSs did not result in any material change to the Company's accounting policies.

- (2) FSC-approved IFRSs applicable in 2024

| New/Amended/Modified Standards and Interpretations                              | Effective date of IASB announcement (Note 1) |
|---------------------------------------------------------------------------------|----------------------------------------------|
| Amendments to IFRS 16 "Lease Liability in a Sale and Leaseback"                 | Monday, January 1, 2024<br>(Note 2)          |
| Amendments to IAS 1 - "Classification of Liabilities as Current or Non-current" | Monday, January 1, 2024                      |
| Amendments to IAS 1 "Non-current Liabilities with Covenants"                    | Monday, January 1, 2024                      |
| Amendments to IAS 7 and IFRS 7 regarding "Supplier Finance Arrangements"        | Monday, January 1, 2024<br>(Note 3)          |

Note 1: Unless otherwise specified, all new/amended/modified standards and interpretations above shall take effect from the financial year that begins after the specified date.

Note 2: A seller-lessee applies the proposed amendments retrospectively to sale and leaseback transactions entered into after the date of the initial application of IFRS 16.

Note 3: Certain disclosures are exempted during first-time adoption of this amendment.

The Company continues to evaluate how amendments to the above standards and interpretations will affect its financial position and business performance as of the date of publication of the financial statements. Outcomes of these assessments will be disclosed once they are concluded.

| (3) | IFRSs published by IASB but yet to be approved and issued into effect by FSC<br>New/Amended/Modified Standards and Interpretations | Effective date of IASB announcement (Note 1) |
|-----|------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------|
|     | Amendments to IFRS 10 and IAS 28 - "Sale or Contribution of Assets between an Investor and its Associate or Joint Venture"         | Undetermined                                 |
|     | IFRS 17 - "Insurance Contracts"                                                                                                    | Sunday, January 1, 2023                      |
|     | Amendments to IFRS 17                                                                                                              | Sunday, January 1, 2023                      |
|     | Amendments to IFRS 17 "Initial Application of IFRS 17 and IFRS 9—Comparative Information"                                          | Sunday, January 1, 2023                      |
|     | Amendments to IAS 21 regarding "Lack of exchangeability"                                                                           | Wednesday, January 1, 2025 (Note 2)          |

Note 1: Unless otherwise specified, all new/amended/modified standards and interpretations above shall take effect from the financial year that begins after the specified date.

Note 2: The amendments shall apply to annual reporting periods beginning on or after January 1, 2025. When adopting the amendments for the first time, the amount of impact is recognized into retained earnings on the day of initial adoption. Where non-functional currency is used as the presentation currency, the amount of impact is adjusted to the equity item - translation differences from foreign operations on the initial adoption date.

#### IFRS 17 - "Insurance Contracts" and amendments

Accounting treatment of insurance contracts stated under IFRS 17 will supersede IFRS 4 - "Insurance Contracts." Key amendments to IFRS 17 are as follows:

#### Level of aggregation for insurance contracts

IFRS 17 requires the Company to identify portfolios of insurance contracts. A portfolio refers to contracts that are subject to similar risks and management. Contracts within a specific product line would be expected to share similar risks and hence would be expected to be in the same portfolio if they are managed together. Each portfolio of insurance contracts issued by the Company shall be divided into a minimum of:

- (a) A group of contracts that are onerous at initial recognition;
- (b) A group of contracts that, at initial recognition, have no significant possibility of becoming onerous subsequently; and
- (c) A group of the remaining contracts in the portfolio.

The Company is not permitted to include contracts issued more than one year apart in the same group, and shall apply appropriate recognition and measurement rules of IFRS 17 for the portfolios it has determined.

#### Recognition

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

- (a) The beginning of coverage start date for the group of contracts;
- (b) The date when the first payment from a policyholder in the group becomes due; and
- (c) For a group of onerous contracts, when the group becomes onerous.

#### Measurement at initial recognition

On initial recognition, the Company shall measure a group of insurance contracts at the total of fulfillment cash flows and contractual service margin.

Fulfillment cash flow (“FCF”) comprises future cash flow estimates, adjustments for time value of money (“TVM”) and financial risks associated with future cash flows, and risk adjustments for non-financial risk. Contractual service margin represents unearned profit from a group of insurance contracts that the Company will recognize as it provides services in the future. Unless the group of contracts is onerous, contractual service margin is measured upon initial recognition of a group of insurance contracts at an amount that results in no income or expenses arising from:

- (a) Initial recognition of FCF;
- (b) All cash flows originating from the group of contracts as of the given day; and
- (c) De-recognition of the following items on the initial date of recognition:
  - (i) All cash flow assets acquired from insurance; and
  - (ii) All other assets or liabilities previously recognized on cash flows from the group of contracts.

#### Subsequent measurement

On subsequent measurement, the carrying amount of a group of insurance contracts at the end of each reporting period shall be the book value sum of the liability for remaining coverage and liability for incurred claims. Liability for remaining coverage includes FCF related to future services, the CSM, and FCF related to past service allocated to the group at that date. If a group of insurance contracts becomes onerous (or more onerous), the loss shall be recognized in profit or loss immediately.

#### Onerous contracts

An insurance contract is onerous at initial recognition if the amount of FCF allocated to insurance contract plus cash flows previously received and recognized on insurance plus all cash flows arising from the contract at initial recognition result in a net outflow. In which case, the Company shall recognize a loss in profit or loss for the net outflow, so that carrying amount of liability for the group of contracts equals the FCF and that CSM of the group is zero. The CSM cannot increase and no revenue can be recognized, until the onerous amount previously recognized has been reversed in profit or loss.

#### Premium allocation approach

The Company may simplify measurement for a group of insurance contracts using the Premium Allocation Approach (PAA) if any of the following conditions is met at the inception of the group of insurance contracts:

- (a) The Company reasonably expects that the size of liability for remaining coverage generated from PAA to be a reasonable approximation of the general model, or
- (b) The coverage period of each contract in the group is one year or less.

Where, at the inception of the group, the Company expects significant variances in the FCF before a claim is incurred that would affect the measurement of liabilities for remaining coverage, such contracts are not eligible for condition (a).

When using PAA, the liability for remaining coverage is calculated as:

- (a) Premiums collected at initial recognition;
- (b) Less cash flows acquired from all insurance on the given day; and
- (c) Plus or minus de-recognition of the following items on the date of initial recognition:
  - (i) All cash flow assets acquired from insurance; and
  - (ii) All other assets or liabilities previously recognized on cash flows from the group of contracts.

Subsequently, carrying amount of the liability shall be adjusted for premiums received, amortization of cash flows acquired on insurance, minus the amount recognized as insurance revenue for services rendered in that period, and minus all investment components paid or transferred to the liability for incurred claims.

#### Investment contracts with a discretionary participation feature

An investment contract with a discretionary participation feature (DPF) is a financial instrument that does not include a transfer of significant insurance risk. These contracts are subject to IFRS 17 only if the Company issues investment contracts with DPF and insurance contracts at the same time.

#### Modification and derecognition

If the terms of an insurance contract are modified, the Company shall de-recognize the original contract and recognize the modified contract as a new contract if there is a substantive modification that meets any of the specified criteria.

The Company shall de-recognize an insurance contract when it is extinguished or if any substantive modification is made.

#### Transition

In general, the Company shall fully adopt IFRS 17 on a retrospective basis. However, where it is impracticable to do so, the Company shall have the option of using either the modified retrospective approach or the fair value approach.

Under the modified retrospective approach, the Company shall utilize reasonable and supportable information and maximize the use of information that would have been used to apply a full retrospective approach, but need only use information available without undue cost or effort. If reasonable and supportable information is unavailable, the Company shall apply the fair value approach instead.

Under the fair value approach, the Company determines CSM at the transition date as the difference between the fair value of a group of insurance contracts at that date and the FCF measured at that date.

#### Re-designation of financial assets

On the date of the initial application of IFRS 17, the enterprises which have applied IFRS 9 may re-designate and re-classify the financial assets that satisfy the requirements referred to in Paragraph C29, IFRS 17. It is not necessary for the enterprises to re-prepare the comparative information to reflect the changes in re-classification of the assets. Therefore, the difference between the previous book value of the financial assets and that on the date of initial application is stated as the initial retained earnings (or adequate other equity) on the date of initial application. If the enterprises re-prepare the comparative information, the re-prepared information must reflect the requirements posed by IFRS 9 to the affected financial assets.

Meanwhile, the enterprises which have already applied IFRS 9 before the initial application of IFRS 17 may choose the adequate Classification Overlay based on the individual financial asset, with respect to the financial assets already derecognized in the comparative period on the date of initial application of IFRS 17, as if the financial asset were re-classified per the re-designation requirements under Paragraph C29, IFRS 17 during the comparative period.

Apart from the impacts mentioned above, the Company continues to evaluate how amendments of the above standards and interpretations will affect its financial position and business performance as of the publication date of the financial statements. Outcomes of these assessments will be disclosed once they are concluded.

4. Summary of significant accounting policies

(1) Statement of compliance

This financial report has been prepared in accordance with Regulations Governing the Preparation of Financial Reports by Insurance Enterprises and FSC-approved IFRSs.

(2) Basis of preparation

This financial report has been prepared based on historical cost and, except for financial instruments carried at fair value and employee benefit liability reserve.

Fair value measurement can be rated on a level of 1 to 3 depending on the ease of observation and significance of inputs:

1. Level 1 input: Refers to quotations that can be obtained from an active market (unadjusted) on the measurement date for asset or liability of equivalent nature.
2. Level 2 input: Refers to inputs that can be observed directly (i.e. price) or indirectly (i.e. established from price) for an asset or liability, other than Level 1 quotations.
3. Level 3 input: Refers to inputs that cannot be observed for an asset or liability.

(3) Classification of current and non-current assets and liabilities

Due to the distinctive nature of its business activities, the Company does not classify assets and liabilities into current or non-current categories, but instead presents its accounts in the order of relative liquidity.

(4) Foreign currencies

Monetary foreign currency accounts are converted using closing exchange rates as of every balance sheet date. Exchange differences arising from settlement or translation of monetary accounts are recognized in profit and loss in the year occurred.

Foreign currency-denominated non-monetary items carried at fair value are converted using exchange rates as of the date of fair value assessment; exchange differences are recognized in the current profit and loss. However, items with fair value changes recognized in other comprehensive income shall also have exchange differences recognized in other comprehensive income.

Foreign currency-denominated non-monetary items carried at historical cost are converted using exchange rate as of the date of initial transaction. No further re-calculation shall be made.

(5) Property, plant and equipment

Property, plant and equipment are initially recognized at cost, and subsequently presented at cost after accumulated depreciation and impairment.

Each significant part of the property, plants, and equipment is separately depreciated on a straight-line basis over its useful life, except no depreciation is provided for own land. The Company reviews the estimated useful life, residual value and depreciation method at least once at the end of each year. Impacts of changes in accounting estimates are applied prospectively.

Gains or losses arising from decommissioned property, plant and equipment are calculated as the difference between disposal proceeds and the asset's book value, and are recognized in profit and loss in the year occurred.

(6) Investment property

Investment properties are real estate properties held for rental income or capital gain, or both. Investment properties also include land held on hand that the Company has yet to determine their future uses.

Investment properties are initially recognized at cost (including transaction cost) and subsequently presented at cost after accumulated depreciation and impairment. Depreciation is provided on a straight-line basis.

In cases where property, plant, and equipment is reclassified to investment property when it is no longer self-occupied, difference between the original book value and the fair value is recognized in other comprehensive income and accumulated as increase from revaluation under equity. Increase from revaluation is directed transferred to retained earnings when the asset is removed from the balance sheet.

The difference between the disposal proceeds and book value of decommissioned investment property is recognized in profit and loss.

(7) Intangible assets

Intangible assets that are acquired through separate purchase with limited useful life are recognized at cost at initiation, and subsequently presented at cost less accumulated amortization and impairment. Intangible assets are amortized on the straight-line basis over its useful life. The Company reviews the estimated useful life, residual value and method of amortization at least on the last day of each year. It prospectively recognizes the effect of changes in accounting estimates.

The difference between the disposal proceeds and book value of intangible assets removed is recognized in current profit and loss.

(8) Impairment of property, right-of-use assets, investment property & intangible assets (except goodwill)

The Company evaluates all property, right-of-use assets, investment property and intangible assets (except goodwill) for signs of impairment every balance sheet date. Assets that exhibit any sign of impairment will have recoverable amount estimated. If the recoverable amount cannot be estimated on an individual basis, the Company will instead estimate the recoverable amount for the entire cash-generating unit. For shared assets, amortization is allocated on a reasonable and consistent basis to individual cash-generating units.

Recoverable amount is the higher between "fair value less selling costs" and the "utilization value." If recoverable amount of an asset or cash-generating unit falls below its book value, the book value of that particular asset/cash-generating unit shall be reduced to the recoverable amount with impairment losses recognized in profit and loss.

When impairment losses are reversed on a later date, the book value of corresponding assets/cash-generating units shall be adjusted upwards to the recoverable amount. However, the increased book value shall not exceed the book value (less amortization or depreciation) of the asset/cash-generating unit before impairment losses were recognized in the first place. Reversal of impairment loss is recognized in profit and loss.

(9) Financial instruments

Financial assets and financial liabilities are recognized on balance sheet when the Company becomes a party of the contract.

When recognizing financial assets and liabilities at initiation, those that are not designated to be carried at fair value through profit and loss are measured at fair value plus transaction costs that are directly attributable to the acquisition or issuance of financial assets/liabilities. Transaction costs that are directly attributable to the acquisition or issuance of financial assets/liabilities are recognized in profit and loss at the time incurred.

1. Financial assets

Regular transactions of financial asset are recognized on or removed from balance sheet based on principles of trade date accounting.

(1) Measurement categories

Financial assets held by the Company are distinguished into the following categories: financial assets at fair value through profit and loss, financial assets carried at cost after amortization, debt instruments at fair value through other comprehensive income, and equity instruments at fair value through other comprehensive income.

A. Financial assets at fair value through profit and loss

Financial assets at fair value through profit and loss mainly comprise financial assets that are mandatory to be measured at fair value with fair value changes recognized through profit and loss. Financial assets that are mandatory to be measured at fair value with fair value changes recognized through profit and loss include: equity instruments that the Company has not specified to carry at fair value through other comprehensive income, and debt instruments that do not satisfy the criteria to be carried at cost after amortization or at fair value through other comprehensive income.

Financial assets at fair value through profit and loss are measured at fair value, with gains and losses (including any dividends or interests generated from the financial asset) recognized in profit and loss. See Note 30 for details regarding the fair value method.

B. Financial assets carried at cost after amortization

Financial asset investments that satisfy both the following conditions are carried at cost after amortization:

- a. The financial asset is held for a specific business model, and the purpose of which is to hold the financial asset and collect contractual cash flow; and
- b. The contractual terms give rise to cash flows on specific dates, and the cash flows are intended solely to pay principals and interests accruing on outstanding principals.

For financial assets carried at cost after amortization, the effective interest method is used to determine the book value at initiation. They are subsequently presented net of impairments and amortization. Any gain/loss from currency exchange incurred on these financial assets is recognized through profit and loss.

Except for the two circumstances explained below, interest income is calculated by multiplying the book value of financial asset with effective interest rate:

- a. Acquisition or creation of credit-impaired financial assets; in which case interest income is calculated by multiplying the cost of financial assets after amortization with credit-adjusted effective interest rate.
- b. Financial assets that were not credit-impaired at the time of acquisition or origination, but become credit-impaired on a later date; in which case interest income is calculated by multiplying the cost of financial assets after amortization with the effective interest rate since the reporting period following the credit impairment.

Financial assets are considered credit-impaired if the issuer or debtor exhibits major financial distress, default, likely bankruptcy,

financial restructuring or any financial difficulty that may render the financial asset no longer available on the active market.

Cash equivalents include time deposits with less than 3 months until maturity that are highly liquid, readily convertible into defined amounts of cash, and less prone to the risk of fair value changes. Cash equivalents are held for the purpose of meeting the Company's short-term cash commitments.

C. Debt instruments at fair value through other comprehensive income

Debt instrument investments are classified as financial assets at fair value through other comprehensive income if they satisfy both the following conditions:

- a. The financial asset is held for a specific business model, and the purpose of which involves collection of contractual cash flow and resale of the financial asset; and
- b. The contractual terms give rise to cash flows on specific dates, and the cash flows are intended solely to pay principals and interests accruing on outstanding principals.

Debt instruments at fair value through other comprehensive income are measured at fair value. Book value changes that are attributed to interest income (calculated using the effective interest method), gain/loss on currency exchange and provision/reversal of impairment loss are recognized through profit and loss. All other changes are recognized through other comprehensive income and reclassified into profit and loss when the investment is disposed on a later date.

D. Equity instruments at fair value through other comprehensive income

For equity instruments that are neither held for trading nor recognized/received as a consideration for business acquisition, the Company is entitled to an irrevocable option to account them at fair value through other comprehensive income at initial recognition.

Equity instruments at fair value through other comprehensive income are measured at fair value; subsequent fair value changes are recognized through other comprehensive income and accumulated under other equity. At the time of disposal, cumulative gains/losses are transferred directly into retained earnings and not reclassified into profit and loss.

Dividends from equity instruments at fair value through other comprehensive income are recognized in profit and loss when the entitlement to receive is confirmed, unless the dividends clearly represent a partial recovery of the investment cost.

(2) Impairment of financial assets

On each balance sheet day, the Company assesses impairment losses on financial assets carried at cost after amortization (including notes receivable - net and premiums receivable - net) and debt instruments at fair value through other comprehensive income based on expected credit losses.

Loss provisions on receivables are recognized based on expected credit loss and "Regulation on Asset Valuation, Overdue Collection and Loan Loss Provisioning by Insurance Companies." For other financial assets, the Company first evaluates whether there is significant increase

in credit risk since initial recognition. If there is no significant increase in credit risk, loss provisions are recognized based on 12-month expected credit losses; if there is significant increase in credit risk, loss provisions are recognized based on expected credit losses over the remaining duration.

Expected credit losses represent average credit losses weighed against the risk of default. 12-month expected credit losses represent the amount of credit losses that the financial instrument is likely to incur due to default event in the next 12 months, whereas expected credit losses for the remaining duration represent the amount of credit losses that the financial instrument is likely to incur due to all possible default events for the remaining duration.

All impairment losses on financial assets are recognized with book value adjusted through the allowance account. However, loss provisions on debt instruments at fair value through other comprehensive income are recognized through other comprehensive income and do not reduce their book amount.

(3) Removal of financial assets

Financial assets can be removed from balance sheet only if all contractual cash flow entitlements have ended, or if the asset has been transferred with virtually all risks and returns assumed by another party.

When a financial assets carried at cost after amortization is derecognized, the difference between book value and the sum of the consideration received is recognized in profit and loss. When a debt instrument carried at fair value through other comprehensive income is derecognized, the difference between book value and the sum of the consideration received plus any cumulative gains or losses previously recognized under other comprehensive income is recognized in profit and loss. When the investment in equity instruments at fair value through other comprehensive income is derecognized, the accumulated gains or losses therefrom are transferred directly into retained earnings, not reclassified as income.

2. Financial liabilities

(1) Subsequent measurements

Financial liabilities are carried at cost after amortization using the effective interest method.

(2) Removal of financial liabilities

When a financial liability is removed, the difference between book value and the consideration paid (including any non-cash assets transferred or any additional liabilities borne) is recognized in profit and loss.

(10) Ceded reinsurance

The Company makes reinsurance arrangements in accordance with insurance regulations and as needed for its business activities in order to limit possible losses arising from exposure to certain risks. For ceded insurance coverage, the Company may not deny its obligations to insured parties on the basis that its reinsurers have failed to fulfill their obligations.

The Company recognizes reinsurance premiums expense for ceded reinsurance coverage depending on the nature of reinsurance contract. The financial reports have been prepared after taking into consideration the policy period, which matches

premium revenues. Reinsurance premiums expenses are estimated on each balance sheet date using rational and systematic methods. All associated revenues (such as: reinsurance commission revenues) are also recognized during the same period. The Company does not defer gains/losses on reinsurance.

Reinsurance reserve assets include: unearned premium reserve, ceded claim reserve and deficiency reserve for ceded coverage. These reserves are made in accordance with Regulations Governing Reserve Provisioning by Insurance Enterprises and terms of the respective reinsurance contracts, and represent the Company's entitlements over the reinsurers.

The Company assesses reinsurance reserve assets, claims recoverable from reinsurers, and reinsurance accounts receivable balances above on a regular basis for signs of impairment or non-recovery. If there is objective evidence to suggest that the Company may be unable to recover all reinsurance contract assets due to occurrence of an event after initial recognition, the Company will recognize cumulative impairments for the recoverable amount that falls short of the book value of the reinsurance reserve assets, provided that impact to the amounts recoverable from reinsurer due to the above event can be measured reliably. Appropriate amounts of doubtful debt are provided for balances of claims recoverable from reinsurers and reinsurance accounts receivable that are no longer deemed recoverable.

(11) Acceptance of residual assets and right of subrogation

The Company recognizes entitlement over insurance claims when such claims become certain (highly likely inflow of future economic benefits) and the amount of which can be measured reliably.

(12) Insurance liabilities

The Company provides insurance liabilities for various insurance contracts according to "Regulations Governing Reserve Provisioning by Insurance Enterprises," "Regulations for the Management of the Various Reserves for Compulsory Automobile Liability Insurance," "Enforcement Rules for the Risk Spreading Mechanism of Residential Earthquake Insurance" and "Regulations for the Management of the Various Reserves for Nuclear Risks Insurance by Non-life Insurance Enterprises." All insurance liabilities have been verified by FSC-certified actuaries. The basis of provision for various insurance liabilities is explained below:

1. Unearned premium reserve

The Company makes provision of unearned premium reserve for unexpired contracts and existing insurance risks, as calculated based on unexpired risks of each insurance contract. The Company adopts the 24th Method and other methods to provide for and recover unearned premium reserves.

2. Claim reserves

The Company makes claim reserves using actuarial methods based on past experience and payments. The Company makes two different types of claim reserve: Reported but unpaid claims and Unreported claims. The amount of reserve for Reported but unpaid claims is estimated on a case-by-case basis and provided for different insurance categories.

Claim reserves on mandatory automobile liabilities insurance are provided according to "Regulations for the Management of the Various Reserves for Compulsory Automobile Liability Insurance."

Claim reserves on policy-based residential earthquake insurance are provided according to "Enforcement Rules for the Risk Spreading Mechanism of Residential Earthquake Insurance."

Claim reserves on nuclear risks insurance are provided according to "Regulations for the Management of the Various Reserves for Nuclear Risks Insurance by Non-life Insurance Enterprises."

3. Special claim reserves

There are two types of special claim reserve: "Special claim reserves for major incidents" and "Special claim reserves for change of risk." Provisions made before January 1, 2011 will continue to be presented as liabilities, whereas new provisions made on and after January 1, 2011 net of income taxes are presented as special reserve under other equity items. Starting from January 1, 2011, offsets or recoveries can be made to special claim reserves that are presented as liabilities. Once the liability has been depleted, the remainder of the offset/recovery net of income taxes can be charged against special claim reserves that are presented under other equity items.

(1) Special claim reserves for major incidents

Special claim reserves for major incidents are provided using the percentages specified by the competent authority.

Any occurrence of government-announced major incident that causes individual insurance companies to pay retained claims amounting to NT\$30 million across all insurance categories, and the entire non-life insurance industry to pay claims amounting to NT\$2 billion or above across all insurance categories, may be offset against special claim reserves for major incidents.

Insurance companies that have made special claim reserves for major incidents for more than 15 years may devise a reserve recovery system with the involvement of certified actuaries, and implement with the acknowledgment of the competent authority.

(2) Special claim reserves for change of risk

If the balance of actual claim after offsetting against special claim reserves for major incidents of a particular insurance category is lower than expected claims, the Company shall provide special claim reserves for change of risk on the difference according to rules of the competent authority.

If the balance of actual claim after offsetting against special claim reserves for major incidents of a particular insurance category is higher than expected claims, the Company may offset the difference against special claim reserves for change of risk. If there are insufficient special claim reserves for change of risk to offset a particular insurance category, the Company may offset the excess against special claim reserves for change of risk of other insurance categories. The insurance category and amount of offset shall comply with the rules and are subject to acknowledgment of the competent authority.

The Company shall recover amounts of special claim reserves for change of risk that exceed the requirements imposed by the competent authority per insurance category.

4. Deficiency reserve

The Company assesses future possible claims and expenses for each category of unexpired contracts and existing insurance risks. If the estimated claims and expenses exceed unearned premium reserves plus expected premium revenues, a deficiency reserve shall be provided on the difference for that insurance category.

5. Liabilities adequacy reserve

With regards to contracts that are subject to liability adequacy test under IFRSs 4, the Company performs adequacy tests for recognized insurance liabilities by estimating future cash flows based on information available on each balance sheet date. Liability adequacy reserves are provided for any shortfalls revealed by the test.

(13) Liability adequacy test

On each balance sheet date, the Company follows the practical actuarial principles published by Actuarial Institute of Chinese Taipei to estimate future cash flows of individual insurance contracts. Any shortfall in the book value of recognized insurance liabilities identified from the above is recognized as current expense/loss.

(14) Revenue recognition

The Company recognizes revenues according to IFRSs 4 - "Insurance Contracts."

Revenue and acquisition cost of insurance coverage:

For direct written coverage, premium revenues are recognized on all underwritten and modified coverage approved in the current period. For assumed reinsurance coverage, reinsurance premium revenues are recognized based on the invoice delivery date. Reinsurance premium revenues accruing as of the balance sheet date are estimated using rational and systematic methods. All associated acquisition costs (e.g.: commission expense, agency charge, fee and reinsurance commission expense) are recognized in the period incurred and not deferred.

The unearned premium reserves is calculated the unearned premiums based on the unearned risks and provided for each insurance for the unearned valid contracts or the insurance risks not yet eliminated, and deposited subject to the insurance type.

Unearned premium reserves on mandatory automobile liabilities insurance are provided according to "Regulations for the Management of the Various Reserves for Compulsory Automobile Liability Insurance."

Unearned premium reserves on residential earthquake insurance are provided according to "Enforcement Rules for the Risk Spreading Mechanism of Residential Earthquake Insurance."

Unearned premium reserves on nuclear risks insurance are provided according to "Regulations for the Management of the Various Reserves for Nuclear Risks Insurance by Non-life Insurance Enterprises."

Methods for providing unearned premium reserves are determined by actuarial personnel for the various types of insurance coverage, unless otherwise regulated by law (no change can be made without the authority's approval). The amount of unearned premium reserve is subject to verification and certification by actuarial personnel.

Taxes on insurance revenues are recognized on an accrual basis according to the Value-added and Non-value-added Business Tax Act, the Stamp Tax Act and relevant regulations.

(15) Cost of insurance claims

For direct written coverage, the cost of insurance claims comprises claims payments (including claim-related expenses) incurred and approved in the current period. Amounts that have been ascertained by the claims department but not yet paid by the accounting/finance department and amounts that are not yet ascertained by the claims department are estimated on a case-by-case basis for each insurance category, and recognized as the net change in reported but unpaid claim reserves.

For assumed reinsurance coverage, claims payable to reinsurers are recognized based on the invoice delivery date. Reinsurance claims payable accruing as of the balance sheet date are estimated using rational and systematic methods and recognized as the net change in claim reserves.

For direct written and assumed reinsurance coverage, the amount of unreported insurance claims is calculated category-by-category based on previous claims and expenses using actuarial methods, and recognized as net change in unreported claim reserves.

With regards to claims recoverable from reinsurers on ceded reinsurance coverage, any claims (including claim-related expenses) received are recognized as claims recovered from reinsurers, whereas unpaid and unreported claims (including claim-related expenses) are recognized as net change in claim reserves.

The Company does not apply discounting when calculating claim reserves.

Claim reserves on mandatory automobile liabilities insurance are provided according to "Regulations for the Management of the Various Reserves for Compulsory Automobile Liability Insurance."

Claim reserves on residential earthquake insurance are provided according to "Enforcement Rules for the Risk Spreading Mechanism of Residential Earthquake Insurance."

Claim reserves on nuclear risks insurance are provided according to "Regulations for the Management of the Various Reserves for Nuclear Risks Insurance by Non-life Insurance Enterprises."

(16) Leases

The Company evaluates whether a contract meets the criteria of (or contains arrangements characterized as) lease on the day of establishment.

1. Where the Company is the lessor

All other lease arrangements are classified as operating lease.

In an operating lease arrangement, the amount of proceeds received net of incentives are recognized as income on a straight-line basis over the lease tenor. All initial direct costs incurred in relation to the establishment of operating lease are added to the book value of the underlying asset, and recognized as expenses using the straight-line basis over the lease tenor.

2. Where the Company is the lessee

The Company recognizes right-of-use assets and lease liabilities from the lease start date for each lease arrangement, except for exempted low-value and short-term leases where expenses are recognized on a straight-line basis over the lease tenor.

Right-of-use assets are measured at cost at initiation (including the initial amount of lease liability, lease payments made before the lease start date less the amount of lease incentives received, initial direct cost and estimated cost of recovery for the underlying asset), and subsequently at cost less accumulated depreciation and impairment with adjustments made to the remeasurement account for lease liability.

Right-of-use assets are depreciated on a straight-line basis from the lease start date until the end of useful life or until expiry of the lease tenor, whichever the earlier.

Lease liabilities are carried at the present value of lease payments. Lease payments are discounted at the implicit interest rate if it can be determined easily. If the interest rate cannot be determined easily, the lessee's incremental borrowing rate is used instead.

Subsequently, lease liability is carried at cost after amortization using the effective interest method, whereas interest expense is amortized over the lease tenor. If there is any change to the lease tenor or to the index or fee rate relevant for determining lease payment, the Company will remeasure its lease liabilities and make corresponding adjustments to right-of-use asset. If, however, the book value of right-of-use asset has already been reduced to zero, any subsequent remeasurements are recognized through income statement. With respect to the lease modification not presented as the lease individually, the lease liability remeasurement resulting from the decrease in the scope of lease decreased the right-of-use assets and recognized the gain or loss from termination of the lease in part or in whole, while the lease liability remeasurement resulting from other modifications adjusted the right-of-use assets only. Lease liabilities are presented individually on the standalone balance sheet.

(17) Employee benefits

1. Short-term employee benefit

Liabilities associated with short-term employee benefits are measured at non-discounted amount of cash that the Company expects to pay in exchange for employees' service.

2. Retirement benefits

For defined contribution plans, the amount of contributions made to pension funds over the duration of employees' service are recognized as current period expenses.

For defined benefit plans, the cost of benefit (including service cost, net interest and effect of remeasurement) is estimated using the Projected Unit Credit Method. Service costs (including current service costs) and net interests on net defined benefit plan liabilities are recognized as employee welfare expense at the time incurred or whenever the plan is amended, curtailed or repaid. Effects of remeasurement (including actuarial gains/losses, change in plan asset limits, and return on plan assets net of interest) are recognized under other comprehensive income and added to retained earnings at the time of occurrence. This amount is not reclassified into profit and loss in subsequent periods.

Net defined benefit plan liabilities represent the shortfall of contributions made to the defined benefit plan.

(18) Income tax

Income tax expense represents the sum of current income tax and deferred income tax.

1. Current income tax

The current income tax payable is calculated based on the taxable income of the current period. The taxable income may differ from pre-tax profit presented in the statement of comprehensive income because some of the gains, expenses and losses are taxable or deductible in other years, while some are tax-exempted or eligible for tax deductions. The Company's current income tax liabilities are calculated using the tax rate applicable as of the balance sheet date.

The additional income tax on undistributed earnings calculated according to the Income Tax Act of the Republic of China is recognized in the year when the related resolution is made at the shareholders' meeting.

Adjustments to income taxes reported in previous years are recognized as income tax expenses in the current period the adjustment is made.

2. Deferred income tax

Deferred income taxes are tax effects of temporary differences, given rise by the different book value of assets and liabilities presented in the financial statement and those reported for tax filing. Tax impacts arising from taxable temporary differences are recognized as deferred income tax liabilities; deferred income tax assets are recognized under the condition that the Company is very likely to generate taxable income to realize them in the future.

Book value of deferred income tax asset is re-assessed on every balance sheet date. The Company will reduce book value if it is not highly likely to generate enough taxable income to realize part or all of the assets. Temporary differences that were not initially recognized as deferred income tax assets are also subject to re-assessment on every balance sheet date. These differences may be recognized to increase the book value of deferred income tax asset if the Company considers it highly likely to generate taxable income for full or partial recovery of such asset.

Deferred income tax assets and liabilities are estimated using expected tax rate applicable at the time the liability/asset is expected to be settled/realized. This expected tax rate is determined based on the tax rate and tax laws prevailing as of the balance sheet date. Deferred income tax liabilities and assets represent tax impacts of the method by which the Company expects to recover/settle the book value of its assets and liabilities as of the balance sheet date.

3. Current and deferred income tax for the year

Current and deferred income taxes are recognized in profit and loss, except in cases where items giving rise to the difference are recognized under other comprehensive income; in which case, both current and deferred income taxes shall also be recognized under other comprehensive income.

(19) Coinsurance organization, coinsurance and guarantee fund arrangements

1. Coinsurance contract for mandatory automobile liabilities insurance

The Company has signed a "Mandatory Automobile Liabilities Coinsurance Contract" with all peers that have been approved by the competent authority to engage in mandatory automobile liabilities insurance service. The contract requires all underwritten mandatory automobile liabilities insurance coverage to be subject to coinsurance. Violators will be subject to default penalty, and all contract participants have agreed to auditing by representatives of the coinsurance team. Assumed coinsurance coverage is calculated on a pure premium basis, and allocated at the agreed coinsurance percentage. Coinsurance participants may not exit the arrangement unless due to liquidation or business cessation. Participants will automatically exit the coinsurance arrangement if they stop providing automobile liabilities insurance service. In which case, natural expiry shall apply to unexpired liabilities.

2. Coinsurance contract for residential earthquake insurance

The Company and all industry peers approved by the competent authority to engage in residential fire insurance service have been granted membership to the Residential Earthquake Insurance Fund (Earthquake Insurance Fund), a coinsurance organization. The members have jointly established a "Residential Earthquake Coinsurance Contract" requiring all underwritten residential

earthquake insurance coverage to be subject to coinsurance. All contract participants have agreed to audit by representatives of the coinsurance team. Assumed coinsurance coverage is calculated on a pure premium basis; participants bear coinsurance liability for the coverage they assume individually, and are not jointly responsible for the liabilities of others. Participants may exit the coinsurance arrangement by notifying the Earthquake Insurance Fund 3 months before commencement of the next policy year. Exited participants will continue to assume existing shared liabilities until the end of the current year, and shared liabilities outstanding thereafter will be transferred to other coinsurance members. Members shall notify the Earthquake Insurance Fund to withdraw from coinsurance if dissolved due to winding up, dissolution, or business combination. In such case, all assumed coverage remaining in the current year will be transferred to other members of the coinsurance organization starting from the date of winding up/dissolution/business combination announced by the competent authority. The coinsurance organization will convene meetings to discuss the method of transfer. For members that withdraw from the coinsurance due to business combination, any assumed coverage remaining in the current year will be undertaken by surviving companies.

5. Sources of uncertainty to significant accounting judgments, estimates, and assumptions

When applying accounting policies, the management is required to make judgments, estimates, and assumptions based on historical experience or other relevant factors in situations where information cannot be easily obtained from available sources. The actual outcome may differ from initial estimates.

The Company takes into consideration the effects of inflation, market interest rate, and exchange rate variation when making significant accounting estimates such as cash flow, growth rate, discount rate, and profitability. The management will continue to review the estimates and basic assumptions. If a revision of accounting estimate affects only the current period, the effect shall be recognized only for the current period. If a revision of accounting estimate affects current and future periods, the effect shall also be recognized for current and future periods.

Insurance liabilities from insurance contracts

Claim reserves arising from insurance contracts are estimated on each balance sheet date according to insurance regulations. These amounts are verified by FSC-certified actuaries, but due to the estimations involved, the actual amount of liability may be higher or lower than the amount estimated.

6. Cash and cash equivalents

|                                                                                    | <u>December 31, 2023</u> | <u>December 31, 2022</u> |
|------------------------------------------------------------------------------------|--------------------------|--------------------------|
| Petty cash and cash on hand                                                        | \$ 757                   | \$ 653                   |
| Check and current deposit                                                          | 1,203,247                | 1,288,507                |
| Cash equivalents (refers to investments with an initial tenor of 3 months or less) | 183,000                  | 46,065                   |
|                                                                                    | <u>\$ 1,387,004</u>      | <u>\$ 1,335,225</u>      |

Foreign currency deposits are placed with domestic banks. As at December 31, 2023 and 2022, the Company held NT\$4,870,299 thousand and NT\$5,364,917 thousand of time deposit, respectively, that had an initial maturity date of more than 3 months and were classified as other financial assets (refer to Note 11).

|    |                                                               |                          |                          |
|----|---------------------------------------------------------------|--------------------------|--------------------------|
| 7. | <u>Financial assets at fair value through profit and loss</u> | <u>December 31, 2023</u> | <u>December 31, 2022</u> |
|    | Mandatory at fair value throughout profit and loss            |                          |                          |
|    | Non-derivative financial assets                               |                          |                          |
|    | — Locally Listed Stocks                                       | \$ 314,982               | \$ 352,314               |
|    | — Fund beneficiary certificates                               | 1,467,578                | 703,101                  |
|    | — Real estate investment trust                                | 163,692                  | 168,297                  |
|    | — Domestic bank debentures                                    | 49,506                   | 48,941                   |
|    | Subtotal                                                      | <u>\$ 1,995,758</u>      | <u>\$ 1,272,653</u>      |

For the periods from January 1 to December 31, 2023 and 2022, the Company recognized NT\$27,221 thousand and NT\$30,304 thousand as the revenue from cash dividend, respectively.

|    |                                                                          |                          |                          |
|----|--------------------------------------------------------------------------|--------------------------|--------------------------|
| 8. | <u>Financial assets at fair value through other comprehensive income</u> | <u>December 31, 2023</u> | <u>December 31, 2022</u> |
|    | Investment in equity instruments                                         | \$ 2,400,152             | \$ 2,276,962             |
|    | Investment in debt instruments                                           | 257,657                  | 308,068                  |
|    |                                                                          | <u>\$ 2,657,809</u>      | <u>\$ 2,585,030</u>      |

  

|     |                                  |                          |                          |
|-----|----------------------------------|--------------------------|--------------------------|
| (1) | Investment in equity instruments | <u>December 31, 2023</u> | <u>December 31, 2022</u> |
|     | Domestic investments             |                          |                          |
|     | Public-listed shares             | \$ 1,236,762             | \$ 1,087,885             |
|     | Unlisted shares                  | 1,163,390                | 1,189,077                |
|     |                                  | <u>\$ 2,400,152</u>      | <u>\$ 2,276,962</u>      |

The Company held the abovementioned listed and non-listed common shares as strategic investments and not for trading purpose, and therefore opted to account them at fair value through other comprehensive income.

For the purpose of risk diversification, the Company made a series of adjustments to its investment position between January 1 and December 31, 2023 and 2022. Listed common shares were sold at fair value, and as a result, NT\$71,928 thousand and NT\$(63,934) thousand of Other equity items - unrealized gain on financial assets at fair value through other comprehensive income, respectively, were directly recognized in retained earnings according to IFRS 9.

For the periods from January 1 to December 31, 2023 and 2022, the Company recognized NT\$165,535 thousand and NT\$124,802 thousand as the revenue from cash dividend and acquired NT\$1,961 thousand and NT\$44,077 thousand as the stock dividends, respectively.

(2) Investment in debt instruments

|                                             | <u>December 31, 2023</u> | <u>December 31, 2022</u> |
|---------------------------------------------|--------------------------|--------------------------|
| Domestic investments                        |                          |                          |
| Government bonds                            | \$ 747,422               | \$ 791,906               |
| Less: Amount placed as<br>guarantee deposit | ( <u>489,765</u> )       | ( <u>483,838</u> )       |
|                                             | <u>\$ 257,657</u>        | <u>\$ 308,068</u>        |

Information on government bond investments as at the balance sheet date:

|                          | <u>December 31, 2023</u> | <u>December 31, 2022</u> |
|--------------------------|--------------------------|--------------------------|
| Face value of investment | <u>\$ 700,000</u>        | <u>\$ 750,000</u>        |
| Coupon interest rate     | 1.5%~2.5%                | 1.125%~2.5%              |
| Average maturity         | 9.03 years               | 9.03 years               |

Please refer to Note 10 for information relating to credit risk management and impairment assessment of debt instruments at fair value through other comprehensive income.

Please refer to Note 18 for the amount of government bonds placed as guarantee deposits for insurance business as of December 31, 2023 and 2022.

9. Financial assets carried at cost after amortization

|                       | <u>December 31, 2023</u> | <u>December 31, 2022</u> |
|-----------------------|--------------------------|--------------------------|
| Domestic investments  |                          |                          |
| Bank debenture (1)    | \$ 1,510,000             | \$ 1,751,102             |
| Corporate bond (2)    | <u>1,459,684</u>         | <u>709,155</u>           |
| Subtotal              | 2,969,684                | 2,460,257                |
| Less: loss provisions | ( <u>20,442</u> )        | ( <u>22,195</u> )        |
|                       | <u>\$ 2,949,242</u>      | <u>\$ 2,438,062</u>      |

(1) Information on bank debenture investments as of the balance sheet date:

|                             | <u>December 31, 2023</u> | <u>December 31, 2022</u> |
|-----------------------------|--------------------------|--------------------------|
| <u>Domestic investments</u> |                          |                          |
| Face value of investment    | <u>\$ 1,510,000</u>      | <u>\$ 1,750,000</u>      |
| Effective interest rate     | 1.200%~2.650%            | 1.200%~2.600%            |
| Average maturity            | 4.09 years               | 3.71 years               |

(2) Information on corporate bond investments as at the balance sheet date:

|                             | <u>December 31, 2023</u> | <u>December 31, 2022</u> |
|-----------------------------|--------------------------|--------------------------|
| <u>Domestic investments</u> |                          |                          |
| Face value of investment    | <u>\$ 1,465,000</u>      | <u>\$ 715,000</u>        |
| Coupon interest rate        | 0.700%~3.750%            | 0.700%~3.700%            |
| Average maturity            | 6.59 years               | 5.83 years               |

(3) Please refer to Note 10 for information relating to credit risk management and impairment assessment of financial assets carried at cost after amortization.

10. Credit risk management of debt instrument investments

Debt instrument investments are classified as financial assets at fair value through other comprehensive income and financial assets carried at cost after amortization:

December 31, 2023

|                         | At fair value<br>through other<br>comprehensive<br>income | At cost after<br>amortization | Total               |
|-------------------------|-----------------------------------------------------------|-------------------------------|---------------------|
| Cost                    | \$ 765,491                                                | \$ 2,969,684                  | \$ 3,735,175        |
| Loss provisions         | ( 209)                                                    | ( 20,442)                     | ( 20,651)           |
| Cost after amortization | 765,282                                                   | <u>\$ 2,949,242</u>           | 3,714,524           |
| Fair value adjustment   | ( 17,860)                                                 |                               | ( 17,860)           |
|                         | 747,422                                                   |                               | 3,696,664           |
| Amount placed as bond   | ( 489,765)                                                |                               | ( 489,765)          |
|                         | <u>\$ 257,657</u>                                         |                               | <u>\$ 3,206,899</u> |

December 31, 2022

|                         | At fair value<br>through other<br>comprehensive<br>income | At cost after<br>amortization | Total               |
|-------------------------|-----------------------------------------------------------|-------------------------------|---------------------|
| Cost                    | \$ 819,088                                                | \$ 2,460,257                  | \$ 3,279,345        |
| Loss provisions         | ( 213)                                                    | ( 22,195)                     | ( 22,408)           |
| Cost after amortization | 818,875                                                   | <u>\$ 2,438,062</u>           | 3,256,937           |
| Fair value adjustment   | ( 26,969)                                                 |                               | ( 26,969)           |
|                         | 791,906                                                   |                               | 3,229,968           |
| Amount placed as bond   | ( 483,838)                                                |                               | ( 483,838)          |
|                         | <u>\$ 308,068</u>                                         |                               | <u>\$ 2,746,130</u> |

Please refer to paragraph 2. Credit risk in Note 30 - (4) Purpose and policy of financial risk management for the Company's credit risk management policy on debt instruments.

11. Other financial assets

|                                                                     | <u>December 31, 2023</u> | <u>December 31, 2022</u> |
|---------------------------------------------------------------------|--------------------------|--------------------------|
| <u>Time deposit with initial maturity of<br/>more than 3 months</u> |                          |                          |
| - NTD                                                               | \$ 4,630,800             | \$ 4,667,800             |
| - Foreign currency                                                  | <u>239,499</u>           | <u>697,117</u>           |
|                                                                     | <u>\$ 4,870,299</u>      | <u>\$ 5,364,917</u>      |
| Interest rate range - NTD                                           | 0.6%~1.6%                | 0.13%~1.5%               |
| Interest rate range - Foreign<br>currency                           | 4.7%~5.4%                | 2.8%~5%                  |

## 12. Receivables

### (1) Details:

|                                              | <u>December 31, 2023</u> | <u>December 31, 2022</u> |
|----------------------------------------------|--------------------------|--------------------------|
| <u>Notes receivable</u>                      |                          |                          |
| At cost after amortization                   |                          |                          |
| Arising from business activities             | \$ 175,640               | \$ 183,193               |
| Arising from non-business activities         | -                        | 31                       |
| Less: loss provisions                        | ( <u>4,687</u> )         | ( <u>4,954</u> )         |
|                                              | <u>\$ 170,953</u>        | <u>\$ 178,270</u>        |
| <u>Premiums receivable</u>                   |                          |                          |
| At cost after amortization                   |                          |                          |
| Total book value                             | \$ 63,870                | \$ 56,438                |
| Less: loss provisions                        | ( <u>33,615</u> )        | ( <u>35,984</u> )        |
|                                              | <u>\$ 30,255</u>         | <u>\$ 20,454</u>         |
| <u>Other receivables</u>                     |                          |                          |
| At cost after amortization                   |                          |                          |
| Interest receivable                          | \$ 58,700                | \$ 39,766                |
| Commission receivable from canceled coverage | 5,190                    | 4,673                    |
| Rent receivable                              | 2,117                    | 2,117                    |
| Less: loss provisions                        | ( <u>4,393</u> )         | ( <u>3,778</u> )         |
|                                              | <u>\$ 61,614</u>         | <u>\$ 42,778</u>         |
| <u>Claims recoverable from reinsurers</u>    |                          |                          |
| At cost after amortization                   |                          |                          |
| Total book value                             | \$ 172,816               | \$ 117,100               |
| Less: loss provisions                        | ( <u>898</u> )           | ( <u>600</u> )           |
|                                              | <u>\$ 171,918</u>        | <u>\$ 116,500</u>        |
| <u>Reinsurance accounts receivable</u>       |                          |                          |
| At cost after amortization                   |                          |                          |
| Total book value                             | \$ 247,830               | \$ 113,099               |
| Less: loss provisions                        | ( <u>2,490</u> )         | ( <u>767</u> )           |
|                                              | <u>\$ 245,340</u>        | <u>\$ 112,332</u>        |

Claims recoverable from reinsurers and reinsurance accounts receivable are presented under reinsurance contract assets. Please refer to Notes 14 and 37(1) for details on insurance contract receivables and payables, and Note 37(8) for details on claims liabilities reported by policyholders.

### (2) Notes, premiums and other receivables

The Company evaluates customers' credit risk based on historical transaction records and customers' financial position. The Company monitors credit risk exposure and dealings with counterparties on an ongoing basis.

The Company makes loss provisions based on the counterpart's previous payment records, financial position, aging analysis and estimation of the unrecoverable amount. Recoverability of receivables and loans is assessed regularly on an item-by-item basis according to "Regulation on Asset Valuation, Overdue Collection and Loan Loss Provisioning by Insurance Companies" and rules concerning expected credit loss stated in IFRS 9; the higher of the two amounts derived above is determined as loss provision.

If there is evidence to suggest that the counterparty is undergoing severe financial crisis and the recoverable amount cannot be reasonably estimated, such as the case of liquidation, the Company will directly offset loss provisions against accounts receivable. In which case, the Company will continue collection efforts on the receivables, and any amounts recovered will be recognized through profit and loss.

The Company takes into account customer's default history and current financial position and industry prospect. Since the Company's credit loss history showed no significant difference in loss pattern across customer groups, the loss rate is not further distinguished between customer groups, and the expected credit loss rate is simply determined as a function of historical average loss rate and historical default rate.

Notes receivable

|                                         | <u>December 31, 2023</u> | <u>December 31, 2022</u> |
|-----------------------------------------|--------------------------|--------------------------|
| Not yet matured/ redeemed/<br>collected | \$ 175,626               | \$ 183,224               |
| Returned notes                          | 14                       | -                        |
| Total                                   | <u>\$ 175,640</u>        | <u>\$ 183,224</u>        |

Premiums receivable

|                   | <u>December 31, 2023</u> | <u>December 31, 2022</u> |
|-------------------|--------------------------|--------------------------|
| 0~90 days         | \$ 27,062                | \$ 56,438                |
| 91 days and above | 36,808                   | -                        |
| Total             | <u>\$ 63,870</u>         | <u>\$ 56,438</u>         |

Aging analysis for premiums receivable was prepared based on contract effective date.

Other receivables

|                   | <u>December 31, 2023</u> | <u>December 31, 2022</u> |
|-------------------|--------------------------|--------------------------|
| 0~90 days         | \$ 61,740                | \$ 42,571                |
| 91 days and above | 4,267                    | 3,985                    |
| Total             | <u>\$ 66,007</u>         | <u>\$ 46,556</u>         |

Aging analysis for other receivables was prepared based on bookkeeping date.

Claims recoverable from/payable to reinsurers and reinsurance accounts receivable

|                    | <u>December 31, 2023</u> | <u>December 31, 2022</u> |
|--------------------|--------------------------|--------------------------|
| 0~270 days         | \$ 417,606               | \$ 227,217               |
| 271 days and above | 3,040                    | 2,982                    |
| Total              | <u>\$ 420,646</u>        | <u>\$ 230,199</u>        |

Aging analysis for claims recoverable from/payable to reinsurers and reinsurance accounts receivable was prepared based on the bookkeeping date.

(3) Change in loss provisions:  
December 31, 2023  
Notes receivable

|                         | Not yet matured/<br>redeemed/<br>collected | Returned notes | Total             |
|-------------------------|--------------------------------------------|----------------|-------------------|
| Loss ratio              | 0.5%~50%                                   | 100%           |                   |
| Total book value        | \$ 175,626                                 | \$ 14          | \$ 175,640        |
| Loss provisions         | ( 4,673 )                                  | ( 14 )         | ( 4,687 )         |
| Cost after amortization | <u>\$ 170,953</u>                          | <u>\$ -</u>    | <u>\$ 170,953</u> |

Premiums receivable

|                         | 0~90 days        | 91 days and<br>above | Total            |
|-------------------------|------------------|----------------------|------------------|
| Loss ratio              | 0.5%             | 2%~100%              |                  |
| Total book value        | \$ 27,062        | \$ 36,808            | \$ 63,870        |
| Loss provisions         | ( 1,135 )        | ( 32,480 )           | ( 33,615 )       |
| Cost after amortization | <u>\$ 25,927</u> | <u>\$ 4,328</u>      | <u>\$ 30,255</u> |

Other receivables

|                         | 0~90 days        | 91 days and<br>above | Total            |
|-------------------------|------------------|----------------------|------------------|
| Loss ratio              | 0.5%             | 2%~100%              |                  |
| Total book value        | \$ 61,740        | \$ 4,267             | \$ 66,007        |
| Loss provisions         | ( 309 )          | ( 4,084 )            | ( 4,393 )        |
| Cost after amortization | <u>\$ 61,431</u> | <u>\$ 183</u>        | <u>\$ 61,614</u> |

Claims recoverable from/payable to reinsurers and reinsurance accounts receivable

|                                       | 0~270 days        | 271 days and<br>above | Total             |
|---------------------------------------|-------------------|-----------------------|-------------------|
| Loss ratio                            | 0.5%              | 2%~100%               |                   |
| Claims recoverable from<br>reinsurers | \$ 172,816        | \$ -                  | \$ 172,816        |
| Reinsurance accounts<br>receivable    | 244,790           | 3,040                 | 247,830           |
| Loss provisions                       | ( 2,209 )         | ( 1,179 )             | ( 3,388 )         |
| Cost after amortization               | <u>\$ 415,397</u> | <u>\$ 1,861</u>       | <u>\$ 417,258</u> |

December 31, 2022  
Notes receivable

|                         | Not yet matured/<br>redeemed/<br>collected | Returned notes | Total             |
|-------------------------|--------------------------------------------|----------------|-------------------|
| Loss ratio              | 0.5%~50%                                   | 100%           |                   |
| Total book value        | \$ 183,224                                 | \$ -           | \$ 183,224        |
| Loss provisions         | ( 4,954 )                                  | -              | ( 4,954 )         |
| Cost after amortization | <u>\$ 178,270</u>                          | <u>\$ -</u>    | <u>\$ 178,270</u> |

Premiums receivable

|                         | 0~90 days        | 91 days and<br>above | Total            |
|-------------------------|------------------|----------------------|------------------|
| Loss ratio              | 0.5%~100%        | 2%~100%              |                  |
| Total book value        | \$ 56,438        | \$ -                 | \$ 56,438        |
| Loss provisions         | ( 35,984 )       | -                    | ( 35,984 )       |
| Cost after amortization | <u>\$ 20,454</u> | <u>\$ -</u>          | <u>\$ 20,454</u> |

Other receivables

|                         | 0~90 days        | 91 days and<br>above | Total            |
|-------------------------|------------------|----------------------|------------------|
| Loss ratio              | 0.5%             | 2%~100%              |                  |
| Total book value        | \$ 42,571        | \$ 3,985             | \$ 46,556        |
| Loss provisions         | ( 213 )          | ( 3,565 )            | ( 3,778 )        |
| Cost after amortization | <u>\$ 42,358</u> | <u>\$ 420</u>        | <u>\$ 42,778</u> |

Claims recoverable from/payable to reinsurers and reinsurance accounts receivable

|                                       | 0~270 days        | 271 days and<br>above | Total             |
|---------------------------------------|-------------------|-----------------------|-------------------|
| Loss ratio                            | 0.5%              | 2%~100%               |                   |
| Claims recoverable from<br>reinsurers | \$ 117,100        | \$ -                  | \$ 117,100        |
| Reinsurance accounts<br>receivable    | 110,117           | 2,982                 | 113,099           |
| Loss provisions                       | ( 1,069 )         | ( 298 )               | ( 1,367 )         |
| Cost after amortization               | <u>\$ 226,148</u> | <u>\$ 2,684</u>       | <u>\$ 228,832</u> |

## Change in loss provisions by account category:

|                                                            | 2023                |                        |                      |                                             |                                       |
|------------------------------------------------------------|---------------------|------------------------|----------------------|---------------------------------------------|---------------------------------------|
|                                                            | Notes<br>receivable | Premiums<br>receivable | Other<br>receivables | Claims<br>recoverable<br>from<br>reinsurers | Reinsurance<br>accounts<br>receivable |
| Opening balance                                            | \$ 4,954            | \$ 35,984              | \$ 3,778             | \$ 600                                      | \$ 767                                |
| Plus: Losses/expenses<br>provided in the<br>current period | 14                  | 21                     | 615                  | 298                                         | 1,723                                 |
| Less: Losses/expenses<br>reversed in the<br>current period | ( 281 )             | ( 2,390 )              | -                    | -                                           | -                                     |
| Closing balance                                            | <u>\$ 4,687</u>     | <u>\$ 33,615</u>       | <u>\$ 4,393</u>      | <u>\$ 898</u>                               | <u>\$ 2,490</u>                       |

|                                                            | 2022                |                        |                      |                                             |                                       |
|------------------------------------------------------------|---------------------|------------------------|----------------------|---------------------------------------------|---------------------------------------|
|                                                            | Notes<br>receivable | Premiums<br>receivable | Other<br>receivables | Claims<br>recoverable<br>from<br>reinsurers | Reinsurance<br>accounts<br>receivable |
| Opening balance                                            | \$ 4,939            | \$ 38,471              | \$ 3,388             | \$ 637                                      | \$ 984                                |
| Plus: Losses/expenses<br>provided in the<br>current period | 15                  | -                      | 390                  | -                                           | -                                     |
| Less: Losses/expenses<br>reversed in the<br>current period | -                   | ( 151 )                | -                    | ( 37 )                                      | ( 217 )                               |
| Less: Charge-offs made<br>in the current year              | -                   | ( 2,336 )              | -                    | -                                           | -                                     |
| Closing balance                                            | <u>\$ 4,954</u>     | <u>\$ 35,984</u>       | <u>\$ 3,778</u>      | <u>\$ 600</u>                               | <u>\$ 767</u>                         |

Explanation to overdue receivables and loss provisions:

1. Balances of notes receivable, premiums receivable, and other receivables as of December 31, 2023 included NT\$14 thousand, NT\$36,808 thousand and NT\$4,267 thousand that were overdue, for which the Company had made loss provisions totaling NT\$14 thousand, NT\$32,480 thousand, and NT\$4,084 thousand, respectively. Reinsurance accounts receivable have been assessed for impairment and unrecoverable amounts. The balance includes NT\$3,040 thousand of overdue receivables, for which a loss provision of NT\$1,179 thousand has been made.
2. Balances of other receivables as of December 31, 2022 included NT\$3,985 thousand that were overdue, for which the Company had made loss provisions totaling NT\$3,565 thousand. Reinsurance accounts receivable have been assessed for impairment and unrecoverable amounts. The balance includes NT\$2,982 thousand of overdue receivables, for which a loss provision of NT\$298 thousand has been made.

13. Investment property

|                                     | 2023              |                   |                   |
|-------------------------------------|-------------------|-------------------|-------------------|
|                                     | Land              | Buildings         | Total             |
| <u>Cost</u>                         |                   |                   |                   |
| Balance as of January 1, 2023       | \$ 586,860        | \$ 336,707        | \$ 923,567        |
| Reclassification for the period     | <u>13,463</u>     | <u>13,463</u>     | <u>26,926</u>     |
| Balance as of December 31, 2023     | <u>600,323</u>    | <u>350,170</u>    | <u>950,493</u>    |
| <u>Increase from revaluation</u>    |                   |                   |                   |
| Balance as of January 1, 2023       | <u>163,480</u>    | -                 | <u>163,480</u>    |
| Balance as of December 31, 2023     | <u>163,480</u>    | -                 | <u>163,480</u>    |
| <u>Accumulated depreciation</u>     |                   |                   |                   |
| Balance as of January 1, 2023       | -                 | 177,647           | 177,647           |
| Depreciation                        | -                 | 6,121             | 6,121             |
| Reclassification for the period     | -                 | <u>4,809</u>      | <u>4,809</u>      |
| Balance as of December 31, 2023     | -                 | <u>188,577</u>    | <u>188,577</u>    |
| <u>Cumulative impairment</u>        |                   |                   |                   |
| Balance as of January 1, 2023       | <u>15,526</u>     | <u>6,172</u>      | <u>21,698</u>     |
| Balance as of December 31, 2023     | <u>15,526</u>     | <u>6,172</u>      | <u>21,698</u>     |
| Net balance as of December 31, 2023 | <u>\$ 748,277</u> | <u>\$ 155,421</u> | <u>\$ 903,698</u> |

|                                     | 2022              |                   |                   |
|-------------------------------------|-------------------|-------------------|-------------------|
|                                     | Land              | Buildings         | Total             |
| <u>Cost</u>                         |                   |                   |                   |
| Balance as of January 1, 2022       | \$ 586,460        | \$ 334,991        | \$ 921,451        |
| Reclassification for the period     | <u>400</u>        | <u>1,716</u>      | <u>2,116</u>      |
| Balance as of December 31, 2022     | <u>586,860</u>    | <u>336,707</u>    | <u>923,567</u>    |
| <u>Increase from revaluation</u>    |                   |                   |                   |
| Balance as of January 1, 2022       | <u>163,480</u>    | <u>-</u>          | <u>163,480</u>    |
| Balance as of December 31, 2022     | <u>163,480</u>    | <u>-</u>          | <u>163,480</u>    |
| <u>Accumulated depreciation</u>     |                   |                   |                   |
| Balance as of January 1, 2022       | -                 | 170,852           | 170,852           |
| Depreciation                        | -                 | 5,917             | 5,917             |
| Reclassification for the period     | <u>-</u>          | <u>878</u>        | <u>878</u>        |
| Balance as of December 31, 2022     | <u>-</u>          | <u>177,647</u>    | <u>177,647</u>    |
| <u>Cumulative impairment</u>        |                   |                   |                   |
| Balance as of January 1, 2022       | <u>15,526</u>     | <u>6,172</u>      | <u>21,698</u>     |
| Balance as of December 31, 2022     | <u>15,526</u>     | <u>6,172</u>      | <u>21,698</u>     |
| Net balance as of December 31, 2022 | <u>\$ 734,814</u> | <u>\$ 152,888</u> | <u>\$ 887,702</u> |

For reclassification from property, plant and equipment, please refer to Note 15.

Depreciation expenses are provided on investment property on a straight-line basis over the number of useful years shown as follows:

|                             |                |
|-----------------------------|----------------|
| Main structure              | 50 to 63 years |
| Renovation of exterior wall | 42 years       |
| Renovation of interior      | 10 years       |
| Other constructions         | 10 years       |

The fair value of the Company's investment property on December 31, 2023 was appraised by an independent appraiser on November 15, 2023 using the important unobservable inputs, including income capitalization rate (a Level 3 input) adopted by the comparison approach, direct capitalization approach under the income approach, and cost approach. Further, the fair value on December 31, 2022 was evaluated by the Company's management based on the actual transaction price in the area neighboring to the investment target at the end of each financial reporting in the past year as selected on the website of the Department of Land Administration, Ministry of the Interior. The management had decided to use level 3 fair value input, and take the lowest or a range of prices transacted near the invested properties. The fair value evaluated is as follows:

|            | December 31, 2023   | December 31, 2022   |
|------------|---------------------|---------------------|
| Fair value | <u>\$ 3,078,965</u> | <u>\$ 2,661,514</u> |

Investment properties are leased for 1 to 8 years. All operating lease agreements contain clauses that enable the lessor to adjust rent according to the market rate if the lessee chooses to renew lease at the end of the lease tenor. The lessees are not entitled any privileges to purchase the leased properties at the end of the lease period.

The sum of lease payments collectible on investment properties leased out through operating lease as of December 31, 2023 and 2022 is as follows:

|        | <u>December 31, 2023</u> | <u>December 31, 2022</u> |
|--------|--------------------------|--------------------------|
| Year 1 | \$ 51,342                | \$ 55,866                |
| Year 2 | 18,615                   | 36,486                   |
| Year 3 | 10,157                   | 4,907                    |
| Year 4 | 5,688                    | 4,707                    |
| Year 5 | 814                      | 238                      |
|        | <u>\$ 86,616</u>         | <u>\$ 102,204</u>        |

The outbreak of COVID-19 has severely impacted economic activities in 2022, and the Company agreed to reduce rent by a total of NT\$322 thousand between January and December 2022 on some leases. Based on assessment, the above reduction does not pose any material impact on the Company's ability to operate as a going concern, give rise to any additional asset impairment, or raise financing risk.

14. Reinsurance contract assets

(1) Details:

|                                    | <u>December 31, 2023</u> | <u>December 31, 2022</u> |
|------------------------------------|--------------------------|--------------------------|
| Claims recoverable from reinsurers | \$ 171,918               | \$ 116,500               |
| Reinsurance accounts receivable    | 245,340                  | 112,332                  |
| Reinsurance reserve assets         | <u>2,560,148</u>         | <u>2,016,321</u>         |
|                                    | <u>\$ 2,977,406</u>      | <u>\$ 2,245,153</u>      |

Reinsurance accounts with substandard counterparties of ceded coverage have been presented in regulatory reports according to Note 5 of "Substandard Reinsurance Reserve Provisioning for Insurance Companies" and disclosed in financial statements in the form of a footnote.

Below is a list of substandard reinsurance counterparties that did not meet the credit rating requirements stated in Article 8 of "Regulations Governing Insurance Enterprises Engaging in Operating Reinsurance and Other Risk Spreading Mechanisms" as of December 31, 2023:

| Reinsurance counterparty       | Insurance category                               |
|--------------------------------|--------------------------------------------------|
| Tugu Insurance Company Limited | Facultative reinsurance of marine hull insurance |
| Starstone Insurance Limited    | Facultative reinsurance of accident insurance    |

The Company has made provisions for substandard reinsurance reserves totaling NT\$36 thousand (which comprises NT\$2 thousand of ceded claim reserves for reported and unpaid liabilities and NT\$34 thousand of claims recoverable from reinsurers for obligatory payments made to policyholders that were unrecovered for less than 9 months). Liabilities and reserves increased by NT\$36 thousand, but this provision does not affect the overall presentation of the Company's financial statements, and credit risk exposure is deemed limited and tolerable.

Below is a list of substandard reinsurance counterparties that did not meet the credit rating requirements stated in Article 8 of "Regulations Governing Insurance Enterprises Engaging in Operating Reinsurance and Other Risk Spreading Mechanisms" as of December 31, 2022:

| Reinsurance counterparty       | Insurance category                                   |
|--------------------------------|------------------------------------------------------|
| ARAB Insurance Group           | Facultative reinsurance of commercial fire insurance |
| Tugu Insurance Company Limited | Facultative reinsurance of marine hull insurance     |
| Starstone Insurance Limited    | Facultative reinsurance of accident insurance        |

The Company has made provisions for substandard reinsurance reserves totaling NT\$334 thousand (which comprises NT\$320 thousand of ceded claim reserves for reported and unpaid liabilities and NT\$14 thousand of claims recoverable from reinsurers for obligatory payments made to policyholders that were unrecovered for less than 9 months). Liabilities and reserves increased by NT\$334 thousand, but this provision does not affect the overall presentation of the Company's financial statements, and credit risk exposure is deemed limited and tolerable.

- (2) Please refer to Notes 12 and 37(1) for details and changes in the amount of claims recoverable from reinsurers, reinsurance accounts receivable, and related loss provisions presented above.
- (3) Details of reinsurance reserve assets:

|                                       | December 31, 2023   | December 31, 2022   |
|---------------------------------------|---------------------|---------------------|
| Ceded unearned premium reserve        | \$ 1,035,654        | \$ 971,374          |
| Ceded claim reserve                   | 1,524,494           | 1,044,947           |
| Deficiency reserve for ceded coverage | -                   | -                   |
|                                       | <u>\$ 2,560,148</u> | <u>\$ 2,016,321</u> |

Please refer to Items (2), (3) and (5) in Note 37 - Disclosure of insurance contract-related information for more details on reinsurance reserve assets presented above.

15. Property, plant, and equipment

|                                     | 2023              |                   |                  |                   |
|-------------------------------------|-------------------|-------------------|------------------|-------------------|
|                                     | Proprietary land  | Buildings         | Sundry equipment | Total             |
| <u>Cost</u>                         |                   |                   |                  |                   |
| Balance as of January 1, 2023       | \$ 330,660        | \$ 360,971        | \$ 76,883        | \$ 768,514        |
| Increase - current period           | -                 | 166               | 12,426           | 12,592            |
| Decrease - current period           | -                 | ( 5,898 )         | ( 27,574 )       | ( 33,472 )        |
| Reclassification for the period     | ( 13,463 )        | ( 13,463 )        | -                | ( 26,926 )        |
| Balance as of December 31, 2023     | <u>317,197</u>    | <u>341,776</u>    | <u>61,735</u>    | <u>720,708</u>    |
| <u>Increase from revaluation</u>    |                   |                   |                  |                   |
| Balance as of January 1, 2023       | <u>123,786</u>    | -                 | -                | <u>123,786</u>    |
| Balance as of December 31, 2023     | <u>123,786</u>    | -                 | -                | <u>123,786</u>    |
| <u>Accumulated depreciation</u>     |                   |                   |                  |                   |
| Balance as of January 1, 2023       | -                 | 187,690           | 39,504           | 227,194           |
| Depreciation                        | -                 | 7,149             | 16,316           | 23,465            |
| Decrease - current period           | -                 | ( 5,630 )         | ( 27,234 )       | ( 32,864 )        |
| Reclassification for the period     | -                 | ( 4,809 )         | -                | ( 4,809 )         |
| Balance as of December 31, 2023     | -                 | <u>184,401</u>    | <u>28,585</u>    | <u>212,986</u>    |
| <u>Cumulative impairment</u>        |                   |                   |                  |                   |
| Balance as of January 1, 2023       | <u>4,774</u>      | <u>1,898</u>      | -                | <u>6,672</u>      |
| Balance as of December 31, 2023     | <u>4,774</u>      | <u>1,898</u>      | -                | <u>6,672</u>      |
| Net balance as of December 31, 2023 | <u>\$ 436,209</u> | <u>\$ 155,477</u> | <u>\$ 33,150</u> | <u>\$ 624,836</u> |

|                                     | 2022              |                   |                  |                   |
|-------------------------------------|-------------------|-------------------|------------------|-------------------|
|                                     | Proprietary land  | Buildings         | Sundry equipment | Total             |
| <u>Cost</u>                         |                   |                   |                  |                   |
| Balance as of January 1, 2022       | \$ 331,060        | \$ 362,427        | \$ 64,133        | \$ 757,620        |
| Increase - current period           | -                 | 260               | 15,295           | 15,555            |
| Decrease - current period           | -                 | -                 | ( 2,545 )        | ( 2,545 )         |
| Reclassification for the period     | ( 400 )           | ( 1,716 )         | -                | ( 2,116 )         |
| Balance as of December 31, 2022     | <u>330,660</u>    | <u>360,971</u>    | <u>76,883</u>    | <u>768,514</u>    |
| <u>Increase from revaluation</u>    |                   |                   |                  |                   |
| Balance as of January 1, 2022       | <u>123,786</u>    | -                 | -                | <u>123,786</u>    |
| Balance as of December 31, 2022     | <u>123,786</u>    | -                 | -                | <u>123,786</u>    |
| <u>Accumulated depreciation</u>     |                   |                   |                  |                   |
| Balance as of January 1, 2022       | -                 | 181,245           | 25,092           | 206,337           |
| Depreciation                        | -                 | 7,323             | 16,815           | 24,138            |
| Decrease - current period           | -                 | -                 | ( 2,403 )        | ( 2,403 )         |
| Reclassification for the period     | -                 | ( 878 )           | -                | ( 878 )           |
| Balance as of December 31, 2022     | -                 | <u>187,690</u>    | <u>39,504</u>    | <u>227,194</u>    |
| <u>Cumulative impairment</u>        |                   |                   |                  |                   |
| Balance as of January 1, 2022       | <u>4,774</u>      | <u>1,898</u>      | -                | <u>6,672</u>      |
| Balance as of December 31, 2022     | <u>4,774</u>      | <u>1,898</u>      | -                | <u>6,672</u>      |
| Net balance as of December 31, 2022 | <u>\$ 449,672</u> | <u>\$ 171,383</u> | <u>\$ 37,379</u> | <u>\$ 658,434</u> |

Some real properties and equipment were rented in 2023 and 2022, and were reclassified as investment properties accordingly.

Depreciation expenses are provided on property, plant and equipment on a straight-line basis over the number of useful years shown as follows:

|                        |                |
|------------------------|----------------|
| Buildings              |                |
| Main structure         | 36 to 63 years |
| Renovation of interior | 15 to 42 years |
| Other constructions    | 5 to 10 years  |
| Sundry equipment       | 3 to 16 years  |

Property, plant and equipment in 2023 and 2022 exclude capitalized interest.

The Company's property, plant and equipment showed no sign of impairment as of December 31, 2023 and 2022.

16. Lease arrangements

(1) Right-of-use asset

|                                   | <u>December 31, 2023</u> | <u>December 31, 2022</u> |
|-----------------------------------|--------------------------|--------------------------|
| Book value of right-of-use assets |                          |                          |
| Buildings                         | \$ 2,087                 | \$ 2,449                 |
| Transportation equipment          | 1,290                    | 1,880                    |
| Sundry equipment                  | <u>334</u>               | <u>735</u>               |
|                                   | <u>\$ 3,711</u>          | <u>\$ 5,064</u>          |

|                                             | 2023            | 2022            |
|---------------------------------------------|-----------------|-----------------|
| Additional right-of-use asset               | <u>\$ 3,729</u> | <u>\$ 4,491</u> |
| Depreciation expense on right-of-use assets |                 |                 |
| Buildings                                   | \$ 2,130        | \$ 1,986        |
| Transportation equipment                    | 1,674           | 1,732           |
| Sundry equipment                            | <u>401</u>      | <u>368</u>      |
|                                             | <u>\$ 4,205</u> | <u>\$ 4,086</u> |

The right-of-use assets derecognized upon earlier termination of the lease contract from January 1 to December 31, 2023 was NT\$877 thousand. Meanwhile, the gain from lease modification, NT\$62 thousand, was recognized as non-operating revenue.

(2) Lease liability

|                                 | December 31, 2023 | December 31, 2022 |
|---------------------------------|-------------------|-------------------|
| Book value of lease liabilities | <u>\$ 3,770</u>   | <u>\$ 5,128</u>   |

Discount rate range for lease liabilities:

|                          | December 31, 2023 | December 31, 2022 |
|--------------------------|-------------------|-------------------|
| Buildings                | 2.79%~3.04%       | 2.57%~2.79%       |
| Transportation equipment | 2.55%~2.93%       | 2.55%             |
| Sundry equipment         | 2.55%             | 2.55%             |

|                                       | 2023          | 2022          |
|---------------------------------------|---------------|---------------|
| Interest expense on lease liabilities |               |               |
| Buildings                             | \$ 99         | \$ 54         |
| Transportation equipment              | 51            | 69            |
| Sundry equipment                      | <u>14</u>     | <u>22</u>     |
|                                       | <u>\$ 164</u> | <u>\$ 145</u> |

(3) Other lease information

|                                 | 2023              | 2022              |
|---------------------------------|-------------------|-------------------|
| Short-term rent expense         | <u>\$ 3,203</u>   | <u>\$ 3,293</u>   |
| Total cash (outflow) from lease | <u>(\$ 7,515)</u> | <u>(\$ 7,527)</u> |

For buildings and transportation equipment rented through short-term lease that conform with relevant criteria, the Company chooses to adopt the exemption rule and forgo recognition of right-of-use asset and lease liabilities.

17. Intangible assets

|                                 | Computer software |                  |
|---------------------------------|-------------------|------------------|
|                                 | 2023              | 2022             |
| <u>Cost</u>                     |                   |                  |
| Opening balance                 | \$ 75,140         | \$ 66,879        |
| Additions                       | 9,912             | 13,280           |
| Disposals                       | ( 13,600)         | ( 5,019)         |
| Closing balance                 | <u>71,452</u>     | <u>75,140</u>    |
| <u>Accumulated depreciation</u> |                   |                  |
| Opening balance                 | 35,381            | 23,985           |
| Amortization expenses           | 16,357            | 16,415           |
| Disposals                       | ( 13,600)         | ( 5,019)         |
| Closing balance                 | <u>38,138</u>     | <u>35,381</u>    |
| Closing net balance             | <u>\$ 33,314</u>  | <u>\$ 39,759</u> |

The above computer software is amortized on a straight-line basis over 3~5 years.

Amortization expenses summarized by function:

|                  | 2023             | 2022             |
|------------------|------------------|------------------|
| Selling expenses | <u>\$ 16,357</u> | <u>\$ 16,415</u> |

The Company's intangible assets showed no sign of impairment as of December 31, 2023 and 2022.

18. Guarantee deposits paid

|                                 | December 31, 2023 | December 31, 2022 |
|---------------------------------|-------------------|-------------------|
| Guarantee deposit for insurance |                   |                   |
| business - Government bonds     | \$ 489,765        | \$ 483,838        |
| Others                          | <u>52,475</u>     | <u>41,493</u>     |
|                                 | <u>\$ 542,240</u> | <u>\$ 525,331</u> |

According to Articles 141 and 142 of the Insurance Act, insurance enterprises are required to place guarantee deposits amounting to 15% of paid-up capital with the treasury. The guarantee deposit will not be refunded unless the insurance enterprise ceases business operations and completes liquidation. The Company had placed the guarantee deposit in the form of government bonds.

19. Other assets - others

|                            | December 31, 2023 | December 31, 2022 |
|----------------------------|-------------------|-------------------|
| Prepaid equipment purchase | \$ 14,686         | \$ 9,458          |
| Prepayments                | 2,486             | 2,606             |
| Payment in suspense        | 261               | 15,920            |
| Others                     | <u>687</u>        | <u>698</u>        |
|                            | <u>\$ 18,120</u>  | <u>\$ 28,682</u>  |

20. Other payables

|                                              | <u>December 31, 2023</u> | <u>December 31, 2022</u> |
|----------------------------------------------|--------------------------|--------------------------|
| Salary and bonus payable                     | \$ 129,018               | \$ 108,075               |
| Tax payable                                  | 32,556                   | 33,828                   |
| Proceeds payable but unpaid to policyholders | 27,480                   | 27,504                   |
| Pension payable                              | 1,837                    | 1,830                    |
| Share settlements payable                    | -                        | 1,495                    |
| Leave encashment payable                     | 34                       | 58                       |
| Others                                       | <u>16,487</u>            | <u>16,109</u>            |
|                                              | <u>\$ 207,412</u>        | <u>\$ 188,899</u>        |

21. Insurance liabilities

|                          | <u>December 31, 2023</u> | <u>December 31, 2022</u> |
|--------------------------|--------------------------|--------------------------|
| Unearned premium reserve | \$ 4,424,737             | \$ 4,145,536             |
| Claim reserve            | 3,889,884                | 3,198,094                |
| Special claim reserve    | 1,860,436                | 1,826,863                |
| Deficiency reserve       | -                        | 1,017                    |
|                          | <u>\$ 10,175,057</u>     | <u>\$ 9,171,510</u>      |

Please refer to Items (2) to (5) in Note 37 - Disclosure of insurance contract-related information for more details on insurance liabilities presented above.

22. Retirement benefit plan

(1) Defined contribution plan

The Company is subject to the pension scheme introduced under the "Labor Pension Act." It is a government-managed defined contribution plan, for which the Company contributes an amount equal to 6% of employees' monthly salary into their individual pension accounts held with the Bureau of Labor Insurance.

Please see Note 25(2) for details on pension costs recognized in 2023 and 2022.

(2) Defined benefit plan

The Company is subject to the pension scheme introduced under the "Labor Standards Act," which is a government-managed defined benefit plan. Under this plan, employees' pension benefits are calculated based on their years of service and 6-month average salary leading up to their retirement. The Company deposits monthly pension contributions equivalent to 2.5%~6.84% of employees' monthly salaries into an account held under the Bank of Taiwan in the Labor Pension Supervisory Committee's name. In the event that the account is estimated to be short of balance to pay workers who are expected to meet their retirement criteria in the following year, the Company will reimburse the shortfall no later than the end of March next year. The account is managed by Bureau of Labor Funds, Ministry of Labor. The Company has no influence whatsoever over the investment strategy.

Please see Note 25(2) for details on pension costs recognized in 2023 and 2022.

The following amounts relating to the defined benefit plan have been recognized on the balance sheet:

|                                              | <u>December 31, 2023</u> | <u>December 31, 2022</u> |
|----------------------------------------------|--------------------------|--------------------------|
| Present value of defined benefit obligations | \$ 433,148               | \$ 462,411               |
| Fair value of plan assets                    | ( 399,341 )              | ( 410,582 )              |
| Net defined benefit liabilities              | <u>\$ 33,807</u>         | <u>\$ 51,829</u>         |

| Details of changes in net defined benefit liabilities (assets): |                                                    |                              |                                                |
|-----------------------------------------------------------------|----------------------------------------------------|------------------------------|------------------------------------------------|
|                                                                 | Present value of<br>defined benefit<br>obligations | Fair value of<br>plan assets | Net defined<br>benefit liabilities<br>(assets) |
| January 1, 2023                                                 | <u>\$ 462,411</u>                                  | <u>(\$ 410,582)</u>          | <u>\$ 51,829</u>                               |
| Service costs                                                   |                                                    |                              |                                                |
| Current period service costs                                    | 3,998                                              |                              | 3,998                                          |
| Interest expense (income)                                       | <u>5,677</u>                                       | <u>( 5,116)</u>              | <u>561</u>                                     |
| Recognized through profit and loss                              | <u>9,675</u>                                       | <u>( 5,116)</u>              | <u>4,559</u>                                   |
| Remeasurement                                                   |                                                    |                              |                                                |
| Return on plan assets (excluding discounted interest income)    | -                                                  | ( 3,540)                     | ( 3,540)                                       |
| Actuarial gain - adjustment based on past experience            | <u>317</u>                                         | <u>-</u>                     | <u>317</u>                                     |
| Recognized in other comprehensive income                        | <u>317</u>                                         | <u>( 3,540)</u>              | <u>( 3,223)</u>                                |
| Employer's contribution                                         | <u>-</u>                                           | <u>( 10,562)</u>             | <u>( 10,562)</u>                               |
| Amount paid with plan assets                                    | <u>( 30,459)</u>                                   | <u>30,459</u>                | <u>-</u>                                       |
| Amount paid on the Company's account                            | <u>( 8,796)</u>                                    | <u>-</u>                     | <u>( 8,796)</u>                                |
| December 31, 2023                                               | <u>\$ 433,148</u>                                  | <u>(\$ 399,341)</u>          | <u>\$ 33,807</u>                               |

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|                                                              | Present value of<br>defined benefit<br>obligations | Fair value of<br>plan assets | Net defined<br>benefit liabilities<br>(assets) |
|--------------------------------------------------------------|----------------------------------------------------|------------------------------|------------------------------------------------|
| January 1, 2022                                              | <u>\$ 508,748</u>                                  | <u>( \$ 387,538)</u>         | <u>\$ 121,210</u>                              |
| Service costs                                                |                                                    |                              |                                                |
| Current period service costs                                 | 5,746                                              | -                            | 5,746                                          |
| Interest expense (income)                                    | <u>3,147</u>                                       | <u>( 2,438)</u>              | <u>709</u>                                     |
| Recognized through profit and loss                           | <u>8,893</u>                                       | <u>( 2,438)</u>              | <u>6,455</u>                                   |
| Remeasurement                                                |                                                    |                              |                                                |
| Return on plan assets (excluding discounted interest income) | -                                                  | ( 30,666)                    | ( 30,666)                                      |
| Actuarial gain - change in financial assumption              | ( 24,064)                                          | -                            | ( 24,064)                                      |
| Actuarial gain - adjustment based on past experience         | <u>( 4,912)</u>                                    | <u>-</u>                     | <u>( 4,912)</u>                                |
| Recognized in other comprehensive income                     | <u>( 28,976)</u>                                   | <u>( 30,666)</u>             | <u>( 59,642)</u>                               |
| Employer's contribution                                      | <u>-</u>                                           | <u>( 13,933)</u>             | <u>( 13,933)</u>                               |
| Amount paid with plan assets                                 | <u>( 23,993)</u>                                   | <u>23,993</u>                | <u>-</u>                                       |
| Amount paid on the Company's account                         | <u>( 2,261)</u>                                    | <u>-</u>                     | <u>( 2,261)</u>                                |
| December 31, 2022                                            | <u>\$ 462,411</u>                                  | <u>( \$ 410,582)</u>         | <u>\$ 51,829</u>                               |

The Company is exposed to the following risks due to adoption of pension scheme introduced under the "Labor Standards Act":

1. Investment risks: The Bureau of Labor Funds, Ministry of Labor, manages the labor pension fund either on its own or by engaging outside parties. The labor pension fund is being allocated into equity securities, debt securities and bank deposits local and abroad; however, the Company estimates return on plan assets at a rate no less than the 2-year time deposit rate offered by local banks.
2. Interest rate risk: A decrease in government/corporate bond yield would increase the present value of defined benefit obligations while increasing the return of plan assets invested in debt instruments. The overall effect on net defined benefit obligation is partially offset.
3. Salary risk: The present value of defined benefit obligations is calculated by taking into consideration the participants' future salary levels. An increase in salary level would raise the present value of defined benefit obligations.

The present value of defined benefit obligations is determined based on actuarial estimates made by certified actuaries. Below are the main assumptions used on the date of measurement:

|                                     | <u>December 31, 2023</u> | <u>December 31, 2022</u> |
|-------------------------------------|--------------------------|--------------------------|
| Discount rate                       | 1.25%                    | 1.25%                    |
| Long-term average salary adjustment | 2.00%                    | 2.00%                    |

A reasonable change in the main actuarial assumption would increase (decrease) the present value of defined benefit obligations by the following amounts, provided that all other assumptions remain unchanged:

|                          | <u>December 31, 2023</u> | <u>December 31, 2022</u> |
|--------------------------|--------------------------|--------------------------|
| Discount rate            |                          |                          |
| 0.25% increase           | (\$ 8,075)               | (\$ 9,124)               |
| 0.25% decrease           | \$ 8,315                 | \$ 9,405                 |
| Expected salary increase |                          |                          |
| 0.25% increase           | \$ 8,105                 | \$ 9,167                 |
| 0.25% decrease           | (\$ 7,911)               | (\$ 8,939)               |

The sensitivity analysis above was prepared by changing one actuarial assumption while holding other actuarial assumptions unchanged. Changes in the present value of defined benefit obligations are also measured using the Projected Unit Credit Method. Methodology and assumption of current period's sensitivity analysis are consistent and unchanged compared to those of the previous period.

|                                                       | <u>December 31, 2023</u> | <u>December 31, 2022</u> |
|-------------------------------------------------------|--------------------------|--------------------------|
| Expected contribution to plan assets in the next year | \$ 4,792                 | \$ 13,905                |
| Weighted average duration of defined benefit plan     | 7.9 years                | 8.2 years                |

23. Other liabilities - others

|                            | <u>December 31, 2023</u> | <u>December 31, 2022</u> |
|----------------------------|--------------------------|--------------------------|
| Amount collected on behalf | \$ 71,618                | \$ 67,841                |
| Amount received in advance | 1,872                    | 1,969                    |
|                            | <u>\$ 73,490</u>         | <u>\$ 69,810</u>         |

24. Equity

|                   | <u>December 31, 2023</u> | <u>December 31, 2022</u> |
|-------------------|--------------------------|--------------------------|
| Share capital     | \$ 3,011,638             | \$ 3,011,638             |
| Retained Earnings | 4,758,852                | 4,264,943                |
| Other Equity      | 357,141                  | 285,953                  |
|                   | <u>\$ 8,127,631</u>      | <u>\$ 7,562,534</u>      |

(1) Share capital  
Common shares

|                                                | <u>December 31, 2023</u> | <u>December 31, 2022</u> |
|------------------------------------------------|--------------------------|--------------------------|
| Authorized shares (thousands)                  | <u>301,163.8</u>         | <u>301,163.8</u>         |
| Authorized capital                             | <u>\$ 3,011,638</u>      | <u>\$ 3,011,638</u>      |
| Shares issued and fully paid up<br>(thousands) | <u>301,163.8</u>         | <u>301,163.8</u>         |
| Issued share capital                           | <u>\$ 3,011,638</u>      | <u>\$ 3,011,638</u>      |

All issued common shares have a face value of NT\$10 per share. Each share is entitled to one voting right and the right to receive dividends.

(2) Retained earnings and dividend policy

During the shareholder meeting held on June 27, 2023, a resolution was passed to amend the Articles of Incorporation so that annual surpluses concluded by the Company are first subject to taxation and compensation of previous losses, followed by a 20% provision of legal reserve, unless the legal reserve has reached the level of the total capital of the Company, and provision or reversal of special reserve as required by the authority. The Company may retain an appropriate amount of earnings before distributing the remainder to shareholders as dividends.

According to the amended Articles of Incorporation mentioned above, annual surpluses concluded by the Company are first subject to taxation and compensation of previous losses, followed by a 20% provision of legal reserve, unless the legal reserve has reached the level of the total capital of the Company, and provision or reversal of special reserve as required by the authority. The Company may retain an appropriate amount of earnings before distributing the remainder to shareholders as dividends. With respect to the earnings appropriation proposal mentioned above, the Board of Directors is authorized to distribute dividends and profit-sharing wholly or partially in cash at its discretion and seek acknowledgment from shareholders afterwards, provided that such decision is made in a Board of Directors meeting where more than two-thirds of the Board is present, and voted in favor of by more than half of all directors present at the meeting.

Refer to Note 25(3) - Employee and director remuneration for the Company's employee and director remuneration policy outlined in the Articles of Incorporation.

In addition to complying with requirements of the Insurance Act (see Note 29), the Company's dividend decisions involve several factors, including the current business environment and growth stage, its future capital requirements and long-term financial plan, and shareholders' needs for cash flow. Payment of cash dividends shall amount to no less than 10% of total dividends.

The Company shall continue providing for legal reserve until the balance equals its paid-up capital. Legal reserves can be taken to offset previous losses. The Company is permitted under Article 241 of the Company Act to distribute legal reserves that it had previously provided according to Article 145-1 of the Insurance Act back to shareholders at the existing shareholding percentage, when the Company has no cumulative losses outstanding. To do so, the Company is required to present documentary proof of its financial position and seek permission from the competent authority before a shareholder meeting in the manners outlined in Letter Jin-Guan-Bao-Cai-Zi No. 10202501991 dated February 8, 2013.

Provision and reversal of special reserves are performed in accordance with Letter Jin-Guan-Bao-Cai-Zi No. 11004920441 and "Q&A on Special Reserves Treatment after adoption of the IFRSs" issued by the authority. If other contra equity

items are reversed on a later date, the Company may distribute the amount of reversal back to shareholders.

The following are details of the 2022 and 2021 earnings appropriation resolved during annual general meetings held on June 27, 2023 and June 23, 2022, respectively:

|                          | Earnings appropriation plan |            | Dividends per share<br>(NT\$) |         |
|--------------------------|-----------------------------|------------|-------------------------------|---------|
|                          | 2022                        | 2021       | 2022                          | 2021    |
| Legal reserve            | \$ 108,526                  | \$ 146,802 |                               |         |
| Special reserve (Note 1) | 220,725                     | 224,240    |                               |         |
| Special reserve (Note 2) | ( 874)                      | ( 1,454)   |                               |         |
| Special reserve (Note 3) | 168                         | 144        |                               |         |
| Cash dividends           | 216,838                     | 364,408    | \$ 0.72                       | \$ 1.21 |

Earnings appropriation plan for 2023 was approved under Board of Directors resolution dated March 12, 2024, as follows:

|                          | Earnings<br>appropriation plan | Dividends per share<br>(NT\$) |
|--------------------------|--------------------------------|-------------------------------|
| Legal reserve            | \$ 142,149                     |                               |
| Special reserve (Note 1) | 225,993                        |                               |
| Special reserve (Note 2) | ( 1,022)                       |                               |
| Special reserve (Note 3) | 696                            |                               |
| Dividends                | 340,315                        | \$ 1.13                       |

Note 1: According to "Regulations Governing Reserve Provisioning by Insurance Enterprises," insurance enterprises are required to make new provisions of special claim reserve for major incidents and change of risk and add them to special reserve at the end of each year, starting from January 1, 2011. As a result, this portion of earnings is unavailable for distribution or other purposes. New provisions amounting to NT\$220,725 thousand for 2022 and NT\$224,240 thousand for 2021 had been made accordingly and accounted for as of December 31, 2022 and 2021, respectively. Net provisions for 2023 were estimated at NT\$225,993 thousand.

Note 2: Represents net special reserve reversed for FinTech development according to Letter Jin-Guan-Bao-Cai-Zi No. 10502066461 and Letter Jin-Guan-Bao-Cai-Zi No. 10804932431 issued by the authority.

Note 3: According to the Letter Jin-Guan-Bao-Cai-Zi No. 10904939031, as of January 1, 2021, in accordance with the "Personal Travel Insurance Accidental Death and Disability Benefit Standards," 10% of the total premium revenue calculated based on the insured value and number of days of insurance, less the nominal tax rate 20%, shall be stated as the special reserve under the owner's equity, in terms of the personal travel insurance accidental death and disability insurance policies sold in the current year. New provisions totaling NT\$168 thousand for 2022 and NT\$144 thousand for 2021 had been accounted for as per regulation as at December 31, 2022 and 2021, respectively. Further, the net provision was NT\$696 thousand in 2023.

- (3) Special reserve (including the provision of special reserve required for first-time adoption of IFRSs)

1. Details of special reserve made for first-time adoption of IFRSs:

|                 | <u>December 31, 2023</u> | <u>December 31, 2022</u> |
|-----------------|--------------------------|--------------------------|
| Special reserve | <u>\$ 51,849</u>         | <u>\$ 51,849</u>         |

Because the amount of increase in retained earnings after the first-time adoption of IFRSs was relatively low, the Company only provided for special reserve on the NT\$51,849 thousand increase in retained earnings that occurred following the adoption of IFRSs.

This special reserve can be reversed proportionally back into retained earnings and distributed to shareholders when the underlying assets are used, disposed or reclassified on a later date. Special reserves provided during the first-time adoption of IFRSs can be used to offset losses in subsequent years. If the Company makes earnings in subsequent years at a time when the initial reason for providing special reserves no longer exists, the Company shall make up for the required amount of special reserve before distributing earnings.

In order to support the development of financial technologies and protect the interests of employees, the Company is required to make provisions totaling 0.5% to 1% of after-tax net income to special reserves when distributing earnings between 2016 and 2018. Starting from 2017, the Company may reverse the above special reserve for amounts incurred on the transfer or reassignment of employees that are related to development of financial technology.

2. Change of special reserve balance in 2023 and 2022 is explained below:

|                                  | <u>Special claim<br/>reserve</u> | <u>Financial<br/>technology</u> | <u>Provision for<br/>the first-time<br/>adoption of<br/>IFRSs</u> | <u>Travel<br/>insurance</u> | <u>Total</u>        |
|----------------------------------|----------------------------------|---------------------------------|-------------------------------------------------------------------|-----------------------------|---------------------|
| <u>2023</u>                      |                                  |                                 |                                                                   |                             |                     |
| Opening balance                  | \$ 2,304,894                     | \$ 2,624                        | \$ 51,849                                                         | \$ 312                      | \$ 2,359,679        |
| Current provisions               | 258,240                          | -                               | -                                                                 | 696                         | 258,936             |
| Reversals for the current period | ( 32,247)                        | ( 874)                          | -                                                                 | -                           | ( 33,121)           |
| Closing balance                  | <u>\$ 2,530,887</u>              | <u>\$ 1,750</u>                 | <u>\$ 51,849</u>                                                  | <u>\$ 1,008</u>             | <u>\$ 2,585,494</u> |
| <u>2022</u>                      |                                  |                                 |                                                                   |                             |                     |
| Opening balance                  | \$ 2,084,169                     | \$ 4,078                        | \$ 51,849                                                         | \$ 144                      | \$ 2,140,240        |
| Current provisions               | 244,766                          |                                 |                                                                   | 168                         | 244,934             |
| Reversals for the current period | ( 24,041)                        | ( 1,454)                        |                                                                   |                             | ( 25,495)           |
| Closing balance                  | <u>\$ 2,304,894</u>              | <u>\$ 2,624</u>                 | <u>\$ 51,849</u>                                                  | <u>\$ 312</u>               | <u>\$ 2,359,679</u> |

(4) Other equity items

Unrealized gains/losses on financial assets at fair value through other comprehensive income

|                                                                                                  | 2023       | 2022       |
|--------------------------------------------------------------------------------------------------|------------|------------|
| Opening balance                                                                                  | \$ 285,953 | \$ 173,055 |
| Generated in the current period                                                                  |            |            |
| Unrealized gains                                                                                 |            |            |
| Equity instrument                                                                                | 134,010    | 106,553    |
| Debt instrument                                                                                  | 9,106      | ( 57,589)  |
| Transfer of cumulative gains/losses to retained earnings following disposal of equity instrument | ( 71,928)  | 63,934     |
| Closing balance                                                                                  | \$ 357,141 | \$ 285,953 |

25. Net income

(1) Interest income

|                                                                         | 2023              | 2022             |
|-------------------------------------------------------------------------|-------------------|------------------|
| Bank deposit                                                            | \$ 77,860         | \$ 27,546        |
| Financial Assets at Fair Value<br>through Profit or Loss                | 7,398             | 6,760            |
| Debt instruments at fair value<br>through other comprehensive<br>income | 9,383             | 10,462           |
| Financial assets carried at cost<br>after amortization                  | 53,923            | 38,026           |
| Others                                                                  | 10,020            | 6,108            |
|                                                                         | <u>\$ 158,584</u> | <u>\$ 88,902</u> |

(2) Employee benefit expenses

|                                 | 2023                           |                                      |                    | 2022                           |                                      |                    |
|---------------------------------|--------------------------------|--------------------------------------|--------------------|--------------------------------|--------------------------------------|--------------------|
|                                 | Presented as<br>operating cost | Presented as<br>operating<br>expense | Total              | Presented as<br>operating cost | Presented as<br>operating<br>expense | Total              |
| Employee welfare expenses       |                                |                                      |                    |                                |                                      |                    |
| Salary                          | \$ 344,325                     | \$ 608,997                           | \$ 953,322         | \$ 343,179                     | \$ 594,697                           | \$ 937,876         |
| Labor/health insurance premium  | -                              | 66,110                               | 66,110             | -                              | 64,785                               | 64,785             |
| Pension expense                 | -                              | 26,883                               | 26,883             | -                              | 28,587                               | 28,587             |
| Remuneration to Director        | -                              | 12,940                               | 12,940             | -                              | 12,299                               | 12,299             |
| Other employee welfare expenses | -                              | 19,346                               | 19,346             | -                              | 17,898                               | 17,898             |
|                                 | <u>\$ 344,325</u>              | <u>\$ 734,276</u>                    | <u>\$1,078,601</u> | <u>\$ 343,179</u>              | <u>\$ 718,266</u>                    | <u>\$1,061,445</u> |

|                              | 2023             | 2022             |
|------------------------------|------------------|------------------|
| Retirement benefit (Note 22) |                  |                  |
| Defined contribution plan    | \$ 22,324        | \$ 22,132        |
| Defined benefit plan         | <u>4,559</u>     | <u>6,455</u>     |
|                              | <u>\$ 26,883</u> | <u>\$ 28,587</u> |

As of December 31, 2023 and 2022, the Company employed a total of 856 and 868 employees, respectively.

(3) Employee and director remuneration

According to the Articles of Incorporation, the Company may allocate employee remuneration at no less than 1% and director remuneration at no higher than 0.6% of pre-tax profit before employee and director remuneration. However, earnings must first be taken to offset cumulative losses, if any, before the remainder is distributed as employee and director remuneration in the above percentages. 2023 and 2022 employee/director remuneration were resolved in board of directors meetings dated March 12, 2024 and March 13, 2023, respectively. Details are as follows:

Estimated percentage

|                       | <u>2023</u> | <u>2022</u> |
|-----------------------|-------------|-------------|
| Employee remuneration | 1%          | 1%          |
| Director remuneration | 0.6%        | 0.6%        |

Amount

|                       | <u>2023</u> |               | <u>2022</u> |               |
|-----------------------|-------------|---------------|-------------|---------------|
|                       | <u>Cash</u> | <u>Shares</u> | <u>Cash</u> | <u>Shares</u> |
| Employee remuneration | \$ 7,667    | \$ -          | \$ 6,859    | \$ -          |
| Director remuneration | 4,600       | -             | 4,115       | -             |

If the amount changes after the financial statements are approved and announced to the public, the difference will be treated as a change in accounting estimate and recognized as a gain or loss in the following year.

The actual amounts of employee remuneration and director remuneration paid for years 2023 and 2022 were indifferent from the amounts recognized in the 2023 and 2022 financial statements.

Please visit "Market Observation Post System" for more information regarding employee/director remuneration resolved during the Company's board of director meetings.

(4) Depreciation and amortization

|                               | <u>2023</u>      | <u>2022</u>      |
|-------------------------------|------------------|------------------|
| Property, Plant and Equipment | \$ 23,465        | \$ 24,138        |
| Investment Property           | 6,121            | 5,917            |
| Right-of-use asset            | 4,205            | 4,086            |
| Intangible Assets             | <u>16,357</u>    | <u>16,415</u>    |
|                               | <u>\$ 50,148</u> | <u>\$ 50,556</u> |

Depreciation and amortization  
expenses by function

|                                                 |                  |                  |
|-------------------------------------------------|------------------|------------------|
| Depreciation (classified as operating expenses) | \$ 27,670        | \$ 28,224        |
| Depreciation (classified as operating costs)    | 6,121            | 5,917            |
| Amortization (classified as operating expenses) | <u>16,357</u>    | <u>16,415</u>    |
|                                                 | <u>\$ 50,148</u> | <u>\$ 50,556</u> |

|     |                                               |                  |                  |
|-----|-----------------------------------------------|------------------|------------------|
| (5) | Gain/loss on investment property              |                  |                  |
|     |                                               | 2023             | 2022             |
|     | Rental income                                 | \$ 69,189        | \$ 66,328        |
|     | Direct expenses associated with rental income | ( 13,905)        | ( 13,072)        |
|     |                                               | <u>\$ 55,284</u> | <u>\$ 53,256</u> |
| (6) | Gain/loss on foreign exchange                 |                  |                  |
|     |                                               | 2023             | 2022             |
|     | Total gain on foreign exchange                | \$ 121,693       | \$ 204,095       |
|     | Total (loss) on foreign exchange              | ( 115,730)       | ( 115,934)       |
|     | Net gain (loss)                               | <u>\$ 5,963</u>  | <u>\$ 88,161</u> |
|     | Total gain/loss on foreign exchange           |                  |                  |
|     | Gain (loss) on exchange - investment (Note)   | \$ 1,045         | \$ 74,048        |
|     | Gain (loss) on exchange - non-investment      | 4,918            | 14,113           |
|     |                                               | <u>\$ 5,963</u>  | <u>\$ 88,161</u> |

Note: Derived from foreign currency time deposits.

26. Income tax

|     |                                                  |                   |                   |
|-----|--------------------------------------------------|-------------------|-------------------|
| (1) | Income tax recognized in profit and loss         |                   |                   |
|     | Main components of income tax expenses (gains):  |                   |                   |
|     |                                                  | 2023              | 2022              |
|     | Current income tax                               |                   |                   |
|     | From current profit                              | \$ 130,714        | \$ 94,651         |
|     | Adjustment of previous year figures              | ( 131)            | 187               |
|     | Deferred income tax                              |                   |                   |
|     | From current profit                              | ( 12,356)         | 21,249            |
|     | Income tax expense recognized in profit and loss | <u>\$ 118,227</u> | <u>\$ 116,087</u> |

Reconciliation of accounting income and income tax expense:

|                                                                                      | <u>2023</u>              | <u>2022</u>              |
|--------------------------------------------------------------------------------------|--------------------------|--------------------------|
| Operating income before tax                                                          | <u>\$ 754,468</u>        | <u>\$ 674,934</u>        |
| Income tax expense calculated<br>by applying statutory tax<br>rate to pre-tax profit | \$ 150,894               | \$ 134,987               |
| Tax impact of non-deductible<br>expenses and losses                                  | -                        | 52                       |
| Unrealized tax-exempt losses<br>(benefits)                                           | 7,716                    | 5,262                    |
| Expected credit impairment<br>loss on investment                                     | ( 351 )                  | 782                      |
| Tax-exempt income                                                                    | ( 39,901 )               | ( 24,632 )               |
| Adjustments to income tax<br>recognized in previous<br>years                         | ( 131 )                  | 187                      |
| Unrecognized deductible<br>temporary differences                                     | -                        | ( 404 )                  |
| Others                                                                               | <u>-</u>                 | <u>( 147 )</u>           |
| Income tax expense<br>recognized in profit and<br>loss                               | <u>\$ 118,227</u>        | <u>\$ 116,087</u>        |
| (2) Income tax expense (gain) recognized under other comprehensive income:           |                          |                          |
|                                                                                      | <u>2023</u>              | <u>2022</u>              |
| <u>Deferred income tax</u>                                                           |                          |                          |
| From current profit                                                                  |                          |                          |
| - Defined benefit plan<br>remeasurement amount                                       | <u>\$ 645</u>            | <u>\$ 11,929</u>         |
| (3) Current Income Tax Liabilities                                                   |                          |                          |
|                                                                                      | <u>December 31, 2023</u> | <u>December 31, 2022</u> |
| Current Income Tax Liabilities                                                       | <u>\$ 72,224</u>         | <u>\$ 49,808</u>         |

(4) Deferred income tax assets and liabilities

Below are changes in deferred income tax assets and liabilities:

2023

|                                                | Opening<br>balance | Recognized<br>through profit<br>and loss | Recognized in<br>other<br>comprehensive<br>income | Closing<br>balance |
|------------------------------------------------|--------------------|------------------------------------------|---------------------------------------------------|--------------------|
| <u>Deferred Income Tax Assets</u>              |                    |                                          |                                                   |                    |
| Assets carried at cost                         | \$ 5,674           | \$ -                                     | \$ -                                              | \$ 5,674           |
| Defined benefit plan                           | 12,203             | ( 2,960 )                                | ( 645 )                                           | 8,598              |
| Payable compensation for<br>unused leave       | 12                 | ( 4 )                                    | -                                                 | 8                  |
| Unrealized loss on<br>exchange                 | -                  | 344                                      | -                                                 | 344                |
| Loss provisions                                | 8,277              | ( 381 )                                  | -                                                 | 7,896              |
|                                                | <u>\$ 26,166</u>   | <u>( \$ 3,001 )</u>                      | <u>( \$ 645 )</u>                                 | <u>\$ 22,520</u>   |
| <br><u>Deferred income tax<br/>liabilities</u> |                    |                                          |                                                   |                    |
| Land value increment tax                       | \$ 92,934          | \$ -                                     | \$ -                                              | \$ 92,934          |
| Unrealized gain on foreign<br>exchange         | 15,357             | ( 15,357 )                               | -                                                 | -                  |
|                                                | <u>\$ 108,291</u>  | <u>( \$ 15,357 )</u>                     | <u>\$ -</u>                                       | <u>\$ 92,934</u>   |

2022

|                                                | Opening<br>balance | Recognized<br>through profit<br>and loss | Recognized in<br>other<br>comprehensive<br>income | Closing<br>balance |
|------------------------------------------------|--------------------|------------------------------------------|---------------------------------------------------|--------------------|
| <u>Deferred Income Tax Assets</u>              |                    |                                          |                                                   |                    |
| Assets carried at cost                         | \$ 5,674           | \$ -                                     | \$ -                                              | \$ 5,674           |
| Defined benefit plan                           | 26,080             | ( 1,948 )                                | ( 11,929 )                                        | 12,203             |
| Payable compensation for<br>unused leave       | 16                 | ( 4 )                                    | -                                                 | 12                 |
| Unrealized loss on<br>exchange                 | 4,197              | ( 4,197 )                                | -                                                 | -                  |
| Loss provisions                                | 8,020              | 257                                      | -                                                 | 8,277              |
|                                                | <u>\$ 43,987</u>   | <u>( \$ 5,892 )</u>                      | <u>( \$ 11,929 )</u>                              | <u>\$ 26,166</u>   |
| <br><u>Deferred income tax<br/>liabilities</u> |                    |                                          |                                                   |                    |
| Land value increment tax                       | \$ 92,934          | \$ -                                     | \$ -                                              | \$ 92,934          |
| Unrealized gain on foreign<br>exchange         | -                  | 15,357                                   | -                                                 | 15,357             |
|                                                | <u>\$ 92,934</u>   | <u>\$ 15,357</u>                         | <u>\$ -</u>                                       | <u>\$ 108,291</u>  |

(5) Assessment of income tax return

The Company's profit-seeking enterprise income tax returns have been certified by the tax authority up until 2021. The certified amounts were indifferent from the amounts reported.

27. Earnings per share

Earnings and the number of weighted average common shares used for calculating earnings per share are explained below:

Current net income

|                                                    | 2023              | 2022              |
|----------------------------------------------------|-------------------|-------------------|
| Net income used for calculating earnings per share | <u>\$ 636,241</u> | <u>\$ 558,847</u> |

Number of shares

|                                                                                | 2023           | Unit: thousand shares<br>2022 |
|--------------------------------------------------------------------------------|----------------|-------------------------------|
| Weighted average common shares used for calculating basic earnings per share   | 301,164        | 301,164                       |
| Dilutive effect of potential common shares:                                    |                |                               |
| Employee remuneration                                                          | <u>292</u>     | <u>320</u>                    |
| Weighted average common shares used for calculating diluted earnings per share | <u>301,456</u> | <u>301,484</u>                |

If the Company has the option to distribute employee remuneration either in cash or in shares, then the calculation of diluted earnings per share shall be made by assuming full share-based payment. In which case, the number of potential common shares is added to the calculation of weighted-average outstanding shares as soon as they become dilutive, and this is the basis used for calculating diluted earnings per share. Dilutive effects of potential common shares will continue to be taken into account when calculating diluted EPS for next year's decision of share-based employee remuneration.

28. Cash flow informationChange of liabilities relating to financing activities2023

|                   | January 1,<br>2023 | Cash flow         | New leases      | Changes without cash effect |                                            |                 | December<br>31, 2023 |
|-------------------|--------------------|-------------------|-----------------|-----------------------------|--------------------------------------------|-----------------|----------------------|
|                   |                    |                   |                 | lease<br>modification       | Amortizati<br>on of<br>interest<br>expense | Others          |                      |
| Lease liabilities | <u>\$ 5,128</u>    | <u>(\$ 4,148)</u> | <u>\$ 3,729</u> | <u>(\$ 939)</u>             | <u>\$ 164</u>                              | <u>(\$ 164)</u> | <u>\$ 3,770</u>      |

2022

|                   | January 1,<br>2022 | Cash flow         | New leases      | Changes without cash effect |                                            |                 | December<br>31, 2022 |
|-------------------|--------------------|-------------------|-----------------|-----------------------------|--------------------------------------------|-----------------|----------------------|
|                   |                    |                   |                 | lease<br>modification       | Amortizati<br>on of<br>interest<br>expense | Others          |                      |
| Lease liabilities | <u>\$ 4,726</u>    | <u>(\$ 4,089)</u> | <u>\$ 4,491</u> | <u>(\$ -)</u>               | <u>\$ 145</u>                              | <u>(\$ 145)</u> | <u>\$ 5,128</u>      |

29. Capital risk management

Please refer to Note 36(6) for more information on the management of asset and liability risks. According to the Insurance Act, the Company is required to maintain capital at no less than 200% of risk-weighted assets. Failure to maintain the abovementioned ratio will render the Company unable to distribute earnings; in addition, the Company would be required to raise capital within the due dates specified by the competent authority or have business activities and use of capital restricted in certain ways. As of December 31, 2023, the Company had maintained its capital above the percentage stated in the Insurance Act and was not subject to the above treatments.

30. Financial instruments

- (1) Fair value information - financial instruments that are not measured at fair value

The management considers that all financial assets and liabilities not measured at fair value have had book values closely resembling their fair values or that their fair values cannot be determined reliably.

- (2) Fair value information - financial instruments with fair value measured on a recurring basis

1. Fair value hierarchy

December 31, 2023

|                                 | Level 1             | Level 2     | Level 3             | Total               |
|---------------------------------|---------------------|-------------|---------------------|---------------------|
| <u>Financial Assets at Fair</u> |                     |             |                     |                     |
| <u>Value through Profit or</u>  |                     |             |                     |                     |
| <u>Loss</u>                     |                     |             |                     |                     |
| Locally Listed Stocks           | \$ 314,982          | \$ -        | \$ -                | \$ 314,982          |
| Fund beneficiary                |                     |             |                     |                     |
| certificates                    | 1,467,578           | -           | -                   | 1,467,578           |
| Real Estate Investment          |                     |             |                     |                     |
| Trust                           | 163,692             | -           | -                   | 163,692             |
| Bond investments - bank         |                     |             |                     |                     |
| debentures                      | -                   | -           | 49,506              | 49,506              |
| Total                           | <u>\$ 1,946,252</u> | <u>\$ -</u> | <u>\$ 49,506</u>    | <u>\$ 1,995,758</u> |
| <u>Financial assets at fair</u> |                     |             |                     |                     |
| <u>value through other</u>      |                     |             |                     |                     |
| <u>comprehensive income</u>     |                     |             |                     |                     |
| Domestic Listed Common          |                     |             |                     |                     |
| Shares                          | \$ 1,236,762        | \$ -        | \$ -                | \$ 1,236,762        |
| Non-listed domestic             |                     |             |                     |                     |
| common shares                   | -                   | -           | 1,163,390           | 1,163,390           |
| Domestic Government             |                     |             |                     |                     |
| Bonds                           | 257,657             | -           | -                   | 257,657             |
| Total                           | <u>\$ 1,494,419</u> | <u>\$ -</u> | <u>\$ 1,163,390</u> | <u>\$ 2,657,809</u> |
| <u>Guarantee deposits paid</u>  |                     |             |                     |                     |
| Domestic Government             |                     |             |                     |                     |
| Bonds                           | <u>\$ 489,765</u>   | <u>\$ -</u> | <u>\$ -</u>         | <u>\$ 489,765</u>   |

December 31, 2022

|                                                                          | Level 1             | Level 2     | Level 3             | Total               |
|--------------------------------------------------------------------------|---------------------|-------------|---------------------|---------------------|
| <u>Financial Assets at Fair Value through Profit or Loss</u>             |                     |             |                     |                     |
| Locally Listed Stocks                                                    | \$ 352,314          | \$ -        | \$ -                | \$ 352,314          |
| Fund beneficiary certificates                                            | 703,101             | -           | -                   | 703,101             |
| Real Estate Investment Trust                                             | 168,297             | -           | -                   | 168,297             |
| Bond investments - bank debentures                                       | -                   | -           | 48,941              | 48,941              |
| Total                                                                    | <u>\$ 1,223,712</u> | <u>\$ -</u> | <u>\$ 48,941</u>    | <u>\$ 1,272,653</u> |
| <u>Financial assets at fair value through other comprehensive income</u> |                     |             |                     |                     |
| Domestic Listed Common Shares                                            | \$ 1,087,885        | \$ -        | \$ -                | \$ 1,087,885        |
| Non-listed domestic common shares                                        | -                   | -           | 1,189,077           | 1,189,077           |
| Domestic Government Bonds                                                | 308,068             | -           | -                   | 308,068             |
| Total                                                                    | <u>\$ 1,395,953</u> | <u>\$ -</u> | <u>\$ 1,189,077</u> | <u>\$ 2,585,030</u> |
| <u>Guarantee deposits paid</u>                                           |                     |             |                     |                     |
| Domestic Government Bonds                                                | <u>\$ 483,838</u>   | <u>\$ -</u> | <u>\$ -</u>         | <u>\$ 483,838</u>   |

In periods 2023 and 2022, there was no change of fair value measurement between level 1 and level 2.

2. Reconciliation of level 3 fair value assessment on financial instruments 2023

| Financial assets                                                                                                                              | Measured at fair value through profit and loss | Financial assets at fair value through other comprehensive income | Total               |
|-----------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------|-------------------------------------------------------------------|---------------------|
|                                                                                                                                               | Debt instrument                                | Equity instrument                                                 |                     |
| Opening balance                                                                                                                               | \$ 48,941                                      | \$ 1,189,077                                                      | \$ 1,238,018        |
| Recognized through profit and loss (gain/loss on financial assets or liabilities at fair value through profit and loss)                       | 565                                            | -                                                                 | 565                 |
| Recognized through other comprehensive income (gain/loss on valuation of equity instruments at fair value through other comprehensive income) | -                                              | ( 25,687 )                                                        | ( 25,687 )          |
| Closing balance                                                                                                                               | <u>\$ 49,506</u>                               | <u>\$ 1,163,390</u>                                               | <u>\$ 1,212,896</u> |
| Unrealized Gains (Losses) at the End of the Period                                                                                            | ( \$ 494 )                                     | \$ 473,584                                                        | \$ 473,090          |

2022

| Financial assets                                                                                                                              | Measured at fair value through profit and loss | Financial assets at fair value through other comprehensive income | Total               |
|-----------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------|-------------------------------------------------------------------|---------------------|
|                                                                                                                                               |                                                | Equity instrument                                                 |                     |
| Opening balance                                                                                                                               | \$ 50,524                                      | \$ 945,754                                                        | \$ 996,278          |
| Recognized through profit and loss (gain/loss on financial assets or liabilities at fair value through profit and loss)                       | ( 1,583 )                                      | -                                                                 | ( 1,583 )           |
| Recognized through other comprehensive income (gain/loss on valuation of equity instruments at fair value through other comprehensive income) | -                                              | 243,323                                                           | 243,323             |
| Closing balance                                                                                                                               | <u>\$ 48,941</u>                               | <u>\$ 1,189,077</u>                                               | <u>\$ 1,238,018</u> |
| Unrealized Gains (Losses) at the End of the Period                                                                                            | ( <u>\$ 1,059</u> )                            | <u>\$ 499,271</u>                                                 | <u>\$ 498,212</u>   |

3. Level 3 fair value measurement technique and input

- (1) For investments in domestic unlisted shares, fair value is calculated using the market comparable model. The market comparable model compares the subject to companies involved in the same or similar business activities. Factors such as the price of shares transacted in active market, the value multiples implied in pricing, and liquidity discount are used to determine the value of the subject. Liquidity premium/discount is a significant yet unobservable input.
- (2) Bond investment - bank debentures are valued by calculating the present value of expected yields from the investment, which involves discounting of future expected cash flow. Future expected cash flow is a significant yet unobservable input.

(3) Types of financial instrument

|                                                              | <u>December 31, 2023</u> | <u>December 31, 2022</u> |
|--------------------------------------------------------------|--------------------------|--------------------------|
| <u>Financial assets</u>                                      |                          |                          |
| Measured at fair value through profit and loss               |                          |                          |
| Mandatory at fair value throughout profit and loss           | \$ 1,995,758             | \$ 1,272,653             |
| Loans and receivables (Note 1)                               | 417,258                  | 228,832                  |
| Financial assets carried at cost after amortization (Note 2) | 9,521,842                | 9,421,199                |

(Continued next page)

(Continued from previous page)

|                                                                   | <u>December 31, 2023</u> | <u>December 31, 2022</u> |
|-------------------------------------------------------------------|--------------------------|--------------------------|
| Financial assets at fair value through other comprehensive income |                          |                          |
| Investment in equity instruments                                  | \$ 2,400,152             | \$ 2,276,962             |
| Investment in debt instruments (Note 3)                           | 747,422                  | 791,906                  |
| <u>Financial liabilities</u>                                      |                          |                          |
| Carried at cost after amortization (Note 4)                       | 538,977                  | 524,807                  |

Note 1: The balance includes loans and receivables carried at cost after amortization, such as claims recoverable from reinsurers and reinsurance accounts receivable.

Note 2: The balance includes cash and cash equivalents, investment in debt instruments carried at cost after amortization, notes receivable, premiums receivable, other receivables, other financial assets, guarantee deposits paid (excluding insurance industry guarantee bond in the form of securities), and financial assets carried at cost after amortization.

Note 3: Balance includes debt instruments at fair value through other comprehensive income and insurance enterprise performance bonds placed in the form of securities (presented as guarantee deposits paid).

Note 4: Balance includes notes payable, commissions payable, reinsurance account payable, other payables (excluding salary and bonus, and leave encashment payable and pension payable), guarantee deposits received, and financial liabilities carried at cost after amortization.

(4) Purpose and policy of financial risk management

For the purpose of establishing sound risk management practice, internal risk awareness, and robust risk management framework, the Company has implemented relevant principles and policies along with qualitative and quantitative methods to assess, respond and monitor potential risks. The Company's financial instruments mainly comprise equity and debt investments, receivables, payables, and lease liabilities. Key risk exposures include market risk (exchange rate, interest rate, and price), credit, and liquidity risk.

1. Market risk

Market risk refers to changes in market risk factors such as exchange rate, product price, interest rate, share price etc. that may reduce the Company's profitability or portfolio value. The Company continues to adopt Value at Risk (VaR), stress test and market risk management tools to effectively measure, monitor and manage market risks.

There is no change in how the Company manages and assesses market risk exposure of its financial instruments.

(1) Exchange rate risk

The Company holds assets and liabilities denominated in foreign currencies, which presents the Company with risk of exchange rate variation. As of December 31, 2023 and 2022, the Company had about 1.72% and 4.73% of assets that were not denominated in the functional currency of the transaction entity.

The Company had the following financial assets denominated in foreign currencies that were exposed to material exchange rate risk as at the balance sheet date:

| Unit: in thousands of foreign currency or NTD |                     |                  |            |
|-----------------------------------------------|---------------------|------------------|------------|
| December 31, 2023                             |                     |                  |            |
|                                               | Foreign<br>currency | Exchange<br>rate | TWD (NTD)  |
| Financial assets                              |                     |                  |            |
| <u>Monetary items</u>                         |                     |                  |            |
| Bank deposit                                  |                     |                  |            |
| USD                                           | \$ 2,798            | 30.705           | \$ 85,909  |
| EUR                                           | 37                  | 33.980           | 1,245      |
| CNY (RMB)                                     | 27                  | 4.327            | 119        |
| GBP                                           | 71                  | 39.150           | 2,772      |
| HKD                                           | 628                 | 3.929            | 2,468      |
| JPY                                           | 21                  | 0.217            | 5          |
| Other financial assets                        |                     |                  |            |
| USD                                           | 7,800               | 30.705           | 239,499    |
| December 31, 2022                             |                     |                  |            |
|                                               | Foreign<br>currency | Exchange<br>rate | TWD (NTD)  |
| Financial assets                              |                     |                  |            |
| <u>Monetary items</u>                         |                     |                  |            |
| Bank deposit                                  |                     |                  |            |
| USD                                           | \$ 4,266            | 30.710           | \$ 131,008 |
| EUR                                           | 59                  | 32.720           | 1,922      |
| CNY (RMB)                                     | 27                  | 4.408            | 121        |
| GBP                                           | 58                  | 37.090           | 2,133      |
| HKD                                           | 732                 | 3.938            | 2,884      |
| JPY                                           | 21                  | 0.232            | 5          |
| Other financial assets                        |                     |                  |            |
| USD                                           | 22,700              | 30.710           | 697,117    |

Unrealized foreign currency gain/loss of material impact:

| December 31, 2023   |                       |                                                 | December 31, 2022     |                                                 |  |
|---------------------|-----------------------|-------------------------------------------------|-----------------------|-------------------------------------------------|--|
| Foreign<br>currency | Exchange rate         | Unrealized<br>net gain<br>(loss) on<br>exchange | Exchange rate         | Unrealized<br>net gain<br>(loss) on<br>exchange |  |
| USD                 | 1:30.705<br>(USD:TWD) | (\$ 1,854)                                      | 1:30.710<br>(USD:TWD) | \$ 76,510                                       |  |

Sensitivity analysis

The Company is prone to the impact of changes in the USD exchange rate.

The following sensitivity analysis shows the impact of a 1% strengthening/weakening in the foreign currency against NTD (the functional currency) to the Company. 1% is the rate of sensitivity adopted by the management when reporting exchange rate risks. It also represents the management's estimate on the reasonable range of exchange rate variation. The sensitivity analysis only covered monetary items denominated in foreign currencies. The analysis was performed by making a 1% adjustment to the exchange rate applicable at the end of the period. The sensitivity analysis covered foreign currency bank deposit, notes receivable, and other financial assets. The following table shows decrease/increase in pre-tax profit and equity if NTD strengthens against other currencies by 1%. Effects on pre-tax profit and equity following a 1% weakening of the NTD against the respective foreign currencies would be the positive figure of the same amount.

|                    | 2023       | 2022       |
|--------------------|------------|------------|
| Gain (loss) on USD | (\$ 3,254) | (\$ 8,281) |

(2) Interest rate risk

The book values of financial assets and financial liabilities exposed to interest rate risks as at the balance sheet date are presented below:

|                                                 | <u>December 31, 2023</u> | <u>December 31, 2022</u> |
|-------------------------------------------------|--------------------------|--------------------------|
| Risk of cash flow changes due to interest rate  |                          |                          |
| - Financial assets                              | \$ 652,799               | \$ 345,405               |
| Risk of fair value changes due to interest rate |                          |                          |
| - Financial assets                              | 796,928                  | 840,847                  |
| - Financial liabilities                         | 3,770                    | 5,128                    |

Sensitivity analysis

The following sensitivity analysis has been prepared based on interest rate risk exposures of financial assets as at the balance sheet date. The Company had conducted the sensitivity analysis based on 1 basis-point increase/decrease in interest rate, which also represents the management's estimate on the reasonable range of interest rate variation.

A. Risk of cash flow changes due to interest rate

If the interest rate increased/decreased by 1 basis point, the Company's 2023 and 2022 pre-tax profit and equity would increase/decrease by NT\$65 thousand and NT\$35 thousand, respectively, provided that all other variables remain unchanged. Exposure to interest rate risk is mainly attributed to bank deposits (demand deposits and foreign currency deposits) held on hand.

B. Risk of fair value changes due to interest rate

The Company investments in fixed rate bonds. Changes in market interest rates would cause changes in the fair value of bond investments.

If the market interest rate increased/decreased by 1 basis point, pre-tax profit for 2023 and 2022 would decrease/increase by NT\$13 thousand and NT\$17 thousand, respectively, due to fair value change in bond investments; meanwhile, other comprehensive income (pre-tax) and equity for 2023 and 2022 would decrease/increase by NT\$821 thousand and NT\$862 thousand, respectively, due to fair value change in debt instruments carried at fair value through other comprehensive income.

(3) Other price risks

The Company is exposed to the risk of equity price variation due to investment in TWSE/TPEX-listed beneficiary securities and fund beneficiary certificates.

Sensitivity analysis

The sensitivity analysis is based on equity price risks of beneficiary securities and fund beneficiary certificates outstanding as at the balance sheet date.

If prices increased/decreased by 1%, pre-tax profit or loss and shareholders' equity for 2023 and 2022 would increase/decrease by NT\$19,463 thousand and NT\$12,237 thousand, respectively, due to changes in the fair value of financial assets carried at fair value through profit and loss. Meanwhile, other comprehensive income (pre-tax) and shareholders' equity for 2023 and 2022 would increase/decrease by NT\$24,002 thousand and NT\$22,770 thousand, respectively, due to changes in the fair value of equity instruments measured at fair value through other comprehensive income.

(4) Value at risk (VaR)

VaR measures the maximum possible losses that a portfolio may incur due to a change in market risk factor, within a specified period of time and Confidence Level. The Company currently calculates VaR of the following day (2 months) at a 95% confidence level.

The VaR model must be able to reasonably, completely and correctly assess maximum potential risks of financial instruments or investment portfolios held on hand to be considered a valid risk management model. When used for risk management, the VaR model must continuously undergo validation and back-testing to ensure that the model remains appropriate and effective in assessing the maximum potential risks of financial instruments or investment portfolios held on hand.

(5) Stress-testing

In addition to the VaR model, the Company conducts stress tests regularly to assess potential risks should an extreme event occur. Stress-testing is intended to measure potential impacts on the value of investment portfolio given extreme changes in a series of financial variables.

Date: December 31, 2023

|                                                               |                                                        | Unit: NTD thousands    |
|---------------------------------------------------------------|--------------------------------------------------------|------------------------|
| Risk factors                                                  | Variation                                              | Portfolio gains/losses |
| Price risk - at fair value through profit and loss            | Down 10%                                               | (\$ 194,625)           |
| Price risk - at fair value through other comprehensive income | Down 10%                                               | (\$ 240,015)           |
| Risk of fair value changes due to interest rate               | A 100bps increase in the yield curve                   | ( 83,350)              |
| Exchange rate risk - other financial assets                   | 1% strengthening of NTD against all foreign currencies | ( 3,320)               |

## 2. Credit risk

The Company is exposed to credit risks for engaging in treasury transactions, including issuer credit risk, counterparty credit risk, and asset credit risk:

- (1) Issuer credit risks are mostly prevalent in treasury debt instruments or bank deposits held on hand, and refer to the possibility of the Company suffering financial losses as a result of the issuer (or guarantor) or bank failing to fulfill repayment (or stand-in payment) obligation due to default, bankruptcy or liquidation.
- (2) Counterparty credit risks refer to the possibility of the Company suffering financial losses as a result of the transaction counterparty failing to fulfill settlement or payment obligations on the agreed date.
- (3) Asset credit risks refer to the possibility of losses suffered as a result of deteriorated credit quality, credit rating downgrade or occurrence of default event in the underlying asset of a financial instrument.

### A. Credit risk concentration analysis

The table below shows financial assets with the largest credit risk exposures by region and industry:

#### Credit risk exposure - by region

Date: December 31, 2023

| Unit: NTD thousands                                                                                           |              |       |         |        |        |              |
|---------------------------------------------------------------------------------------------------------------|--------------|-------|---------|--------|--------|--------------|
| Financial assets                                                                                              | Taiwan       | Asia  | America | Europe | Others | Total        |
| Cash and cash equivalents                                                                                     | \$ 1,387,004 | \$ -  | \$ -    | \$ -   | \$ -   | \$ 1,387,004 |
| Financial assets (real property investment trusts and debt instruments) at fair value through profit and loss | 213,198      | -     | -       | -      | -      | 213,198      |
| Financial assets (debt instrument) at fair value through other comprehensive income (Note)                    | 747,422      | -     | -       | -      | -      | 747,422      |
| Financial assets carried at cost after amortization                                                           | 2,949,242    | -     | -       | -      | -      | 2,949,242    |
| Other financial assets (time deposit)                                                                         | 4,870,299    | -     | -       | -      | -      | 4,870,299    |
| Total                                                                                                         | 10,167,165   | -     | -       | -      | -      | 10,167,165   |
| Regional weight                                                                                               | 100.00%      | 0.00% | 0.00%   | 0.00%  | 0.00%  | 100.00%      |

Note: includes debt instruments placed as guarantee deposit.

B. Credit risk quality grading

Credit risk quality is internally graded into Class I, II and III. Class I refers to financial assets that exhibit no significant increase in credit risk compared to the date of initial recognition; Class II refers to financial assets that exhibit significant increase in credit risk compared to the date of initial recognition; and Class III refers to financial assets that exhibit objective evidence of credit impairment.

| Financial assets                                                                           | I            | II   | III  | Total        |
|--------------------------------------------------------------------------------------------|--------------|------|------|--------------|
| Financial assets (debt instrument) at fair value through other comprehensive income (Note) | \$ 747,422   | \$ - | \$ - | \$ 747,422   |
| Financial assets carried at cost after amortization                                        | 2,949,242    | -    | -    | 2,949,242    |
| Total                                                                                      | \$ 3,696,664 | \$ - | \$ - | \$ 3,696,664 |

Note: includes debt instruments placed as guarantee deposit.

Expected credit loss rates for the abovementioned Class I financial assets are 0.0272% ~ 1.9688%.

For information on credit risk management and impairment assessment of receivables, please refer to Note 12(2)~(3).

C. Criteria for significant increase in credit risk since initial recognition

A significant increase in credit risk refers to the situation where the credit rating of a financial asset on the balance sheet date is two grades lower or more than the date of initial recognition, and lower than twBBB. For bonds that are not credit-rated, the issuer's credit rating is used instead.

D. Definition of defaulted and credit-impaired financial assets

The Company assesses financial assets for objective evidence of credit impairment. If there is evidence to suggest impairment, the financial asset will be classified Class III with expected credit losses recognized over the remaining duration.

Objective evidence of credit impairment, as mentioned above, refers to any of the following occurrences:

- The indicative market price falls below book cost in a continuous downward trend for more than one year, unless there is reason to suggest likely recovery of the indicative market price.
- The issuer undergoes financial distress and is de-listed or liquidated as a result.
- Event of default, such as failure to pay interest or principal.
- The issuer undergoes bankruptcy.

(4) Assessment of expected credit losses

A. Expected credit losses are estimated by multiplying the amount of credit exposure with the probability of default (PD) and loss given default (LGD).

Financial assets that are classified as Class I as at the balance sheet date shall have expected credit losses estimated over the next 12 months.

Financial assets that are classified as Class II as at the balance sheet date shall have expected credit losses estimated over the remaining duration

Financial assets that exhibit objective evidence of credit impairment as at the balance sheet date shall be classified as Class III and have expected credit losses estimated over the remaining duration.

B. Loss provisions variation chart

Reconciliation of opening and closing loss provision balance in 2023:

|                                               | 12-month<br>expected credit<br>loss<br>I | Expected credit<br>loss over the<br>remaining<br>duration<br>II | Expected credit<br>loss over the<br>remaining<br>duration<br>III | Impairment<br>provided in<br>accordance<br>with IFRS 9<br>(Subtotal) | Difference with<br>impairments<br>provided in<br>accordance<br>with<br>"Regulation on<br>Asset<br>Valuation,<br>Overdue<br>Collection and<br>Loan Loss<br>Provisioning by<br>Insurance<br>Companies" | Total            |
|-----------------------------------------------|------------------------------------------|-----------------------------------------------------------------|------------------------------------------------------------------|----------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------|
| <u>Investment in<br/>debt<br/>instruments</u> |                                          |                                                                 |                                                                  |                                                                      |                                                                                                                                                                                                      |                  |
| Opening balance                               | \$ 22,408                                | \$ -                                                            | \$ -                                                             | \$ 22,408                                                            | \$ -                                                                                                                                                                                                 | \$ 22,408        |
| Variation                                     | ( 1,757 )                                | -                                                               | -                                                                | ( 1,757 )                                                            | -                                                                                                                                                                                                    | ( 1,757 )        |
| Closing balance                               | <u>\$ 20,651</u>                         | <u>\$ -</u>                                                     | <u>\$ -</u>                                                      | <u>\$ 20,651</u>                                                     | <u>\$ -</u>                                                                                                                                                                                          | <u>\$ 20,651</u> |
| <u>Receivables</u>                            |                                          |                                                                 |                                                                  |                                                                      |                                                                                                                                                                                                      |                  |
| Opening balance                               | \$ 7,642                                 | \$ -                                                            | \$ -                                                             | \$ 7,642                                                             | \$ 38,441                                                                                                                                                                                            | \$ 46,083        |
| Variation                                     | ( 232 )                                  | -                                                               | -                                                                | ( 232 )                                                              | 232                                                                                                                                                                                                  | -                |
| Closing balance                               | <u>\$ 7,410</u>                          | <u>\$ -</u>                                                     | <u>\$ -</u>                                                      | <u>\$ 7,410</u>                                                      | <u>\$ 38,673</u>                                                                                                                                                                                     | <u>\$ 46,083</u> |

3. Liquidity risk

(1) Definition of liquidity risk

For each financial instrument, liquidity risk is distinguished between "capital liquidity risk" and "market liquidity risk."

"Capital liquidity risk" refers to the inability to liquidate an asset or obtain sufficient funding to meet obligations upon maturity. "Market liquidity risk" refers to the possibility of incurring losses due to significant price changes when the asset held on hand is being disposed or settled in a market that lacks depth or at a time of disorder.

(2) Liquidity risk management

The Company has implemented a robust capital liquidity risk management system, and adopted market liquidity risk management practices that conform to the volume of market transactions and the positions held on hand. The Company has also devised response plans for extraordinary and emergency liquidity situations where the Company may require additional capital.

(3) The Company maintains adequate position of cash and cash equivalents to support corporate operations and to mitigate effects of cash flow variation.

The following table is a maturity analysis for non-derivative financial liabilities (including notes payable, insurance claims payable, commissions payable, reinsurance account payable, other payables, and lease liabilities) with the pre-arranged repayment date. The analysis has been prepared based on the earliest date the Company may be required to repay, using undiscounted cash flow.

December 31, 2023

|                                                 | Repayable<br>upon demand<br>or within 1<br>month | 1 to 3<br>months | 3 months to<br>1 year | 1 to 5<br>years  | 5 years and<br>above |
|-------------------------------------------------|--------------------------------------------------|------------------|-----------------------|------------------|----------------------|
| <u>Non-derivative<br/>financial liabilities</u> |                                                  |                  |                       |                  |                      |
| Non-interest<br>bearing liabilities             | \$ 224,657                                       | \$ 84,772        | \$ 214,364            | \$ 15,184        | \$ -                 |
| Lease liabilities                               | -                                                | 820              | 2,063                 | 969              | -                    |
|                                                 | <u>\$ 224,657</u>                                | <u>\$ 85,592</u> | <u>\$ 216,427</u>     | <u>\$ 16,153</u> | <u>\$ -</u>          |

December 31, 2022

|                                                 | Repayable<br>upon<br>demand or<br>within 1<br>month | 1 to 3<br>months | 3 months to<br>1 year | 1 to 5 years     | 5 years and<br>above |
|-------------------------------------------------|-----------------------------------------------------|------------------|-----------------------|------------------|----------------------|
| <u>Non-derivative<br/>financial liabilities</u> |                                                     |                  |                       |                  |                      |
| Non-interest<br>bearing liabilities             | \$ 253,857                                          | \$ 45,004        | \$ 211,422            | \$ 14,524        | \$ -                 |
| Lease liabilities                               | -                                                   | 928              | 2,048                 | 2,289            | -                    |
|                                                 | <u>\$ 253,857</u>                                   | <u>\$ 45,932</u> | <u>\$ 213,470</u>     | <u>\$ 16,813</u> | <u>\$ -</u>          |

31. Related party transactions

(1) Name and relationship of related parties

| <u>Name of related party</u>                                        | <u>Relationship with the Company</u> |
|---------------------------------------------------------------------|--------------------------------------|
| Yi Chih Co., Ltd.                                                   | Other related parties                |
| OSTA Trading Co., Ltd.                                              | Other related parties                |
| Zong Cheng Enterprise Co., Ltd.                                     | Other related parties                |
| Du Ho Enterprise Co., Ltd.                                          | Other related parties                |
| Chien Yi Industrial Co., Ltd.                                       | Other related parties                |
| Chien Cheng Development Co., Ltd.                                   | Other related parties                |
| Hua Wang Manufacturer Co., Ltd.                                     | Other related parties                |
| Hai Hwa Construction Co., Ltd.                                      | Other related parties                |
| Yi Fang Co., Ltd.                                                   | Other related parties                |
| Tsai Cheng Enterprise Co., Ltd.                                     | Other related parties                |
| Fu Bi Shi Construction Co., Ltd.                                    | Other related parties                |
| Tai Jing Apartment Building Management<br>and Maintenance Co., Ltd. | Other related parties                |
| Taiwan Real Estate Management Co., Ltd.                             | Other related parties                |
| Taiwan Fuji Die Co., Ltd.                                           | Other related parties                |
| Chien Chi Co., Ltd.                                                 | Other related parties                |
| Yongji Enterprise Co., Ltd.                                         | Other related parties                |
| Chimax Development Company                                          | Other related parties                |
| Yuanhu Construction Company                                         | Other related parties                |
| CHIMAX Development Company                                          | Other related parties                |
| Yuanrui Investment Co., Ltd.                                        | Other related parties                |
| Pao Shan Construction Co., Ltd.                                     | Other related parties                |

(Continued next page)

(Continued from previous page)

| <u>Name of related party</u>             | <u>Relationship with the Company</u>                                                                         |
|------------------------------------------|--------------------------------------------------------------------------------------------------------------|
| Teng Hong Co., Ltd.                      | Other related parties                                                                                        |
| Jui San Co., Ltd.                        | Other related parties                                                                                        |
| Jinshi Construction Co., Ltd.            | Other related parties                                                                                        |
| Jiatai Construction Co., Ltd.            | Other related parties                                                                                        |
| Yiguang Enterprise Development Co., Ltd. | Other related parties                                                                                        |
| Golden Light Enterprise Co., Ltd.        | Other related parties                                                                                        |
| Nan Kuan Development Co., Ltd.           | Other related parties                                                                                        |
| Ju Sheng Investment Co., Ltd.            | Other related parties                                                                                        |
| Yunju Construction Co., Ltd.             | Other related parties                                                                                        |
| Other related parties                    | Second degree relatives or closer to the company's director, Chairman, President, Manager, or spouse thereof |

(2) Major transactions with related parties

1. Premium revenues

| <u>Type of related party</u> | <u>2023</u>     | <u>2022</u>     |
|------------------------------|-----------------|-----------------|
| Other related parties        | <u>\$ 4,915</u> | <u>\$ 4,082</u> |

The above insurance coverage to other related parties were underwritten with the same terms as non-related parties.

2. Insurance claims paid

| <u>Type of related party</u> | <u>2023</u>  | <u>2022</u>   |
|------------------------------|--------------|---------------|
| Other related parties        | <u>\$ 89</u> | <u>\$ 412</u> |

The above insurance coverage to other related parties were underwritten with the same terms and claim criteria as non-related parties.

3. Rental expense

| <u>Type of related party</u> | <u>2023</u> | <u>2022</u> |
|------------------------------|-------------|-------------|
| Other related parties        | <u>\$ 6</u> | <u>\$ 6</u> |

Rental of conference room from the above related parties were undertaken at terms that were not materially different from ordinary transactions.

4. Selling expenses

| <u>Type of related party</u> | <u>2023</u>     | <u>2022</u>     |
|------------------------------|-----------------|-----------------|
| Other related parties        | <u>\$ 4,402</u> | <u>\$ 2,440</u> |

Selling expenses paid to the above related parties were made at terms that were not materially different from ordinary transactions.

5. Premiums receivable

| <u>Type of related party</u> | <u>December 31, 2023</u> | <u>December 31, 2022</u> |
|------------------------------|--------------------------|--------------------------|
| Other related parties        | <u>\$ 225</u>            | <u>\$ 288</u>            |

The above amounts receivable from related parties were not subject to bad debt provision, based on the Company's assessment.

(3) Remuneration to the executive management

|                              | 2023             | 2022             |
|------------------------------|------------------|------------------|
| Short-term employee benefits |                  | \$               |
|                              | \$ 54,135        | 51,950           |
| Retirement benefits          | 2,738            | 3,268            |
|                              | <u>\$ 56,873</u> | <u>\$ 55,218</u> |

Compensation to directors and members of the executive management is determined by the Remuneration Committee based on individual performance and market trends.

32. Major contingent liabilities and unrecognized contractual commitments

The Company is a non-life insurance company, and had no major commitment or contingent liability as at the balance sheet date apart from those mentioned in other footnotes and the following.

(1) Major unrecognized contractual commitments

As of December 31, 2023 and 2022, the Company had the following expenses that were contracted but unpaid:

| Types of unrecognized<br>contractual commitments    | December 31, 2023 | December 31, 2022 |
|-----------------------------------------------------|-------------------|-------------------|
| Project consultancy and system<br>installation fees | <u>\$ 41,195</u>  | <u>\$ 49,973</u>  |

(2) Contingent liabilities

As of December 31, 2023, the Company had unresolved major lawsuits concerning its insurance business. After evaluating the possibility of losses, the Company considered it most likely to incur claims totaling NT\$55,343 thousand, of which NT\$23,820 thousand had been ceded to reinsurers. However, these cases are still being reviewed by the court and there exist uncertainties that may increase claims above the estimated amount.

33. Losses from major disasters: None.

34. Major post-balance sheet events: None.

35. Information on foreign currency-denominated financial assets and liabilities and exchange rate

Please refer to paragraph 1. Market risk in Note 30(4) for foreign currency-denominated financial assets of material impact.

36. Risk management goals, policies, procedures and methods

(1) Risk management policies and goals

The Company has established risk management policies and procedures according to "Risk Management Best Practice Principles for Insurance Enterprises" and "Regulations Governing Implementation of Internal Control and Auditing System of Insurance Enterprises" to provide the foundation needed to facilitate proper risk management, business expansion, accomplishment of operational targets, and enhancement of shareholder value. These policies and procedures also provide the basis for other risk management guidelines within the Company.

(2) Risk management framework, organization and responsibilities

1. Risk management framework and organization

The board of directors outlines the Company's risk management policies based on overall operational strategies and the prevailing business environment. The board is ultimately responsible for overall risk management within the Company. A Risk Management Committee has been assembled under the board

of directors while a Risk Management Department has been created outside of business units to enable continuous monitoring of the risk management system. The independent director serves as the convener for the Risk Management Committee. The committee's responsibilities are to supervise risk exposures and to ensure that the Company has adequate capital to meet all risks. The Risk Management Department is responsible for executing the risk management policy, consolidating risk information from all departments, and communicating/coordinating across different departments for the execution of risk policies and limits.

2. The responsibilities of each unit are listed as below:

Board of Directors

- (1) The board of directors is the highest decision maker of risk management issues, and is ultimately responsible for overall risk management within the Company.
- (2) The board is responsible for the establishment of proper risk management systems and cultures, approval and regular review of risk management policies, and making the most efficient allocation of available resources.
- (3) The board evaluates risks, consequences and effects from the perspective of the entire organization. It also makes decisions in line with legal capital requirements imposed by the competent authority, while taking into consideration various financial and business rules that are relevant to capital allocation.
- (4) The board reviews risk appetite on a yearly basis and makes adjustments as deemed appropriate.
- (5) The Chairman is authorized to approve risk management-related policies within the Company.

Risk Management Committee

- (1) The committee outlines the Company's risk management policies, framework and organization, and implements quantitative or qualitative standards for the Company's major risk exposures. The committee presents formal reports to the board of directors at least twice a year, and provides the board with relevant updates and recommendation as deemed necessary.
- (2) The committee executes the board's risk management decisions and performs full-scale review of the Company's risk management system, implementation and execution at least once a year.
- (3) The committee assists and supervises various departments in risk management activities.
- (4) The committee assists in the review and establishment of risk limits.
- (5) The committee adjusts risk exposure category, risk limit and risk mitigation methods depending on changes in the environment.
- (6) The committee coordinates risk management practices and establishes communication and interaction across different departments.
- (7) The committee supervises overall risk management of the Company.

Risk Management Department

- (1) The department assists in the development of risk management policy, framework and organization, and executes board-approved risk management policy. The department presents regular reports to the Risk Management Committee and subsequently to the board of directors. Upon discovering any substantial risk exposure that is detrimental to the

Company's financial position, business performance, or compliance status, the department is required to take appropriate measures and report to the Risk Management Committee immediately, and report to the board of directors afterwards.

- (2) The department assists in setting risk limits based on risk appetite.
- (3) The department is responsible for consolidating risk information from all departments, and communicating/coordinating across different departments for the execution of risk policies and limits.
- (4) The department prepares monthly risk management reports.
- (5) The department monitors breach and use of risk limit by business units at least twice a year.
- (6) The department assists in stress testing.
- (7) The department performs back testing where necessary.
- (8) The department resolves breach of risk limit by other units.
- (9) Other risk management-related affairs.

#### Business units

- (1) Identify risk and report risk exposure
- (2) Assess extent of impact (quantitative or qualitative) in the occurrence of risk event, and convey risk information in a timely and accurate manner.
- (3) Review risk exposure and limits at least twice a year to ensure that risk limits are properly executed within business units.
- (4) Monitor risk exposure and report limit breach, including actions taken by the business unit in response to the breach.
- (5) Assist in the development of risk model. Ensure that the business unit adopts consistent and rational assumptions and basis for its risk assessment and modeling.
- (6) Ensure that internal control procedures are effectively executed by the business unit in a manner that complies with laws and the Company's risk management policy.
- (7) Assist in the gathering of operational risk-related data.
- (8) The head of each business unit shall supervise the transfer of risk management information to the Risk Management Department, and is responsible for the daily risk management, reporting and response of the assigned unit.
- (9) The head of each business unit shall assign risk management personnel to assist them in the effective execution of risk management tasks.

#### Internal audit

Internal auditors are responsible for auditing business activities of high integrity risk in accordance with Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies and prevailing regulations. They also assess risk management practices of various business units and the Risk Management Department, and review the design and execution of internal control system. A formal report containing internal auditors' findings is prepared and presented to the board of directors.

#### (3) Control and disclosure of key risks

The Company has systems and practices in place to manage key risk categories that arise in relation to its business activities, such as market risk, credit risk, liquidity risk, assets and liabilities matching risk, insurance risk and operational risk. These systems and practices are constantly reviewed (including assessment on the effectiveness of risk management system and appropriateness of risk factors) to

accommodate the Company's goals, risk exposures and changes in the external environment. The board of directors is reported regularly on the Company's risk management progress, and advised on possible improvements whenever deemed necessary.

(4) Control of insurance contract risks

Insurance contract risks can be distinguished into several risk sub-categories by stages of business activity, including product design and pricing risk, underwriting risk, reinsurance risk, disaster risk, claims risk, and reserve-related risk. Definitions of each risk sub-category are as follows:

1. Insurance risks

Insurance risk refers to the risk of loss caused by unexpected changes after the Company has collected insurance premiums, assumed the transfer of risk from insured parties and become obliged to pay claims and associated expenses.

2. Product design and pricing risks

Product design and pricing risk refers to the risk of using inappropriate or inconsistent information for product design, terms setting and pricing, or the risk of reference information becoming obsolete due to unexpected change in circumstances.

3. Underwriting risks

Underwriting risk refers to the risk of unexpected losses and expenses arising from business solicitation and underwriting review.

4. Reinsurance risks

Reinsurance risk refers to the risk of reinsurers becoming unable to fulfill obligations for undertaking risks beyond capacity without proper reinsurance arrangement, and thereby rendering the Company unable to collect premiums, claims, or expenses from reinsurers.

5. Disaster risks

Disaster risk refers to the risk of one or multiple insurance categories suffering losses due to occurrence of risk events, to the extent that may negatively affect the Company's credit rating or solvency.

6. Claims risks

Claims risk refers to the risk of mishandling customers' claim requests.

7. Reserve-related risks

Reserve-related risk refers to the risk of underestimating liabilities on insurance coverage underwritten by the Company, leaving insufficient reserves to meet future obligations.

The Company has a set of "Insurance Risk Management Guidelines" and systems in place to manage insurance risks. The risk management process includes risk identification, assessment, response, monitoring and reporting.

(5) Control of insurance risk exposure and avoidance of risk concentration

The Company has adopted practices in accordance with "Regulations Governing Insurance Enterprises Engaging in Operating Reinsurance and Other Risk Spreading Mechanisms" to manage the risks of retained, ceded and assumed insurance coverage. Reinsurance plans are devised and executed after taking into consideration the Company's risk tolerance. Please refer to Note 37(9) for retention limits of each insurance category.

(6) Asset and liability management

The Company's insurance liabilities are of short-term nature, which makes liquidity the primary concern in asset and liability management. The Company has

identified three liquidity levels: Normal, Cautious and Critical based on the liquidity ratio, and applied different management practices for each of the above levels. The Company tries to maintain liquidity within the Normal level at all times. Any sign of liquidity deteriorating to the Cautious level (before the Critical level) must be reported with asset positions reviewed immediately, followed by a reassessment of asset allocation if necessary. If liquidity deteriorates to the Critical level, an emergency response meeting must be convened immediately to discuss possible solutions.

37. Disclosure of insurance contract-related information

(1) Insurance contract receivables and payables:

Receivables

| Insurance category               | December 31, 2023 |                     |                   |
|----------------------------------|-------------------|---------------------|-------------------|
|                                  | Notes receivable  | Premiums receivable | Total             |
| Fire Insurance                   | \$ 10,922         | \$ 5,448            | \$ 16,370         |
| Marine insurance                 | 25,382            | 32,206              | 57,588            |
| Automobile Insurance             | 131,671           | 14,369              | 146,040           |
| Engineering/ liability insurance | 1,414             | 3,024               | 4,438             |
| Other insurance                  | <u>6,251</u>      | <u>8,823</u>        | <u>15,074</u>     |
|                                  | 175,640           | 63,870              | 239,510           |
| Less: loss provisions            | ( <u>4,687</u> )  | ( <u>33,615</u> )   | ( <u>38,302</u> ) |
| Net amount                       | <u>\$ 170,953</u> | <u>\$ 30,255</u>    | <u>\$ 201,208</u> |

| Insurance category               | December 31, 2022 |                     |                   |
|----------------------------------|-------------------|---------------------|-------------------|
|                                  | Notes receivable  | Premiums receivable | Total             |
| Fire Insurance                   | \$ 10,314         | \$ 11,543           | \$ 21,857         |
| Marine insurance                 | 29,024            | 13,008              | 42,032            |
| Automobile Insurance             | 132,064           | 15,101              | 147,165           |
| Engineering/ liability insurance | 2,485             | 3,432               | 5,917             |
| Other insurance                  | <u>9,306</u>      | <u>13,354</u>       | <u>22,660</u>     |
|                                  | 183,193           | 56,438              | 239,631           |
| Less: loss provisions            | ( <u>4,954</u> )  | ( <u>35,984</u> )   | ( <u>40,938</u> ) |
| Net amount                       | <u>\$ 178,239</u> | <u>\$ 20,454</u>    | <u>\$ 198,693</u> |

Commission payable

| Insurance category               | December 31, 2023 | December 31, 2022 |
|----------------------------------|-------------------|-------------------|
| Fire Insurance                   | \$ 17,664         | \$ 13,375         |
| Marine insurance                 | 9,006             | 9,145             |
| Automobile Insurance             | 54,549            | 71,712            |
| Engineering/ liability insurance | 1,390             | 2,135             |
| Other insurance                  | <u>13,694</u>     | <u>18,036</u>     |
| Total                            | <u>\$ 96,303</u>  | <u>\$ 114,403</u> |

Reinsurance accounts receivable (payable) - retained reinsurance

|                       | <u>December 31, 2023</u>                   |                                         |
|-----------------------|--------------------------------------------|-----------------------------------------|
|                       | <u>Reinsurance<br/>accounts receivable</u> | <u>Reinsurance<br/>accounts payable</u> |
| AJG                   | \$ 80,932                                  | \$ 19,779                               |
| FOH                   | 44,918                                     | 14,721                                  |
| CMP                   | 27,100                                     | 60,628                                  |
| LIA                   | 17,775                                     | 4,790                                   |
| CRC                   | 15,320                                     | 81,924                                  |
| ERI                   | 13,750                                     | 2,802                                   |
| TRI                   | 1,303                                      | 18,790                                  |
| TOH                   | 685                                        | 23,779                                  |
| COR                   | -                                          | 25,022                                  |
| Others                | 46,047                                     | 60,824                                  |
| Less: loss provisions | ( 2,490 )                                  | -                                       |
| Net amount            | <u>\$ 245,340</u>                          | <u>\$ 313,059</u>                       |

|                       | <u>December 31, 2022</u>                   |                                         |
|-----------------------|--------------------------------------------|-----------------------------------------|
|                       | <u>Reinsurance<br/>accounts receivable</u> | <u>Reinsurance<br/>accounts payable</u> |
| CMP                   | \$ 26,958                                  | \$ 69,201                               |
| WIL                   | 13,034                                     | 8,842                                   |
| WRT                   | 11,842                                     | 5,241                                   |
| CRC                   | 10,650                                     | 81,437                                  |
| MAT                   | 9,065                                      | 6,012                                   |
| TRI                   | 1,160                                      | 18,959                                  |
| COR                   | -                                          | 23,371                                  |
| FOH                   | -                                          | 16,361                                  |
| TOH                   | -                                          | 21,241                                  |
| Others                | 40,390                                     | 58,588                                  |
| Less: loss provisions | ( 767 )                                    | -                                       |
| Net amount            | <u>\$ 112,332</u>                          | <u>\$ 309,253</u>                       |

(2) Unearned premium reserve

1. Details of unearned premium reserve:

| <u>Insurance category</u>                                      | <u>December 31, 2023</u> | <u>December 31, 2022</u> |
|----------------------------------------------------------------|--------------------------|--------------------------|
| One-year commercial fire insurance                             | \$ 236,196               | \$ 197,343               |
| General automobile hull insurance for private vehicle          | 1,228,179                | 1,147,184                |
| General liabilities insurance for private vehicle              | 1,162,055                | 1,048,277                |
| Mandatory automobile liabilities insurance for private vehicle | 270,531                  | 264,790                  |
| Personal accident insurance                                    | 299,891                  | 324,297                  |
| Other insurance                                                | 1,227,885                | 1,163,645                |
|                                                                | <u>\$ 4,424,737</u>      | <u>\$ 4,145,536</u>      |

Due to the extensive range of insurance categories involved, those balance exceeding 5% of the balance under this category are listed as above separately.

2. Details of retained unearned premium reserve:

| December 31, 2023                   |                          |                            |                                |                                       |
|-------------------------------------|--------------------------|----------------------------|--------------------------------|---------------------------------------|
| Insurance category                  | Unearned premium reserve |                            | Ceded unearned premium reserve | Retained insurance<br>(4)=(1)+(2)–(3) |
|                                     | Direct insurance<br>(1)  | Assumed reinsurance<br>(2) | Ceded reinsurance<br>(Note)(3) |                                       |
| Fire Insurance                      | \$ 574,402               | \$ 25,951                  | \$ 262,261                     | \$ 338,092                            |
| Marine insurance                    | 78,053                   | 1,085                      | 30,440                         | 48,698                                |
| Automobile Insurance                | 2,793,438                | 151,127                    | 436,004                        | 2,508,561                             |
| Engineering/<br>liability insurance | 289,398                  | 36,742                     | 143,047                        | 183,093                               |
| Accident/ health insurance          | 299,372                  | 2,709                      | 79,056                         | 223,025                               |
| Other insurance                     | 166,690                  | 5,770                      | 84,846                         | 87,614                                |
|                                     | <u>\$ 4,201,353</u>      | <u>\$ 223,384</u>          | <u>\$ 1,035,654</u>            | <u>\$ 3,389,083</u>                   |

  

| December 31, 2022                   |                          |                            |                                |                                       |
|-------------------------------------|--------------------------|----------------------------|--------------------------------|---------------------------------------|
| Insurance category                  | Unearned premium reserve |                            | Ceded unearned premium reserve | Retained insurance<br>(4)=(1)+(2)–(3) |
|                                     | Direct insurance<br>(1)  | Assumed reinsurance<br>(2) | Ceded reinsurance<br>(Note)(3) |                                       |
| Fire Insurance                      | \$ 505,337               | \$ 35,030                  | \$ 249,808                     | \$ 290,559                            |
| Marine insurance                    | 80,018                   | 1,580                      | 33,978                         | 47,620                                |
| Automobile Insurance                | 2,632,551                | 150,615                    | 418,090                        | 2,365,076                             |
| Engineering/<br>liability insurance | 243,231                  | 26,720                     | 117,182                        | 152,769                               |
| Accident/ health insurance          | 323,823                  | 2,972                      | 92,694                         | 234,101                               |
| Other insurance                     | 133,403                  | 10,256                     | 59,622                         | 84,037                                |
|                                     | <u>\$ 3,918,363</u>      | <u>\$ 227,173</u>          | <u>\$ 971,374</u>              | <u>\$ 3,174,162</u>                   |

Note: Presented as reinsurance contract assets.

3. Changes in unearned premium reserve and ceded unearned reserve

| 2023                             |                          |                                |
|----------------------------------|--------------------------|--------------------------------|
| Item                             | Unearned premium reserve | Ceded unearned premium reserve |
| Opening amount                   | \$ 4,145,536             | \$ 971,374                     |
| Provisions in the current period | 4,424,737                | 1,035,654                      |
| Recoveries in the current period | ( 4,145,536)             | ( 971,374)                     |
| Closing amount                   | <u>\$ 4,424,737</u>      | <u>\$ 1,035,654</u>            |

| Item                             | 2022                     |                                |
|----------------------------------|--------------------------|--------------------------------|
|                                  | Unearned premium reserve | Ceded unearned premium reserve |
| Opening amount                   | \$ 4,011,338             | \$ 944,760                     |
| Provisions in the current period | 4,145,536                | 971,374                        |
| Recoveries in the current period | ( 4,011,338)             | ( 944,760)                     |
| Closing amount                   | <u>\$ 4,145,536</u>      | <u>\$ 971,374</u>              |

(3) Claim reserve

1. Details of claim reserve:

| Insurance category                                             | December 31, 2023   | December 31, 2022   |
|----------------------------------------------------------------|---------------------|---------------------|
| One-year commercial fire insurance                             | \$ 1,139,904        | \$ 704,089          |
| General automobile hull insurance for private vehicle          | 384,390             | 328,718             |
| General liabilities insurance for private vehicle              | 988,989             | 822,319             |
| Mandatory automobile liabilities insurance for private vehicle | 399,527             | 354,756             |
| Mandatory liabilities insurance for motorcycle                 | 175,256             | 158,593             |
| General liabilities insurance                                  | 253,079             | 266,784             |
| Other insurance                                                | <u>548,739</u>      | <u>562,835</u>      |
|                                                                | <u>\$ 3,889,884</u> | <u>\$ 3,198,094</u> |

Due to the extensive range of insurance categories involved, those balance exceeding 5% of the balance under this category are listed as above separately.

2. Details of retained claim reserve:

| December 31, 2023                |                                   |                         |                             |                                      |
|----------------------------------|-----------------------------------|-------------------------|-----------------------------|--------------------------------------|
| Insurance category               | Claim reserve                     |                         | Ceded claim reserve         |                                      |
|                                  | Direct underwritten insurance (1) | Assumed reinsurance (2) | Ceded reinsurance (Note)(3) | Retained insurance (4)=(1)+(2) - (3) |
| <u>Reported but not paid</u>     |                                   |                         |                             |                                      |
| Fire Insurance                   | \$ 1,156,634                      | \$ 687                  | \$ 858,772                  | \$ 298,549                           |
| Marine insurance                 | 45,702                            | -                       | 21,078                      | 24,624                               |
| Automobile Insurance             | 1,256,829                         | 51,422                  | 176,042                     | 1,132,209                            |
| Engineering/ liability insurance | 265,491                           | 5,303                   | 126,320                     | 144,474                              |
| Accident/ health insurance       | 20,396                            | -                       | 6,414                       | 13,982                               |
| Other insurance                  | 30,297                            | 290                     | 12,866                      | 17,721                               |
|                                  | <u>2,775,349</u>                  | <u>57,702</u>           | <u>1,201,492</u>            | <u>1,631,559</u>                     |
| <u>Not reported</u>              |                                   |                         |                             |                                      |
| Fire Insurance                   | 4,675                             | 192                     | -                           | 4,867                                |
| Marine insurance                 | 44,214                            | -                       | 27,770                      | 16,444                               |
| Automobile Insurance             | 654,702                           | 144,077                 | 225,675                     | 573,104                              |
| Engineering/ liability insurance | 54,613                            | 1,302                   | 17,600                      | 38,315                               |
| Accident/ health insurance       | 139,189                           | -                       | 46,789                      | 92,400                               |
| Other insurance                  | 13,752                            | 117                     | 5,168                       | 8,701                                |
|                                  | <u>911,145</u>                    | <u>145,688</u>          | <u>323,002</u>              | <u>733,831</u>                       |
|                                  | <u>\$ 3,686,494</u>               | <u>\$ 203,390</u>       | <u>\$ 1,524,494</u>         | <u>\$ 2,365,390</u>                  |
| December 31, 2022                |                                   |                         |                             |                                      |
| Insurance category               | Claim reserve                     |                         | Ceded claim reserve         |                                      |
|                                  | Direct underwritten insurance (1) | Assumed reinsurance (2) | Ceded reinsurance (Note)(3) | Retained insurance (4)=(1)+(2) - (3) |
| <u>Reported but not paid</u>     |                                   |                         |                             |                                      |
| Fire Insurance                   | \$ 743,436                        | \$ -                    | \$ 489,984                  | \$ 253,452                           |
| Marine insurance                 | 47,019                            | -                       | 6,885                       | 40,134                               |
| Automobile Insurance             | 1,055,613                         | 52,244                  | 147,290                     | 960,567                              |
| Engineering/ liability insurance | 284,766                           | 4,424                   | 126,339                     | 162,851                              |
| Accident/ health insurance       | 34,414                            | -                       | 9,680                       | 24,734                               |
| Other insurance                  | 25,893                            | 165                     | 12,343                      | 13,715                               |
|                                  | <u>2,191,141</u>                  | <u>56,833</u>           | <u>792,521</u>              | <u>1,455,453</u>                     |
| <u>Not reported</u>              |                                   |                         |                             |                                      |
| Fire Insurance                   | 3,776                             | -                       | -                           | 3,776                                |
| Marine insurance                 | 8,551                             | -                       | 1,438                       | 7,113                                |
| Automobile Insurance             | 612,328                           | 141,884                 | 202,023                     | 552,189                              |
| Engineering/ liability insurance | 43,589                            | 1,307                   | 10,826                      | 34,070                               |
| Accident/ health insurance       | 121,349                           | -                       | 32,340                      | 89,009                               |
| Other insurance                  | 17,237                            | 99                      | 5,799                       | 11,537                               |
|                                  | <u>806,830</u>                    | <u>143,290</u>          | <u>252,426</u>              | <u>697,694</u>                       |
|                                  | <u>\$ 2,997,971</u>               | <u>\$ 200,123</u>       | <u>\$ 1,044,947</u>         | <u>\$ 2,153,147</u>                  |

Note: Presented as reinsurance contract assets.

### 3. Net change in claim reserves and net change in ceded claim reserves

| 2023                             |                               |                     |                     |                   |                                          |                     |                     |                                               |
|----------------------------------|-------------------------------|---------------------|---------------------|-------------------|------------------------------------------|---------------------|---------------------|-----------------------------------------------|
| Insurance category               | Direct underwritten insurance |                     | Assumed reinsurance |                   | Net change in claim reserves (5)=(1)-(2) | Ceded reinsurance   |                     | Net change in ceded claim reserve (8)=(6)-(7) |
|                                  | Provisions (1)                | Recoveries (2)      | Provisions (3)      | Recoveries (4)    | +(3)-(4)                                 | Provisions (6)      | Recoveries (7)      |                                               |
| <u>Reported but not paid</u>     |                               |                     |                     |                   |                                          |                     |                     |                                               |
| Fire Insurance                   | \$ 1,156,634                  | \$ 743,436          | \$ 687              | \$ -              | \$ 413,885                               | \$ 858,772          | \$ 489,984          | \$ 368,788                                    |
| Marine insurance                 | 45,702                        | 47,019              | -                   | -                 | ( 1,317)                                 | 21,078              | 6,885               | 14,193                                        |
| Automobile Insurance             | 1,256,829                     | 1,055,613           | 51,422              | 52,244            | 200,394                                  | 176,042             | 147,290             | 28,752                                        |
| Engineering/ liability insurance | 265,491                       | 284,766             | 5,303               | 4,424             | ( 18,396)                                | 126,320             | 126,339             | ( 19)                                         |
| Accident/ health insurance       | 20,396                        | 34,414              | -                   | -                 | ( 14,018)                                | 6,414               | 9,680               | ( 3,266)                                      |
| Others                           | 30,297                        | 25,893              | 290                 | 165               | 4,529                                    | 12,866              | 12,343              | 523                                           |
|                                  | <u>2,775,349</u>              | <u>2,191,141</u>    | <u>57,702</u>       | <u>56,833</u>     | <u>585,077</u>                           | <u>1,201,492</u>    | <u>792,521</u>      | <u>408,971</u>                                |
| <u>Not reported</u>              |                               |                     |                     |                   |                                          |                     |                     |                                               |
| Fire Insurance                   | 4,675                         | 3,776               | 192                 | -                 | 1,091                                    | -                   | -                   | -                                             |
| Marine insurance                 | 44,214                        | 8,551               | -                   | -                 | 35,663                                   | 27,770              | 1,438               | 26,332                                        |
| Automobile Insurance             | 654,702                       | 612,328             | 144,077             | 141,884           | 44,567                                   | 225,675             | 202,023             | 23,652                                        |
| Engineering/ liability insurance | 54,613                        | 43,589              | 1,302               | 1,307             | 11,019                                   | 17,600              | 10,826              | 6,774                                         |
| Accident/ health insurance       | 139,189                       | 121,349             | -                   | -                 | 17,840                                   | 46,789              | 32,340              | 14,449                                        |
| Others                           | 13,752                        | 17,237              | 117                 | 99                | ( 3,467)                                 | 5,168               | 5,799               | ( 631)                                        |
|                                  | <u>911,145</u>                | <u>806,830</u>      | <u>145,688</u>      | <u>143,290</u>    | <u>106,713</u>                           | <u>323,002</u>      | <u>252,426</u>      | <u>70,576</u>                                 |
|                                  | <u>\$ 3,686,494</u>           | <u>\$ 2,997,971</u> | <u>\$ 203,390</u>   | <u>\$ 200,123</u> | <u>\$ 691,790</u>                        | <u>\$ 1,524,494</u> | <u>\$ 1,044,947</u> | <u>\$ 479,547</u>                             |
| 2022                             |                               |                     |                     |                   |                                          |                     |                     |                                               |
| Insurance category               | Direct underwritten insurance |                     | Assumed reinsurance |                   | Net change in claim reserves (5)=(1)-(2) | Ceded reinsurance   |                     | Net change in ceded claim reserve (8)=(6)-(7) |
|                                  | Provisions (1)                | Recoveries (2)      | Provisions (3)      | Recoveries (4)    | +(3)-(4)                                 | Provisions (6)      | Recoveries (7)      |                                               |
| <u>Reported but not paid</u>     |                               |                     |                     |                   |                                          |                     |                     |                                               |
| Fire Insurance                   | \$ 743,436                    | \$ 575,428          | \$ -                | \$ 465            | \$ 167,543                               | \$ 489,984          | \$ 359,882          | \$ 130,102                                    |
| Marine insurance                 | 47,019                        | 27,978              | -                   | 40                | 19,001                                   | 6,885               | 6,557               | 328                                           |
| Automobile Insurance             | 1,055,613                     | 859,567             | 52,244              | 50,261            | 198,029                                  | 147,290             | 123,874             | 23,416                                        |
| Engineering/ liability insurance | 284,766                       | 276,232             | 4,424               | 3,990             | 8,968                                    | 126,339             | 127,122             | ( 783)                                        |
| Accident/ health insurance       | 34,414                        | 18,535              | -                   | -                 | 15,879                                   | 9,680               | 9,046               | 634                                           |
| Others                           | 25,893                        | 38,309              | 165                 | 34,571            | ( 46,822)                                | 12,343              | 16,224              | ( 3,881)                                      |
|                                  | <u>2,191,141</u>              | <u>1,796,049</u>    | <u>56,833</u>       | <u>89,327</u>     | <u>362,598</u>                           | <u>792,521</u>      | <u>642,705</u>      | <u>149,816</u>                                |
| <u>Not reported</u>              |                               |                     |                     |                   |                                          |                     |                     |                                               |
| Fire Insurance                   | 3,776                         | 3,182               | -                   | 158               | 436                                      | -                   | -                   | -                                             |
| Marine insurance                 | 8,551                         | 7,642               | -                   | 14                | 895                                      | 1,438               | 1,718               | ( 280)                                        |
| Automobile Insurance             | 612,328                       | 600,231             | 141,884             | 146,211           | 7,770                                    | 202,023             | 203,293             | ( 1,270)                                      |
| Engineering/ liability insurance | 43,589                        | 43,768              | 1,307               | 1,320             | ( 192)                                   | 10,826              | 13,881              | ( 3,055)                                      |
| Accident/ health insurance       | 121,349                       | 102,591             | -                   | -                 | 18,758                                   | 32,340              | 34,542              | ( 2,202)                                      |
| Others                           | 17,237                        | 22,609              | 99                  | 91                | ( 5,364)                                 | 5,799               | 7,940               | ( 2,141)                                      |
|                                  | <u>806,830</u>                | <u>780,023</u>      | <u>143,290</u>      | <u>147,794</u>    | <u>22,303</u>                            | <u>252,426</u>      | <u>261,374</u>      | <u>( 8,948)</u>                               |
|                                  | <u>\$ 2,997,971</u>           | <u>\$ 2,576,072</u> | <u>\$ 200,123</u>   | <u>\$ 237,121</u> | <u>\$ 384,901</u>                        | <u>\$ 1,044,947</u> | <u>\$ 904,079</u>   | <u>\$ 140,868</u>                             |

#### Changes in claim reserves and ceded claim reserves:

| 2023                             |                     |                     |
|----------------------------------|---------------------|---------------------|
| Item                             | Claim reserve       | Ceded claim reserve |
| Opening amount                   | \$ 3,198,094        | \$ 1,044,947        |
| Provisions in the current period | 3,889,884           | 1,524,494           |
| Recoveries in the current period | ( 3,198,094)        | ( 1,044,947)        |
| Closing amount                   | <u>\$ 3,889,884</u> | <u>\$ 1,524,494</u> |

|                                  | 2022                |                     |
|----------------------------------|---------------------|---------------------|
| Item                             | Claim reserve       | Ceded claim reserve |
| Opening amount                   | \$ 2,813,193        | \$ 904,079          |
| Provisions in the current period | 3,198,094           | 1,044,947           |
| Recoveries in the current period | ( 2,813,193 )       | ( 904,079 )         |
| Closing amount                   | <u>\$ 3,198,094</u> | <u>\$ 1,044,947</u> |

(4) Special claim reserve

1. Details of special claim reserve:

| Nature         | Insurance category                                                | December 31, 2023   | December 31, 2022   |
|----------------|-------------------------------------------------------------------|---------------------|---------------------|
| Major incident | Commercial earthquake insurance                                   | \$ 74,976           | \$ 78,922           |
|                | Typhoon and flood insurance                                       | <u>52,504</u>       | <u>55,267</u>       |
|                |                                                                   | <u>127,480</u>      | <u>134,189</u>      |
| Change of risk | Mandatory automobile liabilities insurance for private vehicle    | 207,199             | 192,133             |
|                | Mandatory automobile liabilities insurance for commercial vehicle | ( 63,978 )          | ( 73,518 )          |
|                | Mandatory liabilities insurance for motorcycle                    | 545,604             | 530,931             |
|                | Nuclear risks insurance                                           | 74,687              | 74,687              |
|                | Commercial earthquake insurance                                   | 587,411             | 587,411             |
|                | Typhoon and flood insurance                                       | 184,082             | 184,082             |
|                | Government-sponsored earthquake insurance policy                  | 197,532             | 197,532             |
|                | Micro insurance for electrical vehicles                           | ( 419 )             | ( 584 )             |
|                |                                                                   | <u>1,732,956</u>    | <u>1,692,674</u>    |
|                |                                                                   | <u>\$ 1,860,436</u> | <u>\$ 1,826,863</u> |

2. Details of special claim reserve - mandatory automobile/motorcycle liabilities insurance:

| Item                             | 2023              | 2022              |
|----------------------------------|-------------------|-------------------|
| Opening amount                   | \$ 648,962        | \$ 566,039        |
| Provisions in the current period | 40,282            | 83,524            |
| Recoveries in the current period | ( - )             | ( 601 )           |
| Closing amount                   | <u>\$ 689,244</u> | <u>\$ 648,962</u> |

3. Special claim reserve - voluntary automobile/motorcycle liabilities insurance

| Item                             | 2023                            |                     |                     | 2022              |                     |                     |
|----------------------------------|---------------------------------|---------------------|---------------------|-------------------|---------------------|---------------------|
|                                  | Special claim reserve liability |                     | Total               | Special reserve   |                     | Total               |
|                                  | Major incident                  | Change of risk      |                     | Major incident    | Change of risk      |                     |
| Opening amount                   | \$ 134,189                      | \$ 1,043,712        | \$ 1,177,901        | \$ 789,968        | \$ 1,514,926        | \$ 2,304,894        |
| Provisions in the current period | -                               | -                   | -                   | 83,147            | 175,093             | 258,240             |
| Recoveries in the current period | ( 6,709 )                       | -                   | ( 6,709 )           | -                 | ( 32,247 )          | ( 32,247 )          |
| Closing amount                   | <u>\$ 127,480</u>               | <u>\$ 1,043,712</u> | <u>\$ 1,171,192</u> | <u>\$ 873,115</u> | <u>\$ 1,657,772</u> | <u>\$ 2,530,887</u> |

  

| Item                             | 2023                            |                     |                     | 2022              |                     |                     |
|----------------------------------|---------------------------------|---------------------|---------------------|-------------------|---------------------|---------------------|
|                                  | Special claim reserve liability |                     | Total               | Special reserve   |                     | Total               |
|                                  | Major incident                  | Change of risk      |                     | Major incident    | Change of risk      |                     |
| Opening amount                   | \$ 140,899                      | \$ 1,043,712        | \$ 1,184,611        | \$ 710,427        | \$ 1,373,742        | \$ 2,084,169        |
| Provisions in the current period | -                               | -                   | -                   | 79,541            | 165,225             | 244,766             |
| Recoveries in the current period | ( 6,710 )                       | -                   | ( 6,710 )           | -                 | ( 24,041 )          | ( 24,041 )          |
| Closing amount                   | <u>\$ 134,189</u>               | <u>\$ 1,043,712</u> | <u>\$ 1,177,901</u> | <u>\$ 789,968</u> | <u>\$ 1,514,926</u> | <u>\$ 2,304,894</u> |

Note 1: "Notes on Major Disaster Reserve Enhancement for Non-life Insurance Companies" issued by the competent authority in Jin-Guan-Bao-Cai-Zi No. 11101405951 dated June 30, 2022 permitted the reclassification of special claim reserves for major incidents to special claim reserves for change of risk. The Company had yet to make full provision of special claim reserves for commercial earthquake and typhoon/flood insurance at that time. It was therefore unable to reclassify balances to special reserves.

Note 2: If the Company had not adopted "Notes on Major Disaster Reserve Enhancement, Notes on Residential Earthquake Coinsurance Members' Reserves, and Rules on Nuclear Risks Insurance Reserves for Non-life Insurance Companies", the amount of Insurance liability - special claim reserve would have decreased by NT\$936,954 thousand (net of NT\$234,239 thousand tax impact) against an increase in special reserve of the same amount as of December 31, 2023; meanwhile, net income for the period from January 1 to December 31, 2023 would have fallen by NT\$5,368 thousand and earnings per share would have reduced by NT\$0.02.

- (5) Deficiency reserve  
Details of deficiency reserve:

| Insurance category | December 31, 2022  |                     |                                       |                                       |
|--------------------|--------------------|---------------------|---------------------------------------|---------------------------------------|
|                    | Deficiency reserve |                     | Deficiency reserve for ceded coverage | Retained insurance<br>(4)=(1)+(2)-(3) |
|                    | Direct insurance   | Assumed reinsurance | Ceded reinsurance                     |                                       |
|                    | (1)                | (2)                 | (Note)(3)                             |                                       |
| Aviation Insurance | \$ 1,017           | \$ -                | \$ -                                  | \$ 1,017                              |

Note: Deficiency reserve for ceded coverage is presented under reinsurance contract assets.

- (6) Retained earned premium revenue

The following shows the amount and calculation of retained earned gross premiums for the Company's mandatory and voluntary automobile liabilities insurance in 2023:

| Insurance category                         | Premium revenues<br>(1) | Reinsurance Premium<br>(2) | Reinsurance premiums expense<br>(3) | Retained premium<br>(4)=(1)+(2)-(3) |
|--------------------------------------------|-------------------------|----------------------------|-------------------------------------|-------------------------------------|
| Mandatory automobile liabilities insurance | \$ 826,589              | \$ 267,852                 | \$ 344,780                          | \$ 749,661                          |
| Voluntary automobile liabilities insurance | <u>7,808,673</u>        | <u>157,099</u>             | <u>1,850,039</u>                    | <u>6,115,733</u>                    |
|                                            | <u>\$ 8,635,262</u>     | <u>\$ 424,951</u>          | <u>\$ 2,194,819</u>                 | <u>\$ 6,865,394</u>                 |

For the voluntary automobile liabilities insurance, a sum of NT\$15,617 thousand was contributed to the stabilization fund using applicable percentages in 2023.

| Insurance category                         | Direct written insurance unearned premium reserve |                     | Assumed reinsurance unearned premium reserve |                   | Net change in unearned premium reserve<br>(9)=(5)-(6) |
|--------------------------------------------|---------------------------------------------------|---------------------|----------------------------------------------|-------------------|-------------------------------------------------------|
|                                            | Provisions (5)                                    | Recoveries (6)      | Provisions (7)                               | Recoveries (8)    | +(7)-(8)                                              |
|                                            |                                                   |                     |                                              |                   |                                                       |
| Mandatory automobile liabilities insurance | \$ 317,377                                        | \$ 317,645          | \$ 151,127                                   | \$ 150,591        | \$ 268                                                |
| Voluntary automobile liabilities insurance | <u>3,883,976</u>                                  | <u>3,600,719</u>    | <u>72,257</u>                                | <u>76,581</u>     | <u>278,933</u>                                        |
|                                            | <u>\$ 4,201,353</u>                               | <u>\$ 3,918,364</u> | <u>\$ 223,384</u>                            | <u>\$ 227,172</u> | <u>\$ 279,201</u>                                     |

| Item                                       | Ceded reinsurance unearned premium reserve |                   | Net change in ceded unearned premium reserve | Retained earned gross premium |
|--------------------------------------------|--------------------------------------------|-------------------|----------------------------------------------|-------------------------------|
|                                            | Provisions (10)                            | Recoveries (11)   | (12)= (10)-(11)                              | (13)= (4)-(9)+(12)            |
| Mandatory automobile liabilities insurance | \$ 190,445                                 | \$ 190,601        | ( \$ 156 )                                   | \$ 749,237                    |
| Voluntary automobile liabilities insurance | 845,209                                    | 780,773           | 64,436                                       | 5,901,236                     |
|                                            | <u>\$ 1,035,654</u>                        | <u>\$ 971,374</u> | <u>\$ 64,280</u>                             | <u>\$ 6,650,473</u>           |

The following shows the amount and calculation of retained earned gross premiums for the Company's mandatory and voluntary automobile liabilities insurance in 2022:

| Insurance category                         | Premium revenues (1) | Reinsurance Premium (2) | Reinsurance premiums expense (3) | Retained premium (4)=(1)+(2)-(3) |
|--------------------------------------------|----------------------|-------------------------|----------------------------------|----------------------------------|
| Mandatory automobile liabilities insurance | \$ 817,470           | \$ 267,286              | \$ 344,117                       | \$ 740,639                       |
| Voluntary automobile liabilities insurance | 7,087,480            | 162,197                 | 1,605,102                        | 5,644,575                        |
|                                            | <u>\$ 7,904,950</u>  | <u>\$ 429,483</u>       | <u>\$ 1,949,219</u>              | <u>\$ 6,385,214</u>              |

For the voluntary automobile liabilities insurance, a sum of NT\$13,436 thousand was contributed to the stabilization fund using applicable percentages in 2022.

| Insurance category                         | Direct written insurance unearned premium reserve |                     | Assumed reinsurance unearned premium reserve |                   | Net change in unearned premium reserve |
|--------------------------------------------|---------------------------------------------------|---------------------|----------------------------------------------|-------------------|----------------------------------------|
|                                            | Provisions (5)                                    | Recoveries (6)      | Provisions (7)                               | Recoveries (8)    | (9)=(5)-(6)                            |
| Mandatory automobile liabilities insurance | \$ 317,645                                        | \$ 314,398          | \$ 150,591                                   | \$ 146,725        | \$ 7,113                               |
| Voluntary automobile liabilities insurance | 3,600,718                                         | 3,476,937           | 76,582                                       | 73,278            | 127,085                                |
|                                            | <u>\$ 3,918,363</u>                               | <u>\$ 3,791,335</u> | <u>\$ 227,173</u>                            | <u>\$ 220,003</u> | <u>\$ 134,198</u>                      |

| Item                                       | Ceded reinsurance unearned premium reserve |                   | Net change in ceded unearned premium reserve | Retained earned gross premium |
|--------------------------------------------|--------------------------------------------|-------------------|----------------------------------------------|-------------------------------|
|                                            | Provisions (10)                            | Recoveries (11)   | (12)= (10)-(11)                              | (13)= (4)-(9)+(12)            |
| Mandatory automobile liabilities insurance | \$ 190,601                                 | \$ 188,653        | \$ 1,948                                     | \$ 735,474                    |
| Voluntary automobile liabilities insurance | <u>780,773</u>                             | <u>756,107</u>    | <u>24,666</u>                                | <u>5,542,156</u>              |
|                                            | <u>\$ 971,374</u>                          | <u>\$ 944,760</u> | <u>\$ 26,614</u>                             | <u>\$ 6,277,630</u>           |

(7) Retained claims

The following shows the amount and calculation of retained claims for the Company's mandatory and voluntary automobile liabilities insurance as of December 31, 2023:

| Insurance category                         | Insurance claims (including claim-related expenses)<br>(1) | Claims paid for reinsurance<br>(2) | Claims recovered from reinsurers<br>(3) | Retained claims<br>(4)=(1)+(2)–(3) |
|--------------------------------------------|------------------------------------------------------------|------------------------------------|-----------------------------------------|------------------------------------|
| Mandatory automobile liabilities insurance | \$ 533,011                                                 | \$ 251,849                         | \$ 317,886                              | \$ 466,974                         |
| Voluntary automobile liabilities insurance | <u>3,856,773</u>                                           | <u>40,677</u>                      | <u>846,488</u>                          | <u>3,050,962</u>                   |
|                                            | <u>\$ 4,389,784</u>                                        | <u>\$ 292,526</u>                  | <u>\$ 1,164,374</u>                     | <u>\$ 3,517,936</u>                |

The following shows the amount and calculation of retained claims for the Company's mandatory and voluntary automobile liabilities insurance as of December 31, 2022:

| Insurance category                         | Insurance claims (including claim-related expenses)<br>(1) | Claims paid for reinsurance<br>(2) | Claims recovered from reinsurers<br>(3) | Retained claims<br>(4)=(1)+(2)–(3) |
|--------------------------------------------|------------------------------------------------------------|------------------------------------|-----------------------------------------|------------------------------------|
| Mandatory automobile liabilities insurance | \$ 469,902                                                 | \$ 245,873                         | \$ 276,814                              | \$ 438,961                         |
| Voluntary automobile liabilities insurance | <u>3,242,625</u>                                           | <u>50,653</u>                      | <u>543,764</u>                          | <u>2,749,514</u>                   |
|                                            | <u>\$ 3,712,527</u>                                        | <u>\$ 296,526</u>                  | <u>\$ 820,578</u>                       | <u>\$ 3,188,475</u>                |

## (8) Policyholders' reported claims liability

Policyholders' reported and paid/unpaid and unreported claims liability:

December 31, 2023

| Insurance category               | Insurance claims payable | Claim reserves        |                     |                     |
|----------------------------------|--------------------------|-----------------------|---------------------|---------------------|
|                                  | Reported and paid        | Reported but not paid | Not reported        | Total               |
| Fire Insurance                   | \$ -                     | \$ 1,157,321          | \$ 4,867            | \$ 1,162,188        |
| Marine insurance                 | -                        | 45,702                | 44,214              | 89,916              |
| Automobile Insurance             | -                        | 1,308,251             | 798,779             | 2,107,030           |
| Engineering/ liability insurance | -                        | 270,794               | 55,915              | 326,709             |
| Accident/ health insurance       | -                        | 20,396                | 139,189             | 159,585             |
| Other insurance                  | -                        | 30,587                | 13,869              | 44,456              |
|                                  | <u>\$ -</u>              | <u>\$ 2,833,051</u>   | <u>\$ 1,056,833</u> | <u>\$ 3,889,884</u> |

December 31, 2022

| Insurance category               | Insurance claims payable | Claim reserves        |                   |                     |
|----------------------------------|--------------------------|-----------------------|-------------------|---------------------|
|                                  | Reported and paid        | Reported but not paid | Not reported      | Total               |
| Fire Insurance                   | \$ -                     | \$ 743,436            | \$ 3,776          | \$ 747,212          |
| Marine insurance                 | -                        | 47,019                | 8,551             | 55,570              |
| Automobile Insurance             | -                        | 1,107,857             | 754,212           | 1,862,069           |
| Engineering/ liability insurance | -                        | 289,190               | 44,896            | 334,086             |
| Accident/ health insurance       | -                        | 34,414                | 121,349           | 155,763             |
| Other insurance                  | -                        | 26,058                | 17,336            | 43,394              |
|                                  | <u>\$ -</u>              | <u>\$ 2,247,974</u>   | <u>\$ 950,120</u> | <u>\$ 3,198,094</u> |

Reinsurance contract asset - claims recoverable from reinsurers for obligatory payments made to policyholders

| Insurance category               | December 31, 2023 | December 31, 2022 |
|----------------------------------|-------------------|-------------------|
|                                  | Actual payments   | Actual payments   |
| Fire Insurance                   | \$ 13,851         | \$ 4,298          |
| Marine insurance                 | 19,392            | 122               |
| Automobile Insurance             | 94,861            | 77,272            |
| Engineering/ liability insurance | 14,694            | 9,552             |
| Accident/ health insurance       | 29,185            | 24,953            |
| Other insurance                  | 833               | 903               |
| Subtotal                         | 172,816           | 117,100           |
| Less: loss provisions            | ( 898 )           | ( 600 )           |
| Net amount                       | <u>\$ 171,918</u> | <u>\$ 116,500</u> |

Reinsurance contract asset - please refer to Note 37(3) for the amount of ceded claim reserve provided on policyholders' reported and unpaid and unreported claims liability.

(9) Retention limits by insurance category

| Insurance category                                        | 2023       | 2022       |
|-----------------------------------------------------------|------------|------------|
| Fire Insurance                                            | \$ 250,000 | \$ 250,000 |
| Engineering insurance                                     | 250,000    | 250,000    |
| Liabilities insurance                                     | 150,000    | 150,000    |
| Cargo insurance                                           | 75,000     | 75,000     |
| Marine hull insurance                                     | 60,000     | 60,000     |
| Shipping vessel insurance                                 | 60,000     | 60,000     |
| Automobile hull insurance                                 | 20,000     | 20,000     |
| Automobile third-party liability Insurance (per incident) | 202,400    | 202,400    |
| Automobile passenger liability Insurance (per incident)   | 644,000    | 644,000    |
| Personal accident insurance                               | 30,000     | 30,000     |
| Health Insurance                                          | 2,000      | 2,000      |

(10) Acquisition costs for insurance contracts

| Insurance category               | 2023                |                   |                                |                     |
|----------------------------------|---------------------|-------------------|--------------------------------|---------------------|
|                                  | Commission Expenses | Service Charges   | Reinsurance commission expense | Total               |
| Fire Insurance                   | \$ 102,076          | \$ -              | \$ 1,606                       | \$ 103,682          |
| Marine insurance                 | 56,250              | -                 | 349                            | 56,599              |
| Automobile Insurance             | 798,681             | 134,931           | -                              | 933,612             |
| Engineering/ liability insurance | 59,189              | -                 | 17,917                         | 77,106              |
| Accident/ health insurance       | 125,855             | -                 | -                              | 125,855             |
| Other insurance                  | 27,515              | -                 | 982                            | 28,497              |
|                                  | <u>\$ 1,169,566</u> | <u>\$ 134,931</u> | <u>\$ 20,854</u>               | <u>\$ 1,325,351</u> |

  

| Insurance category               | 2022                |                   |                                |                     |
|----------------------------------|---------------------|-------------------|--------------------------------|---------------------|
|                                  | Commission Expenses | Service Charges   | Reinsurance commission expense | Total               |
| Fire Insurance                   | \$ 83,681           | \$ -              | \$ 3,408                       | \$ 87,089           |
| Marine insurance                 | 51,030              | -                 | 362                            | 51,392              |
| Automobile Insurance             | 734,093             | 129,912           | 5                              | 864,010             |
| Engineering/ liability insurance | 53,623              | -                 | 12,706                         | 66,329              |
| Accident/ health insurance       | 131,233             | -                 | 20                             | 131,253             |
| Other insurance                  | 26,532              | -                 | 2,574                          | 29,106              |
|                                  | <u>\$ 1,080,192</u> | <u>\$ 129,912</u> | <u>\$ 19,075</u>               | <u>\$ 1,229,179</u> |

None of the insurance contract acquisition cost above was recognized on a deferred basis.

(11) Insurance profitability analysis  
Profitability analysis for direct underwritten insurance:

| 2023                             |                         |                                               |                                                  |                                                            |                                     |                                                       |
|----------------------------------|-------------------------|-----------------------------------------------|--------------------------------------------------|------------------------------------------------------------|-------------------------------------|-------------------------------------------------------|
| Insurance category               | Premium revenues<br>(1) | Net change in unearned premium reserve<br>(2) | Acquisition costs for insurance contracts<br>(3) | Insurance claims (including claim-related expenses)<br>(4) | Net change in claim reserves<br>(5) | Profit (loss) on insurance<br>(6)=(1)-(2)-(3)-(4)-(5) |
| Fire Insurance                   | \$ 1,197,246            | \$ 69,065                                     | \$ 102,076                                       | \$ 469,117                                                 | \$ 414,097                          | \$ 142,891                                            |
| Marine insurance                 | 442,771                 | ( 1,965 )                                     | 56,250                                           | 221,433                                                    | 34,346                              | 132,707                                               |
| Automobile Insurance             | 5,602,049               | 160,887                                       | 933,612                                          | 3,121,729                                                  | 243,590                             | 1,142,231                                             |
| Engineering/ liability insurance | 451,543                 | 46,167                                        | 59,189                                           | 205,060                                                    | ( 8,251 )                           | 149,378                                               |
| Accident/ health insurance       | 581,092                 | ( 24,451 )                                    | 125,855                                          | 345,864                                                    | 3,822                               | 130,002                                               |
| Other insurance                  | <u>360,561</u>          | <u>33,287</u>                                 | <u>27,515</u>                                    | <u>26,581</u>                                              | <u>919</u>                          | <u>272,259</u>                                        |
|                                  | <u>\$ 8,635,262</u>     | <u>\$ 282,990</u>                             | <u>\$ 1,304,497</u>                              | <u>\$ 4,389,784</u>                                        | <u>\$ 688,523</u>                   | <u>\$ 1,969,468</u>                                   |

  

| 2022                             |                         |                                               |                                                  |                                                            |                                     |                                                       |
|----------------------------------|-------------------------|-----------------------------------------------|--------------------------------------------------|------------------------------------------------------------|-------------------------------------|-------------------------------------------------------|
| Insurance category               | Premium revenues<br>(1) | Net change in unearned premium reserve<br>(2) | Acquisition costs for insurance contracts<br>(3) | Insurance claims (including claim-related expenses)<br>(4) | Net change in claim reserves<br>(5) | Profit (loss) on insurance<br>(6)=(1)-(2)-(3)-(4)-(5) |
| Fire Insurance                   | \$ 966,100              | ( \$ 7,831 )                                  | \$ 83,681                                        | \$ 250,518                                                 | \$ 168,602                          | \$ 471,130                                            |
| Marine insurance                 | 415,702                 | 1,572                                         | 51,030                                           | 135,864                                                    | 19,950                              | 207,286                                               |
| Automobile Insurance             | 5,239,195               | 125,023                                       | 864,005                                          | 2,803,820                                                  | 208,143                             | 1,238,204                                             |
| Engineering/ liability insurance | 406,507                 | 12,063                                        | 53,623                                           | 132,125                                                    | 8,355                               | 200,341                                               |
| Accident/ health insurance       | 588,556                 | ( 29,122 )                                    | 131,233                                          | 331,782                                                    | 34,637                              | 120,026                                               |
| Other insurance                  | <u>288,890</u>          | <u>25,323</u>                                 | <u>26,532</u>                                    | <u>58,418</u>                                              | <u>( 17,788 )</u>                   | <u>196,405</u>                                        |
|                                  | <u>\$ 7,904,950</u>     | <u>\$ 127,028</u>                             | <u>\$ 1,210,104</u>                              | <u>\$ 3,712,527</u>                                        | <u>\$ 421,899</u>                   | <u>\$ 2,433,392</u>                                   |

Profitability analysis for assumed reinsurance:

| 2023                             |                            |                                               |                                       |                                    |                                     |                                                                 |
|----------------------------------|----------------------------|-----------------------------------------------|---------------------------------------|------------------------------------|-------------------------------------|-----------------------------------------------------------------|
| Insurance category               | Reinsurance Premium<br>(1) | Net change in unearned premium reserve<br>(2) | Reinsurance commission expense<br>(3) | Claims paid for reinsurance<br>(4) | Net change in claim reserves<br>(5) | Profit (loss) on assumed reinsurance<br>(6)=(1)-(2)-(3)-(4)-(5) |
| Fire Insurance                   | \$ 58,902                  | ( \$ 9,079 )                                  | \$ 1,606                              | \$ 2,428                           | \$ 879                              | \$ 63,068                                                       |
| Marine insurance                 | 5,705                      | ( 495 )                                       | 349                                   | 92                                 | -                                   | 5,759                                                           |
| Automobile Insurance             | 267,852                    | 512                                           | -                                     | 251,849                            | 1,371                               | 14,120                                                          |
| Engineering/ liability insurance | 71,583                     | 10,022                                        | 17,917                                | 20,111                             | 874                                 | 22,659                                                          |
| Accident/ health insurance       | 5,396                      | ( 263 )                                       | -                                     | 2,722                              | -                                   | 2,937                                                           |
| Other insurance                  | <u>15,513</u>              | <u>( 4,486 )</u>                              | <u>982</u>                            | <u>15,324</u>                      | <u>143</u>                          | <u>3,550</u>                                                    |
|                                  | <u>\$ 424,951</u>          | <u>( \$ 3,789 )</u>                           | <u>\$ 20,854</u>                      | <u>\$ 292,526</u>                  | <u>\$ 3,267</u>                     | <u>\$ 112,093</u>                                               |

| 2022                             |                         |                                            |                                    |                                 |                                  |                                                              |
|----------------------------------|-------------------------|--------------------------------------------|------------------------------------|---------------------------------|----------------------------------|--------------------------------------------------------------|
| Insurance category               | Reinsurance Premium (1) | Net change in unearned premium reserve (2) | Reinsurance commission expense (3) | Claims paid for reinsurance (4) | Net change in claim reserves (5) | Profit (loss) on assumed reinsurance (6)=(1)-(2)-(3)-(4)-(5) |
| Fire Insurance                   | \$ 74,549               | ( \$ 2,143 )                               | \$ 3,408                           | \$ 284                          | ( \$ 623 )                       | \$ 73,623                                                    |
| Marine insurance                 | 5,957                   | ( 61 )                                     | 362                                | 177                             | ( 54 )                           | 5,533                                                        |
| Automobile Insurance             | 267,315                 | 3,890                                      | 5                                  | 245,873                         | ( 2,344 )                        | 19,891                                                       |
| Engineering/ liability insurance | 52,217                  | 4,855                                      | 12,706                             | 14,170                          | 421                              | 20,065                                                       |
| Accident/ health insurance       | 5,800                   | 729                                        | 20                                 | 1,506                           | -                                | 3,545                                                        |
| Other insurance                  | <u>23,645</u>           | <u>( 100 )</u>                             | <u>2,574</u>                       | <u>34,516</u>                   | <u>( 34,398 )</u>                | <u>21,053</u>                                                |
|                                  | <u>\$ 429,483</u>       | <u>\$ 7,170</u>                            | <u>\$ 19,075</u>                   | <u>\$ 296,526</u>               | <u>( \$ 36,998 )</u>             | <u>\$ 143,710</u>                                            |

Current profit/loss recognized on ceded insurance contracts:

| 2023                             |                                  |                                                  |                                     |                                      |                                       |                                                            |
|----------------------------------|----------------------------------|--------------------------------------------------|-------------------------------------|--------------------------------------|---------------------------------------|------------------------------------------------------------|
| Insurance category               | Reinsurance premiums expense (1) | Net change in ceded unearned premium reserve (2) | Reinsurance commission revenues (3) | Claims recovered from reinsurers (4) | Net change in ceded claim reserve (5) | (Profit) loss on ceded reinsurance (6)=(1)-(2)-(3)-(4)-(5) |
| Fire Insurance                   | \$ 670,216                       | \$ 12,453                                        | \$ 31,372                           | \$ 264,430                           | \$ 368,788                            | ( \$ 6,827 )                                               |
| Marine insurance                 | 96,830                           | ( 3,538 )                                        | 12,936                              | 79,605                               | 40,525                                | ( 32,698 )                                                 |
| Automobile Insurance             | 829,654                          | 17,914                                           | 184,651                             | 585,985                              | 52,404                                | ( 11,300 )                                                 |
| Engineering/ liability insurance | 219,295                          | 25,865                                           | 56,269                              | 118,612                              | 6,755                                 | 11,794                                                     |
| Accident/ health insurance       | 159,004                          | ( 13,638 )                                       | 33,102                              | 109,478                              | 11,183                                | 18,879                                                     |
| Other insurance                  | <u>219,820</u>                   | <u>25,224</u>                                    | <u>13,235</u>                       | <u>6,264</u>                         | <u>( 108 )</u>                        | <u>175,205</u>                                             |
|                                  | <u>\$ 2,194,819</u>              | <u>\$ 64,280</u>                                 | <u>\$ 331,565</u>                   | <u>\$ 1,164,374</u>                  | <u>\$ 479,547</u>                     | <u>\$ 155,053</u>                                          |

| 2022                             |                                  |                                                  |                                     |                                      |                                       |                                                            |
|----------------------------------|----------------------------------|--------------------------------------------------|-------------------------------------|--------------------------------------|---------------------------------------|------------------------------------------------------------|
| Insurance category               | Reinsurance premiums expense (1) | Net change in ceded unearned premium reserve (2) | Reinsurance commission revenues (3) | Claims recovered from reinsurers (4) | Net change in ceded claim reserve (5) | (Profit) loss on ceded reinsurance (6)=(1)-(2)-(3)-(4)-(5) |
| Fire Insurance                   | \$ 529,796                       | \$ 11,756                                        | \$ 22,182                           | \$ 90,781                            | \$ 130,102                            | \$ 274,975                                                 |
| Marine insurance                 | 102,067                          | ( 3,229 )                                        | 13,027                              | 11,007                               | 48                                    | 81,214                                                     |
| Automobile Insurance             | 790,816                          | 17,652                                           | 150,896                             | 517,680                              | 22,146                                | 82,442                                                     |
| Engineering/ liability insurance | 199,583                          | ( 469 )                                          | 48,419                              | 59,392                               | ( 3,838 )                             | 96,079                                                     |
| Accident/ health insurance       | 171,589                          | ( 21,420 )                                       | 52,243                              | 115,198                              | ( 1,568 )                             | 27,136                                                     |
| Other insurance                  | <u>155,368</u>                   | <u>22,324</u>                                    | <u>14,239</u>                       | <u>26,520</u>                        | <u>( 6,022 )</u>                      | <u>98,307</u>                                              |
|                                  | <u>\$ 1,949,219</u>              | <u>\$ 26,614</u>                                 | <u>\$ 301,006</u>                   | <u>\$ 820,578</u>                    | <u>\$ 140,868</u>                     | <u>\$ 660,153</u>                                          |

(12) Information on insurance risks

1. Sensitivity analysis for insurance risks

The Company conducts sensitivity analysis on major assumptions that have the potential to affect claim reserves, such as average cost of claim, claim-related expenses and number of claim cases. Impacts on claim reserves are established by making reasonable and possible changes to one assumption while holding other major assumptions constant. For example, a change to the variable "average cost of claim" would result in a proportional change in claim reserves. Detailed analysis is presented below:

| December 31, 2023         |                                                          |                                                        |                                                    |                                                            |
|---------------------------|----------------------------------------------------------|--------------------------------------------------------|----------------------------------------------------|------------------------------------------------------------|
| Single-variable Variation | Effect on gross claims reserve<br>Increase<br>(decrease) | Effect on net claims reserve<br>Increase<br>(decrease) | Effect on pre-tax profit<br>Increase<br>(decrease) | Pre-tax effect on owners' equity<br>Increase<br>(decrease) |
| Average cost of claim     | 5%                                                       | \$ 163,441                                             | \$ 99,934                                          | ( \$ 99,934 )                                              |

Note: The above analysis does not include mandatory automobile liabilities insurance, nuclear risks insurance, and government-regulated earthquake insurance.

2. Explanation to concentration of insurance risks

The Company sets retention limits depending on the risks associated with individual insurance categories. Risks are transferred away through the use of reinsurance, which reduces concentration of insurance risks and the impacts they have on the Company. Risk concentration by business category is explained below:

| Insurance category               | 2023                    |               | 2023                                |               |
|----------------------------------|-------------------------|---------------|-------------------------------------|---------------|
|                                  | Direct written premiums | %             | Cumulative retained premiums (Note) | %             |
| Fire Insurance                   | \$ 1,197,246            | 13.86         | \$ 585,932                          | 8.53          |
| Marine insurance                 | 442,771                 | 5.13          | 351,646                             | 5.12          |
| Automobile Insurance             | 5,602,049               | 64.87         | 5,040,247                           | 73.42         |
| Engineering/ liability insurance | 451,543                 | 5.23          | 303,831                             | 4.43          |
| Accident/ health insurance       | 581,092                 | 6.73          | 427,484                             | 6.23          |
| Other insurance                  | <u>360,561</u>          | <u>4.18</u>   | <u>156,254</u>                      | <u>2.27</u>   |
|                                  | <u>\$ 8,635,262</u>     | <u>100.00</u> | <u>\$ 6,865,394</u>                 | <u>100.00</u> |

Note: represents the sum of premium revenue, reinsurance premium revenue and reinsurance premium expense.

### Claims trends

Trend analysis for claims on direct insurance is as follows:

| Year of accident | December 31, 2023 |               |               |               |               |               |
|------------------|-------------------|---------------|---------------|---------------|---------------|---------------|
|                  | Year count        |               |               |               |               |               |
|                  | 1                 | 2             | 3             | 4             | 5             | 6             |
| ≤2018            | \$ 41,135,981     | \$ 41,641,305 | \$ 41,649,876 | \$ 41,632,632 | \$ 41,639,201 | \$ 41,606,528 |
| 2019             | 2,878,243         | 3,097,609     | 3,130,179     | 3,146,594     | 3,153,159     |               |
| 2020             | 3,111,650         | 3,416,737     | 3,416,430     | 3,381,933     |               |               |
| 2021             | 3,021,786         | 3,166,186     | 3,137,368     |               |               |               |
| 2022             | 3,473,164         | 3,738,140     |               |               |               |               |
| 2023             | 4,250,341         |               |               |               |               |               |

Note: The above table does not include mandatory automobile liabilities insurance, nuclear risks insurance, and government-regulated earthquake insurance.

### (13) Credit risk, liquidity risk and market risk of insurance contracts

#### 1. Credit risk of insurance contracts

Reinsurance accounts with substandard counterparties of ceded coverage have been presented in regulatory reports according to Note 5 of "Substandard Reinsurance Reserve Provisioning for Insurance Companies" and disclosed in financial statements in the form of a footnote.

Below is a list of substandard reinsurance counterparties that did not meet the credit rating requirements stated in Article 8 of "Regulations Governing Insurance Enterprises Engaging in Operating Reinsurance and Other Risk Spreading Mechanisms" as of December 31, 2023:

| Reinsurance counterparty       | Insurance category                               |
|--------------------------------|--------------------------------------------------|
| Tugu Insurance Company Limited | Facultative reinsurance of marine hull insurance |
| Starstone Insurance Limited    | Facultative reinsurance of accident insurance    |

The Company has made provisions for substandard reinsurance reserves totaling NT\$36 thousand (which comprises NT\$2 thousand of ceded claim reserves for reported and unpaid liabilities and NT\$34 thousand of claims recoverable from reinsurers for obligatory payments made to policyholders that were unrecovered for less than 9 months). Liabilities and reserves increased by NT\$36 thousand, but this provision does not affect the overall presentation of the Company's financial statements, and credit risk exposure is deemed limited and tolerable.

Below is a list of substandard reinsurance counterparties that did not meet the credit rating requirements stated in Article 8 of "Regulations Governing Insurance Enterprises Engaging in Operating Reinsurance and Other Risk Spreading Mechanisms" as of December 31, 2022:

| Reinsurance counterparty       | Insurance category                                   |
|--------------------------------|------------------------------------------------------|
| ARAB Insurance Group           | Facultative reinsurance of commercial fire insurance |
| Tugu Insurance Company Limited | Facultative reinsurance of marine hull insurance     |
| Starstone Insurance Limited    | Facultative reinsurance of accident insurance        |

The Company has made provisions for substandard reinsurance reserves totaling NT\$334 thousand (which comprises NT\$320 thousand of ceded claim reserves for reported and unpaid liabilities and NT\$14 thousand of claims recoverable from reinsurers for obligatory payments made to policyholders that were unrecovered for less than 9 months). Liabilities and reserves increased by NT\$334 thousand, but this provision does not affect the overall presentation of the Company's financial statements, and credit risk exposure is deemed limited and tolerable.

2. Liquidity risk of insurance contracts

The Company manages the liquidity risk of its insurance contracts in three liquidity levels: Normal, Cautious, and Critical. The Company's liquidity position as of December 31, 2023 was considered to be at the Normal level, which posed no concern of liquidity risk.

3. Market risk of insurance contracts

None of the insurance contracts and reinsurance contracts issued or held by the Company involved any significant market risk.

(14) Assets, liabilities, revenues and costs of mandatory automobile liabilities insurance

1. Assets and liabilities of mandatory automobile liabilities insurance

| Item                                                              | Amount              |                     | Item                                        | Amount              |                     |
|-------------------------------------------------------------------|---------------------|---------------------|---------------------------------------------|---------------------|---------------------|
|                                                                   | December 31, 2023   | December 31, 2022   |                                             | December 31, 2023   | December 31, 2022   |
| <b>Assets</b>                                                     |                     |                     | <b>Liabilities</b>                          |                     |                     |
| Cash and bank deposits (Note)                                     | \$ 1,305,543        | \$ 1,248,906        | Notes payable                               | \$ 1,300            | \$ 307              |
| Notes receivable                                                  | 7,811               | 13,256              | Claims payable                              | -                   | -                   |
| Premiums receivable                                               | 11,888              | 12,113              | Claims payable to reinsurers                | -                   | -                   |
| Claims recoverable from reinsurers                                | 26,598              | 14,617              | Reinsurance accounts payable                | 60,628              | 69,200              |
| Reinsurance accounts receivable                                   | 49,501              | 50,320              | Unearned premium reserve                    | 468,504             | 468,236             |
| Other receivables                                                 | -                   | -                   | Claim reserve                               | 620,178             | 566,395             |
| Financial assets at fair value through other comprehensive income | -                   | -                   | Special claim reserve                       | 689,244             | 648,962             |
| Ceded unearned premium reserve                                    | 190,445             | 190,601             | Receipts in suspense and pending settlement | 6,276               | 151                 |
| Ceded claim reserve                                               | 254,344             | 223,450             | Other liabilities                           | -                   | 12                  |
| Payments in suspense and pending settlement                       | -                   | -                   |                                             |                     |                     |
| Other assets                                                      | -                   | -                   |                                             |                     |                     |
| <b>Total assets</b>                                               | <b>\$ 1,846,130</b> | <b>\$ 1,753,263</b> | <b>Total liabilities</b>                    | <b>\$ 1,846,130</b> | <b>\$ 1,753,263</b> |

Note: As at December 31, 2023 and 2022, NT\$389,543 thousand and NT\$532,906 thousand of which were presented as cash, while NT\$916,000 thousand and NT\$716,000 thousand of which were presented as other financial assets, respectively.

2. Revenues and costs of mandatory automobile liabilities insurance

Unit: NTD thousands

|                                                                                                                                | 2023               | 2022               |
|--------------------------------------------------------------------------------------------------------------------------------|--------------------|--------------------|
| <b>Revenue</b>                                                                                                                 |                    |                    |
| Pure premium revenues                                                                                                          | \$ 574,594         | \$ 573,499         |
| Reinsurance Premium                                                                                                            | <u>267,852</u>     | <u>267,286</u>     |
| Premium revenues                                                                                                               | 842,446            | 840,785            |
| Less: reinsurance premiums expense                                                                                             | ( 344,780)         | ( 344,117)         |
| Net change in unearned premium reserve                                                                                         | ( <u>424</u> )     | ( <u>5,165</u> )   |
| Retained Earned Premium                                                                                                        | 497,242            | 491,503            |
| Interest income                                                                                                                | <u>10,020</u>      | <u>6,108</u>       |
| Total operating revenues                                                                                                       | <u>\$ 507,262</u>  | <u>\$ 497,611</u>  |
| <b>Operating Cost</b>                                                                                                          |                    |                    |
| Insurance claims (including reinsurance claims, which amounted to NT\$251,849 thousand and NT\$245,873 thousand, respectively) | \$ 784,860         | \$ 715,775         |
| Less: Claims recovered from reinsurers                                                                                         | ( <u>317,886</u> ) | ( <u>276,814</u> ) |
| Retained claims                                                                                                                | 466,974            | 438,961            |
| Net change in claim reserves                                                                                                   | ( 22,889)          | ( 2,230)           |
| Net change in special claim reserves (Note)                                                                                    | <u>40,282</u>      | <u>82,923</u>      |
| Total operating costs                                                                                                          | <u>\$ 530,145</u>  | <u>\$ 519,654</u>  |

Note: Pursuant to Instruction Jin-Guan-Bao-Chan-Zi No. 11004107771, the Company is required to make provisions for this reserve from expenses incurred in relation to this particular service at NT\$30 per contract on a monthly basis starting from April 1, 2021.

38. Other disclosures

(1) Major transactions:

1. Acquisition of real estate properties amounting to more than NT\$100 million or 20% of paid-up capital: None.
2. Disposal of real estate properties amounting to more than NT\$100 million or 20% of paid-up capital: None.
3. Core business transactions conducted with related parties amount to more than NT\$100 million or more than 20% of paid-up capital: None.
4. Related party receivables amounting to more than NT\$100 million or 20% of paid up capital: None.
5. Trading of derivatives: None.
6. Others: None.

(2) Information on invested businesses: None.

(3) Information relating to investments and business activities in the Mainland China: None.

(4) Information of dominant shareholders:

| Unit: shares                                 |             |                                |
|----------------------------------------------|-------------|--------------------------------|
| Shareholding<br>Name of dominant shareholder | Shares held | Shareholding<br>percentage (%) |
| Chien Cheng Development Co., Ltd.            | 18,806,192  | 6.24%                          |
| OSTA Trading Co., Ltd.                       | 15,823,085  | 5.25%                          |

Note 1: Information on major shareholders, as presented in this chart, was taken from records of the Taiwan Depository & Clearing Corporation as of the final business day of the reported quarter; and included parties holding book-entry common and preferred shares (including treasury stock) for aggregate ownership of 5% and above. Share capital reported in the Company's financial statements may differ from the number of shares delivered via book entry due to different basis of preparation/calculation.

Note 2: Shareholders who placed shares under trust are disclosed based on sub-accounts under trustee's main trust account. According to the Securities and Exchange Act, shareholders with more than 10% ownership interest are subject to insider equity reporting. Insider equity includes shares held in own name and any shares placed under a trust that the insider has control over. Please access the Market Observation Post System for reports on insider equity.

39. Segment information

Non-life insurance was the Company's primary and only major business segment in 2023 and 2022, so segment-by-segment disclosure of financial information is not required.

## §LIST OF MAJOR ACCOUNTS§

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| Asset, liability and equity accounts                                                                              |                  |
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| Receivable accounts                                                                                               | Account set 2    |
| Other receivable accounts                                                                                         | Account set 3    |
| Financial asset at fair value through profit and loss accounts                                                    | Account set 4    |
| Financial asset at cost after amortization accounts                                                               | Account set 5    |
| Other financial asset accounts                                                                                    | Note 11          |
| Financial asset at fair value through other comprehensive income accounts                                         | Account set 6    |
| Investment property variation accounts                                                                            | Note 13          |
| Investment property accumulated depreciation variation accounts                                                   | Note 13          |
| Claim recoverable from reinsurers accounts                                                                        | Account set 7    |
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| Property, plant and equipment variation accounts                                                                  | Note 15          |
| Property, plant and equipment accumulated depreciation variation accounts                                         | Note 15          |
| Right-of-use asset variation accounts                                                                             | Account set 9    |
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The First Insurance Co., Ltd.  
Cash and cash equivalent accounts  
December 31, 2023

Account set 1 Unit: NTD thousands / foreign currency thousands

| Item                     | Summary                                                                                                                | Amount              |
|--------------------------|------------------------------------------------------------------------------------------------------------------------|---------------------|
| Cash                     |                                                                                                                        | \$ 757              |
| Cheque deposit           |                                                                                                                        | 733,448             |
| Demand deposit           |                                                                                                                        | 377,281             |
| Foreign currency deposit | US\$2,798, GBP\$71, HK\$628,<br>JPY\$21, EUR\$37 and<br>CNY\$27                                                        | 92,518              |
| Cash equivalents         |                                                                                                                        |                     |
| Time deposit             | Time deposits with an original<br>tenor of 3 months or lesser,<br>at the interest rate ranging<br>from 0.13% to 1.50%. | <u>183,000</u>      |
|                          |                                                                                                                        | <u>\$ 1,387,004</u> |

Note: Foreign currency deposits were valued at spot exchange rates as of the balance sheet date, which were: USD1 = NTD30.705, HKD1 = NTD3.929, GBP1 = NTD39.150, JPY1 = NTD0.217, EUR1 = NTD33.980, CNY1 = NTD4.327.

The First Insurance Co., Ltd.  
Receivable accounts  
December 31, 2023

Account set 2

Unit: NTD thousands unless specified  
otherwise

| Title                                | Summary | Amount            |
|--------------------------------------|---------|-------------------|
| Notes receivable                     |         |                   |
| Arising from business activities     |         |                   |
| Customer A                           |         | \$ 53,163         |
| Customer B                           |         | 13,459            |
| Others                               |         | <u>109,018</u>    |
|                                      |         | 175,640           |
| Arising from non-business activities |         | <u>-</u>          |
|                                      |         | 175,640           |
| Less: loss provisions                |         | ( <u>4,687</u> )  |
|                                      |         | <u>\$170,953</u>  |
| Premiums receivable                  |         |                   |
| Customer C                           |         | \$ 21,545         |
| Customer D                           |         | 13,000            |
| Others                               |         | <u>29,325</u>     |
|                                      |         | 63,870            |
| Less: loss provisions                |         | ( <u>33,615</u> ) |
|                                      |         | <u>\$ 30,255</u>  |

The First Insurance Co., Ltd.  
Other receivable accounts  
December 31, 2023

Account set 3

Unit: NTD thousands

| <u>Item</u>           | <u>Summary</u>                                  | <u>Amount</u>    |
|-----------------------|-------------------------------------------------|------------------|
| Other receivables     | Interest receivable                             | \$ 58,700        |
|                       | Commission receivable<br>from canceled coverage | 5,190            |
|                       | Rent receivable                                 | <u>2,117</u>     |
|                       |                                                 | 66,007           |
| Less: loss provisions |                                                 | ( <u>4,393</u> ) |
|                       |                                                 | <u>\$ 61,614</u> |

Note: If the balance under each item exceeds 5% of this category, it is listed as above.

The First Insurance Co., Ltd.  
Financial asset at fair value through profit and loss accounts  
December 31, 2023

Account set 4

Unit: NTD thousands unless specified otherwise

| Name of financial instrument           | Summary                                      |                          | Shares (thousand units) / lots | Face value (\$) | Total value | Interest rate (%) | Acquisition cost    | Fair value      |                  |
|----------------------------------------|----------------------------------------------|--------------------------|--------------------------------|-----------------|-------------|-------------------|---------------------|-----------------|------------------|
|                                        | Interest payment date                        | Principal repayment date |                                |                 |             |                   |                     | Unit price (\$) | Total value      |
| TWSE/TPEX listed shares                |                                              |                          |                                |                 |             |                   |                     |                 |                  |
| Hung Sheng                             | -                                            | -                        | 15,555                         | 10              | 155,550     | -                 | \$ 611,965          | 20.25           | \$ 314,982       |
| Subtotal                               |                                              |                          |                                |                 |             |                   | <u>611,965</u>      |                 | <u>314,982</u>   |
| Fund beneficiary certificates          |                                              |                          |                                |                 |             |                   |                     |                 |                  |
| Yuanta De- Bao Money Market Fund       | -                                            | -                        | 24,345                         | 10              | 243,450     | -                 | 299,197             | 12.35           | 300,589          |
| FSITC Money Market Fund                | -                                            | -                        | 1,641                          | 100             | 164,100     | -                 | 299,458             | 183.17          | 300,541          |
| Hua Nan Kirin Money Market Fund        | -                                            | -                        | 16,315                         | 10              | 163,150     | -                 | 199,924             | 12.30           | 200,680          |
| Union Money Market Fund                | -                                            | -                        | 22,217                         | 10              | 222,170     | -                 | 299,312             | 13.58           | 301,592          |
| SinoPac TWD Money Market Fund          | -                                            | -                        | 21,152                         | 10              | 211,520     |                   | 300,000             | 14.30           | 302,491          |
| Yuanta Japan Leaders Equity Fund       | -                                            | -                        | 5,018                          | 10              | 50,180      |                   | 50,000              | 10.03           | 50,333           |
| Yuanta U.S. Treasury 20+ Year Bond ETF | -                                            | -                        | 203                            | 10              | 2,030       |                   | 6,240               | 30.85           | 6,262            |
| Cathay U.S. Treasury 20+ Year Bond ETF | -                                            | -                        | 160                            | 10              | 1,600       |                   | <u>4,592</u>        | 31.81           | <u>5,090</u>     |
| Subtotal                               |                                              |                          |                                |                 |             |                   | <u>1,458,723</u>    |                 | <u>1,467,578</u> |
| Securitized beneficiary certificates   |                                              |                          |                                |                 |             |                   |                     |                 |                  |
| O-Bank R1                              | -                                            | -                        | 20,385                         | 10              | 203,850     | -                 | <u>191,700</u>      | 8.03            | <u>163,692</u>   |
| Subtotal                               |                                              |                          |                                |                 |             |                   | <u>191,700</u>      |                 | <u>163,692</u>   |
| Domestic bank debentures               |                                              |                          |                                |                 |             |                   |                     |                 |                  |
| Union subordinated bonds               | Interests paid once a year in July each year | No maturity date         | 1                              | 50,000          | 50,000      | 1.92%             | <u>50,000</u>       |                 | <u>49,506</u>    |
| Subtotal                               |                                              |                          |                                |                 |             |                   | <u>50,000</u>       |                 | <u>49,506</u>    |
| Plus: valuation adjustment             |                                              |                          |                                |                 |             |                   | 2,312,388           |                 | \$ 1,995,758     |
|                                        |                                              |                          |                                |                 |             |                   | ( 316,630 )         |                 |                  |
|                                        |                                              |                          |                                |                 |             |                   | <u>\$ 1,995,758</u> |                 |                  |

The First Insurance Co., Ltd.  
Financial asset at cost after amortization accounts  
December 31, 2023

Account set 5

Unit: NTD thousands unless specified otherwise

| Name of bond                                                                                 | Summary               |                             | Lots | Face value | Total value      | Interest rate (%) | Loss provisions | Unamortized premium (discount) | Book value       | Collateral |
|----------------------------------------------------------------------------------------------|-----------------------|-----------------------------|------|------------|------------------|-------------------|-----------------|--------------------------------|------------------|------------|
|                                                                                              | Interest payment date | Principal repayment date    |      |            |                  |                   |                 |                                |                  |            |
| Corporate bond                                                                               |                       |                             |      |            |                  |                   |                 |                                |                  |            |
| Unsecured subordinated ordinary corporate bond of Taishin Securities                         | January 2023          | Maturing January 10, 2030   | 1    | \$ 100,000 | \$ 100,000       | 1.35              | \$ 541          | ( \$ 6,801 )                   | \$ 92,658        | None       |
| Shinshin Credit Corporation unsecured common corporate bond                                  | April 2023            | Maturing April 12, 2026     | 1    | 100,000    | 100,000          | 1.90              | 156             | -                              | 99,844           | None       |
| CTBC Holding unsecured subordinated common corporate bond Type B                             | June 2023             | Maturing June 24, 2030      | 1    | 100,000    | 100,000          | 1.05              | 156             | -                              | 99,844           | None       |
| Nan Shan Life Insurance cumulative subordinated corporate bonds with no maturity date        | June 2023             | No maturity date            | 1    | 35,000     | 35,000           | 3.50              | 57              | 1,485                          | 36,428           | None       |
| SERCOMM unsecured common corporate bond                                                      | July 2023             | Maturing July 17, 2025      | 1    | 100,000    | 100,000          | 1.00              | 156             | -                              | 99,844           | None       |
| Taiwan Life Insurance unsecured cumulative subordinated corporate bonds                      | July 2023             | Maturing July 21, 2033      | 1    | 100,000    | 100,000          | 3.75              | 56              | -                              | 99,944           | None       |
| KGI Life Insurance unsecured cumulative subordinated corporate bonds                         | July 2023             | Maturing July 25, 2033      | 1    | 100,000    | 100,000          | 3.75              | 56              | -                              | 99,944           | None       |
| Fina Finance & Trading unsecured common corporate bond                                       | July 2023             | Maturing July 27, 2026      | 1    | 100,000    | 100,000          | 0.70              | 156             | -                              | 99,844           | None       |
| Cathay Life Insurance unsecured cumulative subordinated common corporate bonds               | August 2023           | Maturing August 1, 2033     | 1    | 100,000    | 100,000          | 3.70              | 56              | -                              | 99,944           | None       |
| Taiwan Cogeneration unsecured common corporate bond                                          | August 2023           | Maturing August 14, 2030    | 1    | 100,000    | 100,000          | 1.00              | 156             | -                              | 99,844           | None       |
| Unsecured subordinated ordinary corporate bond of SinoPac Securities                         | August 2023           | Maturing August 26, 2029    | 1    | 50,000     | 50,000           | 2.40              | 78              | -                              | 49,922           | None       |
| Fubon Life Insurance unsecured cumulative subordinated common corporate bonds - Tranche A    | September 2023        | Maturing September 5, 2033  | 1    | 100,000    | 100,000          | 3.70              | 56              | -                              | 99,944           | None       |
| UMC unsecured common corporate bond                                                          | September 2023        | Maturing September 15, 2028 | 1    | 50,000     | 50,000           | 1.62              | 28              | -                              | 49,972           | None       |
| Nan Shan Life Insurance unsecured cumulative subordinated common corporate bonds - Tranche A | October 2023          | Maturing October 26, 2033   | 1    | 100,000    | 100,000          | 3.75              | 56              | -                              | 99,944           | None       |
| Fubon Life Insurance unsecured cumulative subordinated common corporate bonds - Tranche A    | November 2023         | Maturing November 7, 2033   | 1    | 100,000    | 100,000          | 3.70              | 156             | -                              | 99,844           | None       |
| Yuanta Futures unsecured subordinated common corporate bond                                  | November 2023         | Maturing November 12, 2028  | 1    | 100,000    | 100,000          | 0.85              | 156             | -                              | 99,844           | None       |
| Cumulative subordinated corporate bonds of Mercuries Life                                    | November 2023         | No maturity date            | 1    | 30,000     | <u>30,000</u>    | 3.70              | <u>174</u>      | <u>-</u>                       | <u>29,826</u>    | None       |
|                                                                                              |                       |                             |      |            | <u>1,465,000</u> |                   | <u>2,250</u>    | ( <u>5,316</u> )               | <u>1,457,434</u> |            |

(Continued next page)

(Continued from previous page)

| Name of bond                                     | Summary               |                             | Lots | Face value | Total value         | Interest rate (%) | Loss provisions  | Unamortized premium (discount) | Book value          | Collateral |
|--------------------------------------------------|-----------------------|-----------------------------|------|------------|---------------------|-------------------|------------------|--------------------------------|---------------------|------------|
|                                                  | Interest payment date | Principal repayment date    |      |            |                     |                   |                  |                                |                     |            |
| Bank debenture                                   |                       |                             |      |            |                     |                   |                  |                                |                     |            |
| Bank Sinopac (2019) Subordinated Bond Issue 2    | January 2023          | Maturing January 25, 2029   | 1    | 100,000    | 100,000             | 1.55              | 155              | -                              | 99,845              | None       |
| Bank of Panhsin (2017) Subordinated Bond Issue 1 | March 2023            | Maturing March 22, 2024     | 1    | 110,000    | 110,000             | 2.50              | 2,165            | -                              | 107,835             | None       |
| COTA Bank (2023) Subordinated Bond Issue 1       | April 2023            | Maturing April 25, 2030     | 1    | 100,000    | 100,000             | 2.65              | 1,969            | -                              | 98,031              | None       |
| O-Bank (2023) Subordinated Bond Issue 1          | April 2023            | Maturing April 27, 2030     | 1    | 100,000    | 100,000             | 2.00              | 580              | -                              | 99,420              | None       |
| Bank of Panhsin (2019) Subordinated Bond Issue 1 | June 2023             | Maturing June 26, 2026      | 1    | 150,000    | 150,000             | 2.25              | 2,953            | -                              | 147,047             | None       |
| Bank of Panhsin (2021) Subordinated Bond Issue 1 | June 2023             | Maturing June 28, 2028      | 1    | 50,000     | 50,000              | 1.50              | 984              | -                              | 49,016              | None       |
| Sunny Bank (2022) Subordinated Bond Issue 2      | August 2023           | Maturing August 19, 2029    | 1    | \$ 100,000 | \$ 100,000          | 2.45              | \$ 580           | \$ -                           | \$ 99,420           | None       |
| O-Bank (2022) Subordinated Bond Issue 1          | September 2023        | Maturing September 27, 2029 | 1    | 100,000    | 100,000             | 2.30              | 580              | -                              | 99,420              | None       |
| Hwatai Bank (2022) Subordinated Bond Issue 1     | September 2023        | Maturing September 29, 2029 | 1    | 200,000    | 200,000             | 2.60              | 1,160            | -                              | 198,840             | None       |
| Hwatai Bank (2020) Subordinated Bond Issue 1     | September 2023        | Maturing September 30, 2027 | 1    | 50,000     | 50,000              | 1.25              | 290              | -                              | 49,710              | None       |
| Hwatai Bank (2021) Subordinated Bond Issue 1     | September 2023        | Maturing September 30, 2028 | 1    | 50,000     | 50,000              | 1.30              | 290              | -                              | 49,710              | None       |
| Bank of Panhsin (2017) Subordinated Bond Issue 5 | November 2023         | Maturing November 15, 2024  | 2    | 150,000    | 300,000             | 2.50              | 5,906            | -                              | 294,094             | None       |
| Taichung Bank (2021) Subordinated Bond Issue 1   | December 2023         | Maturing December 27, 2028  | 1    | 100,000    | <u>100,000</u>      | 1.20              | <u>580</u>       | <u>-</u>                       | <u>99,420</u>       | None       |
|                                                  |                       |                             |      |            | <u>1,510,000</u>    |                   | <u>18,192</u>    | <u>-</u>                       | <u>1,491,808</u>    |            |
|                                                  |                       |                             |      |            | <u>\$ 2,975,000</u> |                   | <u>\$ 20,442</u> | <u>( \$ 5,316 )</u>            | <u>\$ 2,949,242</u> |            |

The First Insurance Co., Ltd.  
Financial asset at fair value through other comprehensive income accounts  
December 31, 2023

Account set 6

Unit: NTD thousands unless specified otherwise

| Name of financial instrument | Summary               |                             | Shares (thousand units) / lots | Face value (\$) | Total value | Loss provisions | Valuation allowance adjustment | Acquisition cost | Fair value      |              |            |
|------------------------------|-----------------------|-----------------------------|--------------------------------|-----------------|-------------|-----------------|--------------------------------|------------------|-----------------|--------------|------------|
|                              | Interest payment date | Principal repayment date    |                                |                 |             |                 |                                |                  | Unit price (\$) | Total value  | Collateral |
| TWSE/TPEX listed shares      |                       |                             |                                |                 |             |                 |                                |                  |                 |              |            |
| Taiwan Cement                | -                     | -                           | 4,960                          | 10              | \$ 49,600   | \$ -            | ( \$ 8,521 )                   | \$ 181,377       | 34.85           | \$ 172,856   | None       |
| Nanya                        | -                     | -                           | 870                            | 10              | 8,700       | -               | ( 15,889 )                     | 73,744           | 66.5            | 57,855       | None       |
| Asia Polymer                 | -                     | -                           | 4,153                          | 10              | 41,530      | -               | ( 39,025 )                     | 136,205          | 23.4            | 97,180       | None       |
| Tahhsin                      | -                     | -                           | 964                            | 10              | 9,640       | -               | ( 26,002 )                     | 96,169           | 72.8            | 70,167       | None       |
| New Fibers                   | -                     | -                           | 3,442                          | 10              | 34,420      | -               | ( 8,166 )                      | 61,689           | 15.55           | 53,523       | None       |
| Taiwan Fertilizer            | -                     | -                           | 1,348                          | 10              | 13,480      | -               | 10,560                         | 80,565           | 67.6            | 91,125       | None       |
| CSC                          | -                     | -                           | 4,072                          | 10              | 40,720      | -               | ( 29,759 )                     | 139,704          | 27              | 109,945      | None       |
| UMC                          | -                     | -                           | 380                            | 10              | 3,800       | -               | 1,404                          | 18,584           | 52.6            | 19,988       | None       |
| Huaku                        | -                     | -                           | 1,393                          | 10              | 13,930      | -               | 3,442                          | 130,704          | 96.3            | 134,146      | None       |
| EVA                          |                       |                             | 1,400                          | 10              | 14,000      | -               | 4,903                          | 195,997          | 143.5           | 200,900      | None       |
| SinoPac Holdings             |                       |                             | 6,993                          | 10              | 69,930      | -               | 16,726                         | 121,040          | 19.7            | 137,766      | None       |
| Continental                  |                       |                             | 3,238                          | 10              | 32,380      | -               | ( 8,465 )                      | 99,776           | 28.2            | 91,311       | None       |
|                              |                       |                             |                                |                 |             | -               | ( 98,792 )                     | 1,335,554        |                 | 1,236,762    |            |
| Domestic unlisted shares     |                       |                             |                                |                 |             |                 |                                |                  |                 |              |            |
| Sunny Commercial Bank        | -                     | -                           | 107,028                        | 10              | 1,070,280   | -               | 473,584                        | 689,806          | 10.87           | 1,163,390    | None       |
| Subtotal of shares           |                       |                             |                                |                 |             | -               | 374,792                        | 2,025,360        |                 | 2,400,152    |            |
| Government bonds             |                       |                             |                                |                 |             |                 |                                |                  |                 |              |            |
| 2011 A / Issue 7             | August 2023           | Maturing August 2, 2031     | -                              | 50,000          | 50,000      | ( 13 )          | 1,532                          | 50,952           | 104.9424        | 52,471       | Note       |
| 2012 A / Issue 4             | February 2023         | Maturing February 13, 2042  | -                              | 150,000         | 150,000     | ( 47 )          | ( 12,755 )                     | 172,225          | 106.2816        | 159,423      | Note       |
| 2012 A / Issue 8             | August 2023           | Maturing August 24, 2042    | -                              | 150,000         | 150,000     | ( 44 )          | ( 3,724 )                      | 160,094          | 104.2172        | 156,326      | Note       |
| 2013 A / Issue 9             | August 2023           | Maturing 8/2/2043           | -                              | 50,000          | 48,000      | ( 15 )          | ( 1,063 )                      | 58,276           | 119.1628        | 57,198       | None       |
| 2013 A / Issue 9             | August 2023           | Maturing 8/2/2043           | -                              | 100,000         | 102,000     | ( 34 )          | ( 2,256 )                      | 123,836          | 119.1628        | 121,546      | Note       |
| 2014 A / Issue 6             | March 2023            | Maturing 3/3/2024           | -                              | 50,000          | 50,000      | ( 14 )          | 33                             | 50,015           | 100.0689        | 50,034       | None       |
| 2014 A / Issue 6             | March 2023            | Maturing 3/3/2024           | -                              | 50,000          | 50,000      | ( 14 )          | 34                             | 50,014           | 100.0689        | 50,034       | None       |
| 2014 A / Issue 13            | September 2023        | Maturing September 26, 2024 | -                              | 100,000         | 100,000     | ( 28 )          | 339                            | 100,079          | 100.3897        | 100,390      | None       |
|                              |                       |                             |                                |                 |             | ( 209 )         | ( 17,860 )                     | 765,491          |                 | 747,422      |            |
| Less: amount placed as bond  |                       |                             |                                |                 |             | -               | 17,204                         | ( 506,969 )      |                 | ( 489,765 )  |            |
| Subtotal of government bonds |                       |                             |                                |                 |             | ( 209 )         | ( 656 )                        | 258,522          |                 | 257,657      |            |
|                              |                       |                             |                                |                 |             | ( \$ 209 )      | \$ 374,136                     | \$ 2,283,882     |                 | \$ 2,657,809 |            |

Note: Pledged as operating bond.

The First Insurance Co., Ltd.  
Claim recoverable from reinsurers accounts  
December 31, 2023

Account set 7

Unit: NTD thousands

| Item                                                              | Summary | Amount            |
|-------------------------------------------------------------------|---------|-------------------|
| General automobile hull insurance<br>for private vehicle          |         | \$ 35,770         |
| Personal accident insurance                                       |         | 29,139            |
| General liabilities insurance for<br>private vehicle              |         | 29,015            |
| Freight insurance                                                 |         | 17,879            |
| Mandatory automobile liabilities<br>insurance for private vehicle |         | 17,469            |
| Commercial fire insurance                                         |         | 13,834            |
| General liabilities insurance                                     |         | 10,880            |
| Other insurance                                                   |         | <u>18,830</u>     |
|                                                                   |         | 172,816           |
| Less: loss provisions                                             |         | ( <u>898</u> )    |
|                                                                   |         | <u>\$ 171,918</u> |

Note: If the balance under each insurance category exceeds 5% of this category, it is listed as above.

The First Insurance Co., Ltd.  
Reinsurance accounts receivable and payable  
December 31, 2023

Account set 8

Unit: NTD thousands

| Summary                         | Debits            | Summary                      | Credits           |
|---------------------------------|-------------------|------------------------------|-------------------|
| Reinsurance accounts receivable |                   | Reinsurance accounts payable |                   |
| AJG                             | \$ 80,932         | CRC                          | \$ 81,924         |
| FOH                             | 44,918            | CMP                          | 60,628            |
| CMP                             | 27,100            | COR                          | 25,022            |
| LIA                             | 17,775            | TOH                          | 23,779            |
| CRC                             | 15,320            | AJG                          | 19,779            |
| ERI                             | 13,750            | TRI                          | 18,790            |
| Others                          | <u>48,035</u>     | Others                       | <u>83,137</u>     |
|                                 | 247,830           |                              |                   |
| Less: loss provisions           | ( <u>2,490</u> )  |                              |                   |
|                                 | <u>\$ 245,340</u> |                              | <u>\$ 313,059</u> |

Note: If the balance of each account exceeds 5% of this category, it is listed as above.

The First Insurance Co., Ltd.  
Right-of-use asset variation accounts  
January 1 to December 31, 2023

Account set 9

Unit: NTD thousands

| Item                        | Opening<br>balance | Increase -<br>current<br>period | Decrease -<br>current<br>period | Closing<br>balance | Remarks |
|-----------------------------|--------------------|---------------------------------|---------------------------------|--------------------|---------|
| Buildings                   | \$ 3,586           | \$ 2,645                        | (\$ 2,552)                      | \$ 3,679           |         |
| Transportation<br>equipment | 5,370              | 1,084                           | ( 3,168)                        | 3,286              |         |
| Sundry equipment            | <u>1,103</u>       | <u>-</u>                        | <u>-</u>                        | <u>1,103</u>       |         |
|                             | <u>\$ 10,059</u>   | <u>\$ 3,729</u>                 | <u>(\$ 5,720)</u>               | <u>\$ 8,068</u>    |         |

The First Insurance Co., Ltd.  
Right-of-use asset accumulated depreciation variation accounts  
January 1 to December 31, 2023

Account set 10

Unit: NTD thousands

| Item                        | Opening<br>balance | Increases<br>during the<br>current<br>period | Decreases<br>during the<br>current<br>period | Closing<br>balance | Remarks |
|-----------------------------|--------------------|----------------------------------------------|----------------------------------------------|--------------------|---------|
| Buildings                   | \$ 1,137           | \$ 2,130                                     | (\$ 1,675)                                   | \$ 1,592           |         |
| Transportation<br>equipment | 3,490              | 1,674                                        | ( 3,168)                                     | 1,996              |         |
| Sundry equipment            | <u>368</u>         | <u>401</u>                                   | <u>-</u>                                     | <u>769</u>         |         |
|                             | <u>\$ 4,995</u>    | <u>\$ 4,205</u>                              | <u>(\$ 4,843)</u>                            | <u>\$ 4,357</u>    |         |

The First Insurance Co., Ltd.  
Other asset details  
December 31, 2023

Account set 11

Unit: NTD thousands

| Title                   | Summary                                              | Amount            |
|-------------------------|------------------------------------------------------|-------------------|
| Other assets            |                                                      |                   |
| Guarantee deposits paid | Insurance operating bond (placed in government bond) | \$ 489,765        |
|                         | Others                                               | <u>52,475</u>     |
|                         |                                                      | <u>542,240</u>    |
| Other assets            | Prepaid equipment purchase                           | 14,686            |
| – Others                | Prepaid insurance premiums                           | 1,358             |
|                         | Prepaid rent                                         | 782               |
|                         | Payment in suspense                                  | 261               |
|                         | Others                                               | <u>1,033</u>      |
|                         |                                                      | <u>18,120</u>     |
|                         |                                                      | <u>\$ 560,360</u> |

The First Insurance Co., Ltd.  
Statement of Notes Payable  
December 31, 2023

Account set 12

Unit: NTD thousands

| <u>Customer name</u> | <u>Summary</u> | <u>Amount</u>    | <u>Remarks</u> |
|----------------------|----------------|------------------|----------------|
| Customer E           |                | \$ 23,480        |                |
| Customer F           |                | 3,058            |                |
| Customer G           |                | 2,000            |                |
| Others               |                | <u>9,370</u>     |                |
|                      |                | <u>\$ 37,908</u> |                |

Note: If the customer's balance exceeds 5% of this category, it is listed as above.

The First Insurance Co., Ltd.  
Lease liability accounts  
December 31, 2023

Account set 13

Unit: NTD thousands

| <u>Item</u>              | <u>Summary</u>     | <u>Lease tenor</u>                     | <u>Discount rate</u> | <u>Closing balance</u> | <u>Remarks</u> |
|--------------------------|--------------------|----------------------------------------|----------------------|------------------------|----------------|
| Buildings                | Business locations | October 20, 2022 -<br>October 19, 2025 | 2.79%~3.04%          | \$ 2,115               |                |
| Transportation equipment | Company car        | April 1, 2021 - April<br>13, 2026      | 2.55%~2.93%          | 1,312                  |                |
| Sundry equipment         | Firewall equipment | February 1, 2022 -<br>October 31, 2024 | 2.55%                | <u>343</u>             |                |
|                          |                    |                                        |                      | <u>\$ 3,770</u>        |                |

The First Insurance Co., Ltd.  
Unearned premium reserve variation accounts  
January 1 to December 31, 2023

Account set 14

Unit: NTD thousands

| Item                                                              | Opening balance     | Net change in<br>current period | Other changes | Closing balance     | Remarks |
|-------------------------------------------------------------------|---------------------|---------------------------------|---------------|---------------------|---------|
| Total value:                                                      |                     |                                 |               |                     |         |
| One-year residential fire insurance                               | \$ 71,044           | \$ 3,197                        | \$ -          | \$ 74,241           |         |
| Long-term residential fire insurance                              | 53,225              | ( 7,928)                        | -             | 45,297              |         |
| One-year commercial fire insurance                                | 197,343             | 38,853                          | -             | 236,196             |         |
| Long-term commercial fire insurance                               | 221                 | ( 47)                           | -             | 174                 |         |
| Inland marine insurance                                           | 2,095               | 904                             | -             | 2,999               |         |
| Freight insurance                                                 | 36,655              | 1,004                           | -             | 37,659              |         |
| Marine hull insurance                                             | 22,063              | ( 3,318)                        | -             | 18,745              |         |
| Shipping vessel insurance                                         | 20,785              | ( 1,050)                        | -             | 19,735              |         |
| Aviation Insurance                                                | 26,694              | 14,492                          | -             | 41,186              |         |
| General automobile hull insurance for private vehicle             | 1,147,184           | 80,995                          | -             | 1,228,179           |         |
| General automobile hull insurance for commercial vehicle          | 28,249              | ( 12,459)                       | -             | 15,790              |         |
| General liabilities insurance for private vehicle                 | 1,048,277           | 113,778                         | -             | 1,162,055           |         |
| General liabilities insurance for commercial vehicle              | 91,220              | ( 21,182)                       | -             | 70,038              |         |
| Mandatory automobile liabilities insurance for private vehicle    | 264,790             | 5,741                           | -             | 270,531             |         |
| Mandatory automobile liabilities insurance for commercial vehicle | 42,857              | ( 7,417)                        | -             | 35,440              |         |
| Mandatory liabilities insurance for motorcycle                    | 159,824             | 105                             | -             | 159,929             |         |
| General liabilities insurance                                     | 162,788             | 18,681                          | -             | 181,469             |         |
| Professional liability insurance                                  | 14,692              | 10,492                          | -             | 25,184              |         |
| Engineering insurance                                             | 89,149              | 27,053                          | -             | 116,202             |         |
| Nuclear risks insurance                                           | 3,322               | ( 37)                           | -             | 3,285               |         |
| Performance bond insurance                                        | 4,642               | 422                             | -             | 5,064               |         |
| Credit insurance                                                  | 158                 | 23                              | -             | 181                 |         |
| Other property insurance                                          | 39,131              | ( 317)                          | -             | 38,814              |         |
| Personal accident insurance                                       | 324,297             | ( 24,406)                       | -             | 299,891             |         |
| Commercial earthquake insurance                                   | 78,339              | 21,096                          | -             | 99,435              |         |
| Personal omnibus insurance                                        | 13,473              | 4,519                           | -             | 17,992              |         |
| Commercial omnibus insurance                                      | 1,069               | 34                              | -             | 1,103               |         |
| Typhoon and flood insurance                                       | 53,849              | 11,778                          | -             | 65,627              |         |
| Government-sponsored earthquake insurance policy                  | 140,195             | 4,815                           | -             | 145,010             |         |
| One-year health insurance                                         | 2,498               | ( 308)                          | -             | 2,190               |         |
| Mandatory micro liabilities insurance for electric bikes          | 765                 | 1,838                           | -             | 2,603               |         |
| Share of foreign reinsurance coverage                             | 4,643               | ( 2,150)                        | -             | 2,493               |         |
| Total                                                             | <u>\$ 4,145,536</u> | <u>\$ 279,201</u>               | <u>\$ -</u>   | <u>\$ 4,424,737</u> |         |

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| Item                                                              | Opening balance   | Net change in<br>current period | Other changes | Closing balance     | Remarks |
|-------------------------------------------------------------------|-------------------|---------------------------------|---------------|---------------------|---------|
| Ceded:                                                            |                   |                                 |               |                     |         |
| One-year residential fire insurance                               | \$ -              | \$ -                            | \$ -          | \$ -                |         |
| Long-term residential fire insurance                              | 46,040            | ( 6,589)                        | -             | 39,451              |         |
| One-year commercial fire insurance                                | 63,546            | 3,680                           | -             | 67,226              |         |
| Long-term commercial fire insurance                               | 174               | ( 32)                           | -             | 142                 |         |
| Inland marine insurance                                           | -                 | -                               | -             | -                   |         |
| Freight insurance                                                 | 1,101             | 122                             | -             | 1,223               |         |
| Marine hull insurance                                             | 18,243            | ( 2,186)                        | -             | 16,057              |         |
| Shipping vessel insurance                                         | 14,634            | ( 1,474)                        | -             | 13,160              |         |
| Aviation Insurance                                                | 23,891            | 16,474                          | -             | 40,365              |         |
| General automobile hull insurance for private vehicle             | 124,311           | 9,226                           | -             | 133,537             |         |
| General automobile hull insurance for commercial vehicle          | 2,222             | ( 1,003)                        | -             | 1,219               |         |
| General liabilities insurance for private vehicle                 | 94,048            | 11,493                          | -             | 105,541             |         |
| General liabilities insurance for commercial vehicle              | 6,908             | ( 1,646)                        | -             | 5,262               |         |
| Mandatory automobile liabilities insurance for private vehicle    | 112,160           | 2,939                           | -             | 115,099             |         |
| Mandatory automobile liabilities insurance for commercial vehicle | 17,077            | ( 4,535)                        | -             | 12,542              |         |
| Mandatory liabilities insurance for motorcycle                    | 61,208            | 358                             | -             | 61,566              |         |
| General liabilities insurance                                     | 54,405            | 6,391                           | -             | 60,796              |         |
| Professional liability insurance                                  | 5,214             | 4,764                           | -             | 9,978               |         |
| Engineering insurance                                             | 57,563            | 14,710                          | -             | 72,273              |         |
| Nuclear risks insurance                                           | -                 | -                               | -             | -                   |         |
| Performance bond insurance                                        | 889               | 143                             | -             | 1,032               |         |
| Credit insurance                                                  | -                 | -                               | -             | -                   |         |
| Other property insurance                                          | 17,924            | 5,751                           | -             | 23,675              |         |
| Personal accident insurance                                       | 91,945            | ( 13,559)                       | -             | 78,386              |         |
| Commercial earthquake insurance                                   | 18,199            | 10,444                          | -             | 28,643              |         |
| Personal omnibus insurance                                        | 70                | 539                             | -             | 609                 |         |
| Commercial omnibus insurance                                      | 459               | 33                              | -             | 492                 |         |
| Typhoon and flood insurance                                       | 15,173            | 3,366                           | -             | 18,539              |         |
| Government-sponsored earthquake insurance policy                  | 121,849           | 4,950                           | -             | 126,799             |         |
| One-year health insurance                                         | 749               | ( 79)                           | -             | 670                 |         |
| Mandatory micro liabilities insurance for electric bikes          | 156               | 1,082                           | -             | 1,238               |         |
| Share of foreign reinsurance coverage                             | 1,216             | ( 1,082)                        | -             | 134                 |         |
| Total                                                             | <u>\$ 971,374</u> | <u>\$ 64,280</u>                | <u>\$ -</u>   | <u>\$ 1,035,654</u> |         |

The First Insurance Co., Ltd.  
Claim reserve variation accounts  
January 1 to December 31, 2023

Account set 15

Unit: NTD thousands

| Item                                                              | Opening balance  | Net change in current period | Other changes | Closing balance  | Remarks |
|-------------------------------------------------------------------|------------------|------------------------------|---------------|------------------|---------|
| Total value:                                                      |                  |                              |               |                  |         |
| Reported but not paid                                             |                  |                              |               |                  |         |
| One-year residential fire insurance                               | \$ 12,681        | \$ 2,780                     | \$ -          | \$ 15,461        |         |
| Long-term residential fire insurance                              | -                | 300                          | -             | 300              |         |
| One-year commercial fire insurance                                | 700,723          | 434,502                      | -             | 1,135,225        |         |
| Long-term commercial fire insurance                               | -                | -                            | -             | -                |         |
| Inland marine insurance                                           | 856              | ( 850)                       | -             | 6                |         |
| Freight insurance                                                 | 40,202           | ( 13,159)                    | -             | 27,043           |         |
| Marine hull insurance                                             | 5,061            | 12,692                       | -             | 17,753           |         |
| Shipping vessel insurance                                         | 900              | -                            | -             | 900              |         |
| Aviation Insurance                                                | 10,151           | -                            | -             | 10,151           |         |
| General automobile hull insurance for private vehicle             | 325,591          | 55,774                       | -             | 381,365          |         |
| General automobile hull insurance for commercial vehicle          | 14,952           | ( 174)                       | -             | 14,778           |         |
| General liabilities insurance for private vehicle                 | 539,999          | 153,761                      | -             | 693,760          |         |
| General liabilities insurance for commercial vehicle              | 92,084           | ( 21,975)                    | -             | 70,109           |         |
| Mandatory automobile liabilities insurance for private vehicle    | 89,649           | 13,694                       | -             | 103,343          |         |
| Mandatory automobile liabilities insurance for commercial vehicle | 17,682           | ( 4,148)                     | -             | 13,534           |         |
| Mandatory liabilities insurance for motorcycle                    | 27,223           | 4,022                        | -             | 31,245           |         |
| General liabilities insurance                                     | 228,957          | ( 18,960)                    | -             | 209,997          |         |
| Professional liability insurance                                  | 7,569            | ( 6,010)                     | -             | 1,559            |         |
| Engineering insurance                                             | 52,315           | 6,093                        | -             | 58,408           |         |
| Nuclear risks insurance                                           | 349              | 481                          | -             | 830              |         |
| Performance bond insurance                                        | 7,048            | -                            | -             | 7,048            |         |
| Credit insurance                                                  | -                | -                            | -             | -                |         |
| Other property insurance                                          | 4,298            | 1,850                        | -             | 6,148            |         |
| Personal accident insurance                                       | 34,217           | ( 13,825)                    | -             | 20,392           |         |
| Commercial earthquake insurance                                   | 30,032           | ( 23,697)                    | -             | 6,335            |         |
| Personal omnibus insurance                                        | 825              | ( 297)                       | -             | 528              |         |
| Commercial omnibus insurance                                      | 50               | ( 50)                        | -             | -                |         |
| Typhoon and flood insurance                                       | 3,686            | 3,026                        | -             | 6,712            |         |
| Government-sponsored Earthquake Insurance Policy                  | -                | -                            | -             | -                |         |
| One-year health insurance                                         | 197              | ( 193)                       | -             | 4                |         |
| Mandatory micro liabilities insurance for electric bikes          | 677              | ( 560)                       | -             | 117              |         |
| Share of foreign coverage                                         | -                | -                            | -             | -                |         |
|                                                                   | <u>2,247,974</u> | <u>585,077</u>               | <u>-</u>      | <u>2,833,051</u> |         |
| Not reported                                                      |                  |                              |               |                  |         |
| One-year residential fire insurance                               | 122              | 1                            | -             | 123              |         |
| Long-term residential fire insurance                              | -                | 2                            | -             | 2                |         |

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| Item                                                              | Opening balance     | Net change in current period | Other changes | Closing balance     | Remarks |
|-------------------------------------------------------------------|---------------------|------------------------------|---------------|---------------------|---------|
| One-year commercial fire insurance                                | \$ 3,366            | \$ 1,313                     | \$ -          | \$ 4,679            |         |
| Long-term commercial fire insurance                               | -                   | -                            | -             | -                   |         |
| Inland marine insurance                                           | 70                  | 20                           | -             | 90                  |         |
| Freight insurance                                                 | 7,157               | 710                          | -             | 7,867               |         |
| Marine hull insurance                                             | 552                 | 28,507                       | -             | 29,059              |         |
| Shipping vessel insurance                                         | 772                 | 6,426                        | -             | 7,198               |         |
| Aviation Insurance                                                | 2,051               | ( 909 )                      | -             | 1,142               |         |
| General automobile hull insurance for private vehicle             | 3,127               | ( 102 )                      | -             | 3,025               |         |
| General automobile hull insurance for commercial vehicle          | 143                 | ( 26 )                       | -             | 117                 |         |
| General liabilities insurance for private vehicle                 | 282,320             | 12,909                       | -             | 295,229             |         |
| General liabilities insurance for commercial vehicle              | 37,458              | ( 8,990 )                    | -             | 28,468              |         |
| Mandatory automobile liabilities insurance for private vehicle    | 265,107             | 31,077                       | -             | 296,184             |         |
| Mandatory automobile liabilities insurance for commercial vehicle | 34,518              | ( 3,548 )                    | -             | 30,970              |         |
| Mandatory liabilities insurance for motorcycle                    | 131,370             | 12,641                       | -             | 144,011             |         |
| General liabilities insurance                                     | 37,827              | 5,255                        | -             | 43,082              |         |
| Professional liability insurance                                  | 1,577               | 293                          | -             | 1,870               |         |
| Engineering insurance                                             | 5,438               | 5,476                        | -             | 10,914              |         |
| Nuclear risks insurance                                           | 54                  | ( 5 )                        | -             | 49                  |         |
| Performance bond insurance                                        | 1,875               | ( 994 )                      | -             | 881                 |         |
| Credit insurance                                                  | 3                   | 4                            | -             | 7                   |         |
| Other property insurance                                          | 12,524              | ( 2,518 )                    | -             | 10,006              |         |
| Personal accident insurance                                       | 120,379             | 18,639                       | -             | 139,018             |         |
| Commercial earthquake insurance                                   | 288                 | ( 225 )                      | -             | 63                  |         |
| Personal omnibus insurance                                        | 660                 | 996                          | -             | 1,656               |         |
| Commercial omnibus insurance                                      | 104                 | ( 57 )                       | -             | 47                  |         |
| Typhoon and flood insurance                                       | 35                  | 25                           | -             | 60                  |         |
| Government-sponsored Earthquake Insurance Policy                  | -                   | -                            | -             | -                   |         |
| One-year health insurance                                         | 970                 | ( 799 )                      | -             | 171                 |         |
| Mandatory micro liabilities insurance for electric bikes          | 169                 | 606                          | -             | 775                 |         |
| Share of foreign coverage                                         | 84                  | ( 14 )                       | -             | 70                  |         |
|                                                                   | <u>950,120</u>      | <u>106,713</u>               | <u>-</u>      | <u>1,056,833</u>    |         |
|                                                                   | <u>\$ 3,198,094</u> | <u>\$ 691,790</u>            | <u>\$ -</u>   | <u>\$ 3,889,884</u> |         |
| Ceded:                                                            |                     |                              |               |                     |         |
| Reported but not paid                                             |                     |                              |               |                     |         |
| One-year residential fire insurance                               | \$ -                | \$ -                         | \$ -          | \$ -                |         |
| Long-term residential fire insurance                              | -                   | 270                          | -             | 270                 |         |
| One-year commercial fire insurance                                | 486,832             | 371,132                      | -             | 857,964             |         |
| Long-term commercial fire insurance                               | -                   | -                            | -             | -                   |         |
| Inland marine insurance                                           | -                   | -                            | -             | -                   |         |
| Freight insurance                                                 | 1,043               | 4,301                        | -             | 5,344               |         |
| Marine hull insurance                                             | 5,032               | 9,892                        | -             | 14,924              |         |
| Shipping vessel insurance                                         | 810                 | -                            | -             | 810                 |         |
| Aviation Insurance                                                | 8,036               | -                            | -             | 8,036               |         |

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| Item                                                              | Opening balance | Net change in current period | Other changes | Closing balance  | Remarks |
|-------------------------------------------------------------------|-----------------|------------------------------|---------------|------------------|---------|
| General automobile hull insurance for private vehicle             | \$ 37,808       | \$ 6,699                     | \$ -          | \$ 44,507        |         |
| General automobile hull insurance for commercial vehicle          | 1,197           | ( 14 )                       | -             | 1,183            |         |
| General liabilities insurance for private vehicle                 | 51,246          | 15,964                       | -             | 67,210           |         |
| General liabilities insurance for commercial vehicle              | 7,372           | ( 1,763 )                    | -             | 5,609            |         |
| Mandatory automobile liabilities insurance for private vehicle    | 35,819          | 7,529                        | -             | 43,348           |         |
| Mandatory automobile liabilities insurance for commercial vehicle | 6,889           | ( 2,674 )                    | -             | 4,215            |         |
| Mandatory liabilities insurance for motorcycle                    | 6,956           | 2,997                        | -             | 9,953            |         |
| General liabilities insurance                                     | 96,341          | ( 7,708 )                    | -             | 88,633           |         |
| Professional liability insurance                                  | 11              | 53                           | -             | 64               |         |
| Engineering insurance                                             | 29,987          | 7,636                        | -             | 37,623           |         |
| Nuclear risks insurance                                           | -               | -                            | -             | -                |         |
| Performance bond insurance                                        | 2,383           | -                            | -             | 2,383            |         |
| Credit insurance                                                  | -               | -                            | -             | -                |         |
| Other property insurance                                          | 1,519           | 249                          | -             | 1,768            |         |
| Personal accident insurance                                       | 9,676           | ( 3,263 )                    | -             | 6,413            |         |
| Commercial Earthquake Insurance                                   | 3,152           | ( 2,614 )                    | -             | 538              |         |
| Personal omnibus insurance                                        | 13              | ( 8 )                        | -             | 5                |         |
| Commercial omnibus insurance                                      | 12              | ( 11 )                       | -             | 1                |         |
| Typhoon and flood insurance                                       | 380             | 293                          | -             | 673              |         |
| Government-sponsored Earthquake Insurance Policy                  | -               | -                            | -             | -                |         |
| One-year health insurance                                         | 4               | ( 3 )                        | -             | 1                |         |
| Mandatory micro liabilities insurance for electric bikes          | 3               | 14                           | -             | 17               |         |
| Share of foreign coverage                                         | -               | -                            | -             | -                |         |
|                                                                   | <u>792,521</u>  | <u>408,971</u>               | <u>-</u>      | <u>1,201,492</u> |         |
| Not reported                                                      |                 |                              |               |                  |         |
| One-year residential fire insurance                               | -               | -                            | -             | -                |         |
| Long-term residential fire insurance                              | -               | -                            | -             | -                |         |
| One-year commercial fire insurance                                | -               | -                            | -             | -                |         |
| Long-term commercial fire insurance                               | -               | -                            | -             | -                |         |
| Inland marine insurance                                           | 4               | 3                            | -             | 7                |         |
| Freight insurance                                                 | 436             | 140                          | -             | 576              |         |
| Marine hull insurance                                             | 396             | 21,376                       | -             | 21,772           |         |
| Shipping vessel insurance                                         | 602             | 4,813                        | -             | 5,415            |         |
| Aviation Insurance                                                | 1,788           | ( 810 )                      | -             | 978              |         |
| General automobile hull insurance for private vehicle             | -               | -                            | -             | -                |         |
| General automobile hull insurance for commercial vehicle          | -               | -                            | -             | -                |         |
| General liabilities insurance for private vehicle                 | 25,492          | 1,263                        | -             | 26,755           |         |
| General liabilities insurance for commercial vehicle              | 2,748           | ( 640 )                      | -             | 2,108            |         |
| Mandatory automobile liabilities insurance for private vehicle    | 113,288         | 18,473                       | -             | 131,761          |         |
| Mandatory automobile liabilities insurance for commercial vehicle | 12,238          | ( 2,162 )                    | -             | 10,076           |         |
| Mandatory liabilities insurance for motorcycle                    | 48,224          | 6,447                        | -             | 54,671           |         |
| General liabilities insurance                                     | 9,334           | 4,341                        | -             | 13,675           |         |
| Professional liability insurance                                  | 327             | 220                          | -             | 547              |         |

(Continued next page)

(Continued from previous page)

| Item                                                     | Opening balance     | Net change in current period | Other changes | Closing balance     | Remarks |
|----------------------------------------------------------|---------------------|------------------------------|---------------|---------------------|---------|
| Engineering insurance                                    | \$ 1,165            | \$ 2,213                     | \$ -          | \$ 3,378            |         |
| Nuclear risks insurance                                  | -                   | -                            | -             | -                   |         |
| Performance bond insurance                               | 482                 | ( 204 )                      | -             | 278                 |         |
| Credit insurance                                         | -                   | -                            | -             | -                   |         |
| Other property insurance                                 | 3,327               | 12                           | -             | 3,339               |         |
| Personal accident insurance                              | 32,032              | 14,721                       | -             | 46,753              |         |
| Commercial Earthquake Insurance                          | -                   | -                            | -             | -                   |         |
| Personal omnibus insurance                               | 174                 | 383                          | -             | 557                 |         |
| Commercial omnibus insurance                             | 28                  | ( 12 )                       | -             | 16                  |         |
| Typhoon and flood insurance                              | -                   | -                            | -             | -                   |         |
| Government-sponsored Earthquake Insurance Policy         | -                   | -                            | -             | -                   |         |
| One-year health insurance                                | 308                 | ( 272 )                      | -             | 36                  |         |
| Mandatory micro liabilities insurance for electric bikes | 33                  | 271                          | -             | 304                 |         |
| Share of foreign coverage                                | -                   | -                            | -             | -                   |         |
|                                                          | <u>252,426</u>      | <u>70,576</u>                | <u>-</u>      | <u>323,002</u>      |         |
|                                                          | <u>\$ 1,044,947</u> | <u>\$ 479,547</u>            | <u>\$ -</u>   | <u>\$ 1,524,494</u> |         |

The First Insurance Co., Ltd.  
Special claim reserve variation accounts  
January 1 to December 31, 2023

Account set 16

Unit: NTD thousands

| Item                                                              | Opening balance     | Current period variations | Other changes | Closing balance     | Remarks |
|-------------------------------------------------------------------|---------------------|---------------------------|---------------|---------------------|---------|
| Mandatory automobile liabilities insurance for private vehicle    | \$ 192,133          | \$ 15,066                 | \$ -          | \$ 207,199          |         |
| Mandatory automobile liabilities insurance for commercial vehicle | ( 73,518 )          | 9,540                     | -             | ( 63,978 )          |         |
| Mandatory liabilities insurance for motorcycle                    | 530,931             | 14,673                    | -             | 545,604             |         |
| Nuclear risks insurance                                           | 74,687              | -                         | -             | 74,687              |         |
| Commercial earthquake insurance                                   | 666,333             | ( 3,946 )                 | -             | 662,387             |         |
| Typhoon and flood insurance                                       | 239,349             | ( 2,763 )                 | -             | 236,586             |         |
| Government-sponsored residential earthquake insurance             | 197,532             | -                         | -             | 197,532             |         |
| Mandatory micro liabilities insurance for electric bikes          | ( 584 )             | 1,003                     | -             | 419                 |         |
|                                                                   | <u>\$ 1,826,863</u> | <u>\$ 33,573</u>          | <u>\$ -</u>   | <u>\$ 1,860,436</u> |         |

The First Insurance Co., Ltd.  
Special earnings reserve (for major incidents and change of risk) provision worksheet  
January 1 to December 31, 2023

Account set 17

Unit: NTD thousands

| Insurance category                                       | Earned retained premium | Expected claims    |                           | Retained (actual) claims | Current period provision for special earnings reserve |                         |                                         |                   |                   |
|----------------------------------------------------------|-------------------------|--------------------|---------------------------|--------------------------|-------------------------------------------------------|-------------------------|-----------------------------------------|-------------------|-------------------|
|                                                          |                         | Expected loss rate | Amount of expected claims |                          | Provision rate %                                      | Provision at fixed rate | Provision for below-expectati on claims | Income tax effect | Total provisions  |
| One-year residential fire insurance                      | \$ 120,579              | 55.67%             | \$ 67,126                 | \$ 19,767                | 3.00%                                                 | \$ 3,617                | \$ 7,104                                | \$ 2,144          | \$ 8,577          |
| Long-term residential fire insurance                     | 1,324                   | 55.51%             | 735                       | 24                       | 1.00%                                                 | 13                      | 107                                     | 24                | 96                |
| One-year commercial fire insurance                       | 275,456                 | 57.36%             | 158,002                   | 245,861                  | 5.00%                                                 | 13,773                  | -                                       | 2,755             | 11,018            |
| Long-term commercial fire insurance                      | 13                      | 53.85%             | 7                         | 9                        | 5.00%                                                 | 1                       | -                                       | -                 | 1                 |
| Inland marine insurance                                  | 17,774                  | 60.50%             | 10,753                    | 1,604                    | 3.00%                                                 | 533                     | 1,372                                   | 381               | 1,524             |
| Freight insurance                                        | 310,751                 | 60.50%             | 188,004                   | 109,683                  | 5.00%                                                 | 15,538                  | 11,748                                  | 5,457             | 21,829            |
| Marine hull insurance                                    | 7,871                   | 70.31%             | 5,534                     | 19,908                   | 5.00%                                                 | 394                     | -                                       | 79                | 315               |
| Shipping vessel insurance                                | 14,172                  | 70.30%             | 9,963                     | 4,104                    | 5.00%                                                 | 709                     | 879                                     | 318               | 1,270             |
| Aviation Insurance                                       | 3,829                   | 75.29%             | 2,883                     | 526                      | 7.00%                                                 | 268                     | 354                                     | 125               | 497               |
| General automobile hull insurance for private vehicle    | 2,056,635               | 65.69%             | 1,351,003                 | 1,147,730                | 1.00%                                                 | 20,566                  | 30,491                                  | 10,211            | 40,846            |
| General automobile hull insurance for commercial vehicle | 45,682                  | 66.90%             | 30,562                    | 20,725                   | 1.00%                                                 | 457                     | 1,476                                   | 387               | 1,546             |
| General liabilities insurance for private vehicle        | 1,886,027               | 65.82%             | 1,241,383                 | 1,212,832                | 1.00%                                                 | 18,860                  | 4,283                                   | 4,629             | 18,514            |
| General liabilities insurance for commercial vehicle     | 159,179                 | 66.66%             | 106,109                   | 110,097                  | 1.00%                                                 | 1,592                   | -                                       | 319               | 1,273             |
| General liabilities insurance                            | 204,770                 | 69.82%             | 142,970                   | 63,291                   | 1.00%                                                 | 2,048                   | 11,952                                  | 2,800             | 11,200            |
| Professional liability insurance                         | 8,360                   | 69.72%             | 5,829                     | ( 5,291 )                | 1.00%                                                 | 84                      | 1,668                                   | 351               | 1,401             |
| Engineering insurance                                    | 55,448                  | 60.98%             | 33,812                    | 34,520                   | 5.00%                                                 | 2,772                   | -                                       | 554               | 2,218             |
| Nuclear risks insurance                                  | -                       | -                  | -                         | -                        | -                                                     | -                       | 2,464                                   | 492               | 1,972             |
| Performance bond insurance                               | 7,970                   | 72.45%             | 5,774                     | 2,270                    | 3.00%                                                 | 239                     | 530                                     | 154               | 615               |
| Credit insurance                                         | 312                     | 66.35%             | 207                       | ( 1,836 )                | 3.00%                                                 | 9                       | 306                                     | 62                | 253               |
| Other property insurance                                 | 37,398                  | 72.56%             | 27,136                    | 17,281                   | 6.00%                                                 | 1,122                   | 1,479                                   | 520               | 2,081             |
| Personal accident insurance                              | 434,025                 | -                  | -                         | 231,586                  | 3.00%                                                 | 8,171                   | 17,149                                  | 5,064             | 20,256            |
| Commercial earthquake insurance                          | 105,818                 | 60.00%             | 63,491                    | ( 13,256 )               | 7.00%                                                 | 7,407                   | 57,560                                  | 12,993            | 51,974            |
| Personal omnibus insurance                               | 24,022                  | 68.30%             | 16,407                    | 3,114                    | 1.00%                                                 | 240                     | 1,994                                   | 447               | 1,787             |
| Commercial omnibus insurance                             | 1,175                   | 69.96%             | 822                       | ( 2 )                    | 3.00%                                                 | 35                      | 124                                     | 32                | 127               |
| Typhoon and flood insurance                              | 71,792                  | 60.00%             | 43,075                    | 3,207                    | 7.00%                                                 | 5,025                   | 29,901                                  | 6,985             | 27,941            |
| Government-sponsored residential earthquake insurance    | -                       | -                  | -                         | -                        | -                                                     | -                       | 35,208                                  | 7,041             | 28,167            |
| One-year health insurance                                | 4,535                   | 64.10%             | 2,907                     | 437                      | 3.00%                                                 | 135                     | 392                                     | 106               | 421               |
| Share of foreign coverage                                | 6,183                   | 63.48%             | 3,925                     | 12,369                   | -                                                     | 326                     | 325                                     | 130               | 521               |
| Total                                                    | <u>\$ 5,861,100</u>     |                    | <u>\$ 3,518,419</u>       | <u>\$ 3,240,560</u>      |                                                       | <u>\$ 103,934</u>       | <u>\$ 218,866</u>                       | <u>\$ 64,560</u>  | <u>\$ 258,240</u> |

The First Insurance Co., Ltd.  
Special earnings reserve (for major incidents and change of risk) reversal worksheet  
January 1 to December 31, 2023

Account set 18

Unit: NTD thousands

| Title                                                    | Cumulative special<br>earnings reserve<br>from previous<br>period | Cumulative special<br>earnings reserve<br>from previous<br>period plus current<br>provisions | Special reserve reversed in current period  |                                                         |                                           |                   |                  | Cumulative special<br>earnings reserve in<br>current period |
|----------------------------------------------------------|-------------------------------------------------------------------|----------------------------------------------------------------------------------------------|---------------------------------------------|---------------------------------------------------------|-------------------------------------------|-------------------|------------------|-------------------------------------------------------------|
|                                                          |                                                                   |                                                                                              | Reversal for<br>above-expectation<br>claims | Reversal for excess<br>above earned<br>retained premium | Offset between<br>insurance<br>categories | Income tax effect | Total reversals  |                                                             |
| One-year residential fire insurance                      | \$ 74,640                                                         | \$ 83,217                                                                                    | \$ -                                        | \$ 5,636                                                | \$ -                                      | \$ 958            | \$ 4,678         | \$ 78,539                                                   |
| Long-term residential fire insurance                     | 2,564                                                             | 2,660                                                                                        | -                                           | 328                                                     | -                                         | 65                | 263              | 2,397                                                       |
| One-year commercial fire insurance                       | 125,073                                                           | 136,091                                                                                      | 1,720                                       | -                                                       | -                                         | 344               | 1,376            | 134,715                                                     |
| Long-term commercial fire insurance                      | 464                                                               | 465                                                                                          | 2                                           | -                                                       | -                                         | -                 | 2                | 463                                                         |
| Inland marine insurance                                  | 8,987                                                             | 10,511                                                                                       | -                                           | -                                                       | -                                         | -                 | -                | 10,511                                                      |
| Freight insurance                                        | 143,660                                                           | 165,489                                                                                      | -                                           | -                                                       | -                                         | -                 | -                | 165,489                                                     |
| Marine hull insurance                                    | 5,481                                                             | 5,796                                                                                        | 2,781                                       | -                                                       | -                                         | 556               | 2,225            | 3,571                                                       |
| Shipping vessel insurance                                | 9,135                                                             | 10,405                                                                                       | -                                           | -                                                       | -                                         | -                 | -                | 10,405                                                      |
| Aviation Insurance                                       | 1,900                                                             | 2,397                                                                                        | -                                           | -                                                       | -                                         | -                 | -                | 2,397                                                       |
| General automobile hull insurance for private vehicle    | 427,720                                                           | 468,566                                                                                      | -                                           | -                                                       | -                                         | -                 | -                | 468,566                                                     |
| General automobile hull insurance for commercial vehicle | 4,072                                                             | 5,618                                                                                        | -                                           | -                                                       | -                                         | -                 | -                | 5,618                                                       |
| General liabilities insurance for private vehicle        | 127,892                                                           | 146,406                                                                                      | -                                           | -                                                       | -                                         | -                 | -                | 146,406                                                     |
| General liabilities insurance for commercial vehicle     | 17,176                                                            | 18,449                                                                                       | -                                           | -                                                       | -                                         | -                 | -                | 18,449                                                      |
| General liabilities insurance                            | 67,650                                                            | 78,850                                                                                       | -                                           | -                                                       | -                                         | -                 | -                | 78,850                                                      |
| Professional liability insurance                         | 4,460                                                             | 5,861                                                                                        | -                                           | 1,142                                                   | -                                         | 196               | 946              | 4,915                                                       |
| Engineering insurance                                    | 26,244                                                            | 28,462                                                                                       | 707                                         | -                                                       | -                                         | 141               | 566              | 27,896                                                      |
| Nuclear risks insurance                                  | 38,311                                                            | 40,283                                                                                       | -                                           | -                                                       | -                                         | -                 | -                | 40,283                                                      |
| Performance bond insurance                               | 6,660                                                             | 7,275                                                                                        | -                                           | 330                                                     | -                                         | 56                | 274              | 7,001                                                       |
| Credit insurance                                         | 636                                                               | 889                                                                                          | -                                           | 200                                                     | -                                         | 40                | 160              | 729                                                         |
| Other property insurance                                 | 9,810                                                             | 11,891                                                                                       | -                                           | -                                                       | -                                         | -                 | -                | 11,891                                                      |
| Personal accident insurance                              | 189,822                                                           | 210,078                                                                                      | -                                           | 22,944                                                  | -                                         | 3,901             | 19,043           | 191,035                                                     |
| Commercial earthquake insurance                          | 431,013                                                           | 482,987                                                                                      | -                                           | -                                                       | -                                         | -                 | -                | 482,987                                                     |
| Personal omnibus insurance                               | 13,155                                                            | 14,942                                                                                       | -                                           | 1,488                                                   | -                                         | 253               | 1,235            | 13,707                                                      |
| Commercial omnibus insurance                             | 485                                                               | 612                                                                                          | -                                           | -                                                       | -                                         | -                 | -                | 612                                                         |
| Typhoon and flood insurance                              | 232,894                                                           | 260,835                                                                                      | -                                           | -                                                       | -                                         | -                 | -                | 260,835                                                     |
| Government-sponsored earthquake insurance policy         | 322,202                                                           | 350,369                                                                                      | -                                           | -                                                       | -                                         | -                 | -                | 350,369                                                     |
| One-year health insurance                                | 9,384                                                             | 9,805                                                                                        | -                                           | 1,409                                                   | -                                         | 262               | 1,147            | 8,658                                                       |
| Share of foreign coverage                                | 3,404                                                             | 3,925                                                                                        | -                                           | 415                                                     | -                                         | 83                | 332              | 3,593                                                       |
| Total                                                    | <u>\$ 2,304,894</u>                                               | <u>\$ 2,563,134</u>                                                                          | <u>\$ 5,210</u>                             | <u>\$ 33,892</u>                                        | <u>\$ -</u>                               | <u>\$ 6,855</u>   | <u>\$ 32,247</u> | <u>\$ 2,530,887</u>                                         |

The First Insurance Co., Ltd.  
Other liability accounts  
December 31, 2023

Account set 19

Unit: NTD thousands

| Item                           | Summary                    | Amount           |
|--------------------------------|----------------------------|------------------|
| Guarantee deposits<br>received | Rental deposit             | <u>\$ 15,184</u> |
| Other liabilities – others     |                            |                  |
| Amount collected<br>on behalf  |                            | 71,618           |
| Amount received<br>in advance  |                            | <u>1,872</u>     |
|                                | Amount collected on behalf | <u>73,490</u>    |
|                                |                            | <u>\$ 88,674</u> |

The First Insurance Co., Ltd.  
Retained earned premium accounts  
January 1 to December 31, 2023

Account set 20

Unit: NTD thousands unless specified otherwise

| Insurance category                                                | Premium revenues    | Reinsurance<br>Premium | Reinsurance<br>expenses | Retained premium    | Method of<br>provision | Net change in<br>unearned premium<br>reserve | Retained earned<br>premium |
|-------------------------------------------------------------------|---------------------|------------------------|-------------------------|---------------------|------------------------|----------------------------------------------|----------------------------|
| One-year residential fire insurance                               | \$ 123,778          | \$ -                   | \$ -                    | \$ 123,778          | Note 9                 | \$ 3,199                                     | \$ 120,579                 |
| Long-term residential fire insurance                              | ( 159)              | -                      | ( 144)                  | ( 15)               | Note 1                 | ( 1,339)                                     | 1,324                      |
| One-year commercial fire insurance                                | 581,450             | 11,419                 | 282,241                 | 310,628             | Note 9                 | 35,172                                       | 275,456                    |
| Long-term commercial fire insurance                               | -                   | ( 2)                   | -                       | ( 2)                | Note 1                 | ( 15)                                        | 13                         |
| Inland marine insurance                                           | 18,677              | -                      | -                       | 18,677              | Note 5                 | 903                                          | 17,774                     |
| Freight insurance                                                 | 334,786             | 3,953                  | 27,106                  | 311,633             | Note 5                 | 882                                          | 310,751                    |
| Marine hull insurance                                             | 46,979              | 84                     | 40,323                  | 6,740               | Note 9                 | ( 1,132)                                     | 7,872                      |
| Shipping vessel insurance                                         | 42,329              | 1,668                  | 29,401                  | 14,596              | Note 9                 | 424                                          | 14,172                     |
| Aviation Insurance                                                | 92,830              | -                      | 90,984                  | 1,846               | Note 9                 | ( 1,982)                                     | 3,828                      |
| General automobile hull insurance for private vehicle             | 2,391,904           | -                      | 263,502                 | 2,128,402           | Note 9                 | 71,768                                       | 2,056,634                  |
| General automobile hull insurance for commercial vehicle          | 37,208              | -                      | 2,980                   | 34,228              | Note 9                 | ( 11,456)                                    | 45,684                     |
| General liabilities insurance for private vehicle                 | 2,194,552           | -                      | 206,240                 | 1,988,312           | Note 9                 | 102,286                                      | 1,886,026                  |
| General liabilities insurance for commercial vehicle              | 151,796             | -                      | 12,152                  | 139,644             | Note 9                 | ( 19,536)                                    | 159,180                    |
| Mandatory automobile liabilities insurance for private vehicle    | 580,209             | 157,405                | 230,195                 | 507,419             | Note 3                 | 2,802                                        | 504,617                    |
| Mandatory automobile liabilities insurance for commercial vehicle | 47,416              | 29,070                 | 25,087                  | 51,399              | Note 3                 | ( 2,881)                                     | 54,280                     |
| Mandatory liabilities insurance for motorcycle                    | 194,842             | 80,929                 | 87,948                  | 187,823             | Note 3                 | ( 253)                                       | 188,076                    |
| General liabilities insurance                                     | 312,906             | 16,085                 | 111,931                 | 217,060             | Note 9                 | 12,290                                       | 204,770                    |
| Professional liability insurance                                  | 24,216              | 248                    | 10,376                  | 14,088              | Note 9                 | 5,728                                        | 8,360                      |
| Engineering insurance                                             | 114,421             | 50,359                 | 96,988                  | 67,792              | Note 9                 | 12,343                                       | 55,449                     |
| Nuclear risks insurance                                           | -                   | 4,891                  | -                       | 4,891               | Note 4                 | ( 38)                                        | 4,929                      |
| Performance bond insurance                                        | 8,899               | 1,353                  | 2,002                   | 8,250               | Note 9                 | 279                                          | 7,971                      |
| Credit insurance                                                  | 335                 | -                      | -                       | 335                 | Note 6                 | 23                                           | 312                        |
| Other property insurance                                          | 61,158              | 2,067                  | 31,897                  | 31,328              | Note 9                 | ( 6,069)                                     | 37,397                     |
| Personal accident insurance                                       | 574,908             | 5,396                  | 157,127                 | 423,177             | Notes 5, 7 and 9       | ( 10,847)                                    | 434,024                    |
| Commercial earthquake insurance                                   | 243,795             | 12,412                 | 139,737                 | 116,470             | Note 9                 | 10,652                                       | 105,818                    |
| Personal omnibus insurance                                        | 29,131              | -                      | 1,131                   | 28,000              | Note 9                 | 3,979                                        | 24,021                     |
| Commercial omnibus insurance                                      | 2,165               | -                      | 990                     | 1,175               | Note 9                 | 1                                            | 1,174                      |
| Typhoon and flood insurance                                       | 166,043             | 6,790                  | 92,628                  | 80,205              | Note 9                 | 8,413                                        | 71,792                     |
| Government-sponsored earthquake insurance policy                  | 248,382             | 35,073                 | 248,382                 | 35,073              | Note 2                 | ( 135)                                       | 35,208                     |
| One-year health insurance                                         | 6,184               | -                      | 1,877                   | 4,307               | Note 9                 | ( 228)                                       | 4,535                      |
| Mandatory micro liabilities insurance for electric bikes          | 4,122               | 448                    | 1,550                   | 3,020               | Note 3                 | 756                                          | 2,264                      |
| Share of foreign reinsurance coverage                             | -                   | 5,303                  | 188                     | 5,115               | Note 8                 | ( 1,068)                                     | 6,183                      |
|                                                                   | <u>\$ 8,635,262</u> | <u>\$ 424,951</u>      | <u>\$ 2,194,819</u>     | <u>\$ 6,865,394</u> |                        | <u>\$ 214,921</u>                            | <u>\$ 6,650,473</u>        |

- Note 1: Provisions for long-term fire insurance were made according to the latest coefficients amended and approved in Letter Tai-Cai-Bao-Zi No. 852363214.
- Note 2: For the policy-based earthquake insurance, the Company complies with "Enforcement Rules for the Risk Spreading Mechanism of Residential Earthquake Insurance" stipulated in Instruction Jin-Guan-Bao-Chan-Zi No. 11004907971 dated March 12, 2021 and makes monthly provisions according to the unearned premium reserve sheet that Taiwan Residential Earthquake Insurance Fund distributes to each of its reinsurance members.
- Note 3: For mandatory automobile/motorcycle liabilities insurance, provisions are made according to Instructions Jin-Guan-Bao-Chang-Zi No. 11104520199 and Jin-Guan-Bao-Chan-Zi No. 11104617461, whereas insurance coverage is provided in accordance with Instruction Jin-Guan-Bao-Chan-Zi No. 11104520206.
- Note 4: For nuclear risks insurance, provisions are made according to "Regulations for the Management of the Various Reserves for Nuclear Risks Insurance by Non-life Insurance Enterprises" stipulated in Instruction Jin-Guan-Bao-Cai-Zi No. 10102517091 dated December 28, 2012.
- Note 5: For omnibus travel coverage in freight insurance and accident insurance, provisions are made based on written premiums of active policies using average duration as the assumption, and by following the methods outlined in Letter No. Tai-Cai-Bao-0920704423 issued by Department of Insurance, Ministry of Finance.
- Note 6: For credit insurance, provisions are made according to the percentages that The Non-Life Insurance Association had stipulated for "consumer credit insurance" in September 2001 and for "financial institution small credit insurance" in August 2005.
- Note 7: For group coverage in accident insurance and health insurance products, provisions are made according to "Reserve Provisioning Methods for Insurance Companies" outlined in Instruction Jin-Guan-Bao-Cai-Zi No. 10102501561, and the basis of the premium mentioned in Letter Jin-Guan-Bao-Cai-Zi No. 11004925801 dated June 29, 2021.
- Note 8: For coverage assumed through reinsurance, premium reserves are provided according to Article 6 of "Reserve Provisioning Methods for Insurance Companies" stipulated in Jin-Guan-Bao-Cai-Zi No. 10102501561. The Company has adopted the 1/24th method, and details of implementation are determined by actuarial personnel based on the nature of each insurance category.
- Note 9: For other insurance, premium reserves are provided according to Article 6 of "Reserve Provisioning Methods for Insurance Companies" stipulated in Jin-Guan-Bao-Cai-Zi No. 10102501561. The Company has adopted the 1/24th method; details of implementation are determined by actuarial personnel based on the nature of each insurance category, which have been acknowledged by the Department of Insurance under Letter Tai-Cai-Bao No. 0920704423.

The First Insurance Co., Ltd.  
Interest income accounts  
January 1 to December 31, 2023

Account set 21

Unit: NTD thousands

| <u>Item</u>                                                       | <u>Summary</u> | <u>Amount</u>     |
|-------------------------------------------------------------------|----------------|-------------------|
| Interest from bank deposits                                       |                | \$ 77,860         |
| Interest from bond investments                                    |                | 64,266            |
| Dividend from securitized real estate<br>beneficiary certificates |                | 6,213             |
| Interest on fund beneficiary<br>certificates                      |                | 225               |
| Interest from mandatory automobile<br>liabilities insurance       |                | <u>10,020</u>     |
|                                                                   |                | <u>\$ 158,584</u> |

The First Insurance Co., Ltd.  
Gain and loss accounts for financial assets/liabilities at fair value through profit and loss  
January 1 to December 31, 2023

Account set 22

Unit: NTD thousands

| Item                   | Summary | Amount              |
|------------------------|---------|---------------------|
| Equity instruments     |         |                     |
| Valuation gains/losses |         | (\$ 39,147)         |
| Trading gains/losses   |         | 8,935               |
| Dividend income        |         | <u>27,221</u>       |
|                        |         | ( <u>2,991</u> )    |
| Debt instruments       |         |                     |
| Valuation gains/losses |         | <u>565</u>          |
|                        |         | <u>565</u>          |
|                        |         | ( \$ <u>2,426</u> ) |

The First Insurance Co., Ltd.  
Realized gain and loss accounts for financial assets/liabilities at fair value through other  
comprehensive income

January 1 to December 31, 2023

Account set 23

Unit: NTD thousands

| Item              | Amount            | Remarks |
|-------------------|-------------------|---------|
| Equity instrument |                   |         |
| Dividend income   | <u>\$ 165,535</u> |         |

The First Insurance Co., Ltd.  
Investment property gain and loss accounts  
January 1 to December 31, 2023

Account set 24

Unit: NTD thousands

| Item                                       | Summary | Amount    |
|--------------------------------------------|---------|-----------|
| Gain on investment property                |         |           |
| Rental income                              |         | \$ 69,189 |
| Expenses and losses of investment property |         |           |
| Expenses on investment property            |         | ( 7,784)  |
| Depreciation on investment property        |         | ( 6,121)  |
|                                            |         | ( 13,905) |
|                                            |         | \$ 55,284 |

The First Insurance Co., Ltd.  
Expected credit impairment loss and reversal gain on investment accounts  
January 1 to December 31, 2023

Account set 25

Unit: NTD thousands

| Item             | Amount of reversal<br>of gains<br>(impairment loss) |
|------------------|-----------------------------------------------------|
| Bank debenture   | \$ 2,578                                            |
| Corporate bond   | ( 825 )                                             |
| Government bonds | <u>4</u>                                            |
|                  | <u>\$ 1,757</u>                                     |

The First Insurance Co., Ltd.  
Retained claim and benefit payment accounts  
January 1 to December 31, 2023

Account set 26

Unit: NTD thousands

| Insurance category                                          | Insurance claims<br>(including<br>claim-related<br>expenses) | Claims paid for<br>reinsurance | Claims recovered<br>from reinsurers | Retained claims     |
|-------------------------------------------------------------|--------------------------------------------------------------|--------------------------------|-------------------------------------|---------------------|
| 01 One-year residential fire insurance                      | \$ 16,985                                                    | \$ -                           | \$ -                                | \$ 16,985           |
| 02 Long-term residential fire insurance                     | ( 49 )                                                       | -                              | ( 42 )                              | ( 7 )               |
| 03 One-year commercial fire insurance                       | 443,749                                                      | 2,060                          | 263,496                             | 182,313             |
| 04 Long-term commercial fire insurance                      | -                                                            | 9                              | -                                   | 9                   |
| 05 Inland cargo insurance                                   | 2,429                                                        | -                              | -                                   | 2,429               |
| 06 Freight insurance                                        | 147,275                                                      | 27                             | 20,910                              | 126,392             |
| 07 Marine hull insurance                                    | 54,917                                                       | -                              | 44,405                              | 10,512              |
| 08 Shipping vessel insurance                                | 16,812                                                       | 65                             | 14,290                              | 2,587               |
| 09 Aviation Insurance                                       | 2,080                                                        | -                              | 1,492                               | 588                 |
| 10 General automobile hull insurance for private vehicle    | 1,241,588                                                    | -                              | 142,935                             | 1,098,653           |
| 11 General automobile hull insurance for commercial vehicle | 22,707                                                       | -                              | 1,823                               | 20,884              |
| 12 General liabilities insurance for private vehicle        | 1,174,483                                                    | -                              | 111,477                             | 1,063,006           |
| 13 General liabilities insurance for commercial vehicle     | 149,940                                                      | -                              | 11,864                              | 138,076             |
| 14 Mandatory liabilities insurance for private vehicle      | 359,933                                                      | 148,561                        | 216,690                             | 291,804             |
| 15 Mandatory liabilities insurance for commercial vehicle   | 35,219                                                       | 25,708                         | 19,711                              | 41,216              |
| 16 Mandatory liabilities insurance for motorcycle           | 137,760                                                      | 77,543                         | 81,425                              | 133,878             |
| 17 General liabilities insurance                            | 110,165                                                      | 4,253                          | 41,350                              | 73,068              |
| 18 Professional liability insurance                         | 721                                                          | -                              | 83                                  | 638                 |
| 19 Engineering insurance                                    | 94,174                                                       | 15,848                         | 77,179                              | 32,843              |
| 20 Nuclear risks insurance                                  | -                                                            | 10                             | -                                   | 10                  |
| 21 Performance bond insurance                               | 1,308                                                        | 1,627                          | ( 91 )                              | 3,026               |
| 22 Credit Insurance                                         | ( 1,828 )                                                    | ( 23 )                         | ( 12 )                              | ( 1,839 )           |
| 23 Other property insurance                                 | 20,592                                                       | 1,333                          | 3,787                               | 18,138              |
| 24 Accident insurance                                       | 343,890                                                      | 2,722                          | 108,643                             | 237,969             |
| 25 Commercial earthquake insurance                          | 8,432                                                        | 359                            | 976                                 | 7,815               |
| 26 Personal omnibus insurance                               | 3,737                                                        | -                              | 937                                 | 2,800               |
| 27 Commercial omnibus insurance                             | 149                                                          | -                              | 70                                  | 79                  |
| 28 Typhoon and flood insurance                              | 543                                                          | 4                              | 81                                  | 466                 |
| 29 Government-sponsored earthquake insurance                | -                                                            | -                              | -                                   | -                   |
| 30 One-year health insurance                                | 1,974                                                        | -                              | 835                                 | 1,139               |
| 31 Share of foreign reinsurance coverage                    | -                                                            | 12,383                         | -                                   | 12,383              |
| 32 Mandatory micro liability insurance for electric bikes   | 99                                                           | 37                             | 60                                  | 76                  |
|                                                             | <u>\$ 4,389,784</u>                                          | <u>\$ 292,526</u>              | <u>\$ 1,164,374</u>                 | <u>\$ 3,517,936</u> |

The First Insurance Co., Ltd.  
Commission expense accounts  
January 1 to December 31, 2023

Account set 27

Unit: NTD thousands

| Item                                                  | Summary | Amount              |
|-------------------------------------------------------|---------|---------------------|
| Commission expense                                    |         |                     |
| General automobile hull insurance for private vehicle |         | \$ 409,595          |
| General liabilities insurance for private vehicle     |         | 361,518             |
| Personal accident insurance                           |         | 124,433             |
| Others                                                |         | <u>274,020</u>      |
|                                                       |         | <u>1,169,566</u>    |
| Reinsurance commission expense                        |         |                     |
| Engineering insurance                                 |         | 14,858              |
| General liabilities insurance                         |         | 3,057               |
| Other insurance                                       |         | <u>2,939</u>        |
|                                                       |         | <u>20,854</u>       |
|                                                       |         | <u>\$ 1,190,420</u> |

Note: If the balance under each insurance category exceeds 5% of this category, it is listed as above.

The First Insurance Co., Ltd.  
Operating expense accounts  
January 1 to December 31, 2023

Account set 28

Unit: NTD thousands

| Item             | Selling<br>expenses | Administrativ<br>e expenses | Staff training<br>expenses | Total               |
|------------------|---------------------|-----------------------------|----------------------------|---------------------|
| Payroll expenses | \$ 538,006          | \$ 105,534                  | \$ -                       | \$ 643,540          |
| Taxes            | 199,439             | -                           | -                          | 199,439             |
| Advertising      | 185,855             | -                           | -                          | 185,855             |
| Postage          | 81,445              | -                           | -                          | 81,445              |
| Other expenses   | <u>414,404</u>      | <u>6,498</u>                | <u>2,817</u>               | <u>423,719</u>      |
|                  | <u>\$ 1,419,149</u> | <u>\$ 112,032</u>           | <u>\$ 2,817</u>            | <u>\$ 1,533,998</u> |

Note: If the balance under each category exceeds 5% of this category, it is listed as above.

The First Insurance Co., Ltd.  
Summary of current employee welfare, depreciation and amortization by function  
For periods from January 1 to December 31, 2023 and 2022

Account set 29

Unit: NTD thousands, except for Note 2 which is in dollars

|                                 | 2023                           |                                      |                     | 2022                           |                                      |                     |
|---------------------------------|--------------------------------|--------------------------------------|---------------------|--------------------------------|--------------------------------------|---------------------|
|                                 | Presented as<br>operating cost | Presented as<br>operating<br>expense | Total               | Presented as<br>operating cost | Presented as<br>operating<br>expense | Total               |
| Employee welfare expenses       |                                |                                      |                     |                                |                                      |                     |
| Salary                          | \$ 344,325                     | \$ 608,997                           | \$ 953,322          | \$ 343,179                     | \$ 594,697                           | \$ 937,876          |
| Labor/health insurance premium  | -                              | 66,110                               | 66,110              | -                              | 64,785                               | 64,785              |
| Pension expense                 | -                              | 26,883                               | 26,883              | -                              | 28,587                               | 28,587              |
| Remuneration to Director        | -                              | 12,940                               | 12,940              | -                              | 12,299                               | 12,299              |
| Other employee welfare expenses | -                              | 19,346                               | 19,346              | -                              | 17,898                               | 17,898              |
|                                 | <u>\$ 344,325</u>              | <u>\$ 734,276</u>                    | <u>\$ 1,078,601</u> | <u>\$ 343,179</u>              | <u>\$ 718,266</u>                    | <u>\$ 1,061,445</u> |
| Depreciation                    | <u>\$ 6,121</u>                | <u>\$ 27,670</u>                     | <u>\$ 33,791</u>    | <u>\$ 5,917</u>                | <u>\$ 28,224</u>                     | <u>\$ 34,141</u>    |
| Amortization expenses           | <u>\$ -</u>                    | <u>\$ 16,357</u>                     | <u>\$ 16,357</u>    | <u>\$ -</u>                    | <u>\$ 16,415</u>                     | <u>\$ 16,415</u>    |

Notes:

- The Company employed a total of 856 employees in the current year and 868 employees in the previous year; the number of directors without concurrent roles as an employee was 12 in both years.
- Supplementary disclosure under the annual parent company only financial statements:
  - Employee welfare expenses averaged NT\$1,262,631 per employee in the current year ("Total employee welfare expense for the year - total director remuneration" / "employee count - No. of directors without concurrent role as employee" for the current year).  
Employee welfare expenses averaged NT\$1,225,637 per employee in the previous year ("Total employee welfare expense for the previous year - total director remuneration" / "employee count - No. of directors without concurrent role as employee" for the previous year).
  - Payroll expenses averaged NT\$1,129,527 per employee in the current year (Total payroll expenses in the current year / "employee count - No. of directors without concurrent role as employee" for the current year).  
Payroll expenses averaged NT\$1,095,649 per employee in the previous year (Total payroll expenses in the previous year / "employee count - No. of directors without concurrent role as employee" for the previous year).
  - Change in average payroll expenses was calculated at 3.09% ("Payroll expense per employee in the current year - payroll expense per employee in the previous year" / "payroll expense per employee in the previous year").
  - Please state the Company's remuneration policy (including that for directors, supervisors, managers and employees)  
Remuneration policy:  
Remuneration policy for managers and directors
    - Evaluation on performance shall be made, and compensation and remuneration shall be determined with reference to the normal compensation and remuneration levels in the industry. The rationality of the association with their individual performance, the Company's business performance, and future risks shall also be taken into account.
    - The Company shall not encourage acts outside of the Company's risk appetite for additional compensation. The compensation system and performance shall be reviewed regularly to ensure that decisions are made within the Company's risk appetite.
    - The proportion of dividends to be paid based on their short-term performance and change in timing for payment of compensation and remuneration shall be determined after the characteristics of the industry and the nature of the Company's businesses are considered.

Remuneration policy for employees

The employee remuneration primarily consists of monthly salary (monthly salary including the base pay, supervisory allowance, duty allowance, profession allowance), performance bonus and year-end & festival bonus, etc. Meanwhile, according to Article 31 of the Company's Articles of Incorporation, annual profits concluded by the Company are subject to employee remuneration of at least 1%, which the Board of Directors may decide to distribute in cash or shares. Employees who meet certain criteria are entitled to receive remuneration.

The First Insurance Co., Ltd.  
Other disclosures of the financial statements  
and  
Auditors' review report  
2023

The First Insurance Co., Ltd.  
Other disclosures of the financial statements and auditors' review report

To stakeholders of The First Insurance Co., Ltd.:

We have audited the 2023 financial statements of The First Insurance Co., Ltd., in accordance with the Regulations Governing Financial Statement Audit and Attestation Engagements of Certified Public Accountants and applicable auditing standards, and issued the audit report with unqualified opinions on March 12, 2024. The purpose of this audit was to express opinions on the overall financial statement preparation. Attached are other disclosures relating to the 2023 financial report of The First Insurance Co., Ltd. These disclosures have been prepared separately in accordance with Regulations Governing the Preparation of Financial Reports by Insurance Enterprises, which we have reviewed according to Notes on Review of Other Disclosures of Financial Report.

In our opinion, other disclosures relating to the 2023 financial report of The First Insurance Co., Ltd. have been made in accordance with Regulations Governing the Preparation of Financial Reports by Insurance Enterprises; the financial information presented was consistent with the financial statements, and no material amendment was required.

Deloitte Taiwan  
CPA: Hai-Yueh Huang

CPA: Sheng-Tai Liang

March 12, 2024

The First Insurance Co., Ltd.  
Other disclosures of the financial report  
2023

One. Business activities

I. Major business-related events:

- (I) Any merger, acquisition, divestment, change of (equity) ownership by 10% or above, transfer of business activity, investment in affiliated companies, or restructuring in the last 5 years: None.
- (II) Any acquisition or disposal of critical assets in the last 5 years:
  - 1. Acquisition of critical assets: None.
  - 2. Disposal of critical assets: None.
- (III) Any major change in operations (including marketing system) or business activities: None.



| Payment scale of remuneration to the Directors of the Company  | Name of Director                                                                                                                                                                                                                                                                                         |                                                       |                                                                                                                                                                                                                                                                                              |                                                       |
|----------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------|
|                                                                | Sum of first 4 compensations (A + B + C + D)                                                                                                                                                                                                                                                             |                                                       | Sum of first 7 remunerations (A + B + C + D + E + F + G)                                                                                                                                                                                                                                     |                                                       |
|                                                                | The Company                                                                                                                                                                                                                                                                                              | All companies included in consolidated statements (I) | The Company                                                                                                                                                                                                                                                                                  | All companies included in consolidated statements (J) |
| Below NT\$ 1,000,000                                           | Cheng-Tu Lee, Shao-Ying Lee, Representative of Chimax Development Company; Chi-Chen Tu, Chang-Yi Chang, Y. C. Lee, Cheng-Chin Lee, Representative of Chien Cheng Development Co., Ltd.: Tien-Ching Yang, Representative of OSTA Trading Co., Ltd.: Chien-Yi Hsu, Jui-Tung Lu, Jui-Chou Lin, Hsiu-Mei Lin | -                                                     | Cheng-Tu Lee, Shao-Ying Lee, Representative of Chimax Development Company; Chi-Chen Tu, Chang-Yi Chang, Cheng-Chin Lee, Representative of Chien Cheng Development Co., Ltd.: Tien-Ching Yang, Representative of OSTA Trading Co., Ltd. Chien-Yi Hsu, Jui-Tung Lu, Jui-Chou Lin, Hsiu-Mei Lin | -                                                     |
| NT\$ 1,000,000 (inclusive) ~ NT\$ 2,000,000 (non-inclusive)    | Chien Yi Industrial Co., Ltd. Representative: Cheng-Tsung Lee                                                                                                                                                                                                                                            | -                                                     | Chien Yi Industrial Co., Ltd. Representative: Cheng-Tsung Lee                                                                                                                                                                                                                                | -                                                     |
| NT\$ 2,000,000 (inclusive) ~ NT\$ 3,500,000 (non-inclusive)    | -                                                                                                                                                                                                                                                                                                        | -                                                     | Edward Y. C. Lee                                                                                                                                                                                                                                                                             | -                                                     |
| NT\$ 3,500,000 (inclusive) ~ NT\$ 5,000,000 (non-inclusive)    | Yi Chi Co., Ltd.; Representative: C. H. Lee                                                                                                                                                                                                                                                              | -                                                     | Yi Chi Co., Ltd.; Representative: C. H. Lee                                                                                                                                                                                                                                                  | -                                                     |
| NT\$ 5,000,000 (inclusive) ~ NT\$ 10,000,000 (non-inclusive)   | -                                                                                                                                                                                                                                                                                                        | -                                                     | -                                                                                                                                                                                                                                                                                            | -                                                     |
| NT\$ 10,000,000 (inclusive) ~ NT\$ 15,000,000 (non-inclusive)  | -                                                                                                                                                                                                                                                                                                        | -                                                     | -                                                                                                                                                                                                                                                                                            | -                                                     |
| NT\$ 15,000,000 (inclusive) ~ NT\$ 30,000,000 (non-inclusive)  | -                                                                                                                                                                                                                                                                                                        | -                                                     | -                                                                                                                                                                                                                                                                                            | -                                                     |
| NT\$ 30,000,000 (inclusive) ~ NT\$ 50,000,000 (non-inclusive)  | -                                                                                                                                                                                                                                                                                                        | -                                                     | -                                                                                                                                                                                                                                                                                            | -                                                     |
| NT\$ 50,000,000 (inclusive) ~ NT\$ 100,000,000 (non-inclusive) | -                                                                                                                                                                                                                                                                                                        | -                                                     | -                                                                                                                                                                                                                                                                                            | -                                                     |
| More than NT\$100,000,000                                      | -                                                                                                                                                                                                                                                                                                        | -                                                     | -                                                                                                                                                                                                                                                                                            | -                                                     |
| Total                                                          | 13                                                                                                                                                                                                                                                                                                       | -                                                     | 13                                                                                                                                                                                                                                                                                           | -                                                     |

Note 1: Refers to director's compensation in the last year (including salaries, allowances, severance pay, various bonuses and incentives).

Note 2: Refers to compensation paid for services rendered (including travel, special allowances, subsidies, accommodation, corporate vehicle and in-kind benefits). If housing, company car and other means of transportation were provided or the spending is exclusive to particular person, disclosure the nature of the assets provided and the cost thereof, rent actually disbursed or at fair market value, fuel allowance and other subsidies. If a driver was assigned, specify the remuneration to such driver but not include as a part of the remuneration.

Note 3: Refers to any salaries, allowances, severance pay, bonuses, incentives, travel allowances, special allowances, subsidies, accommodation, vehicles, in-kind benefits etc that the director received in the latest year for assuming the role of a company employee (such as President, Executive Vice President, manager or other employee). If housing, company car and other means of transportation were provided or the spending is exclusive to particular person, disclosure the nature of the assets provided and the cost thereof, rent actually disbursed or at fair market value, fuel allowance and other subsidies. If a driver was assigned, specify the remuneration to such driver but not include as a part of the remuneration.

(II) Compensation to President and Executive Vice Presidents

Unit: NTD thousands

| Title                          | Name                   | Salaries (A)<br>(Note 1) |                                                                   | Severance payment and<br>pension<br>(B) |                                                                   | Bonuses and special<br>allowances (Note 2)<br>(C) |                                                                   | Remuneration to employees (D) |                    |                                                                |                    | Sum of A, B, C, and D<br>as a percentage of net<br>income (%) |                                                                   | Quantity of shares<br>entitled under employee<br>stock warrants |                                                                   | Compensation<br>from parent<br>company or<br>business<br>investments<br>other than<br>subsidiaries |
|--------------------------------|------------------------|--------------------------|-------------------------------------------------------------------|-----------------------------------------|-------------------------------------------------------------------|---------------------------------------------------|-------------------------------------------------------------------|-------------------------------|--------------------|----------------------------------------------------------------|--------------------|---------------------------------------------------------------|-------------------------------------------------------------------|-----------------------------------------------------------------|-------------------------------------------------------------------|----------------------------------------------------------------------------------------------------|
|                                |                        |                          |                                                                   |                                         |                                                                   |                                                   |                                                                   | The Company                   |                    | All companies<br>included in the<br>consolidated<br>statements |                    |                                                               |                                                                   |                                                                 |                                                                   |                                                                                                    |
|                                |                        | The<br>Company           | All<br>companies<br>included in the<br>consolidated<br>statements | The<br>Company                          | All<br>companies<br>included in the<br>consolidated<br>statements | The<br>Company                                    | All<br>companies<br>included in the<br>consolidated<br>statements | Amount<br>in cash             | Amount<br>in stock | Amount<br>in cash                                              | Amount<br>in stock | The<br>Company                                                | All<br>companies<br>included in the<br>consolidated<br>statements | The<br>Company                                                  | All<br>companies<br>included in the<br>consolidated<br>statements |                                                                                                    |
| President                      | S. Q. Chen             | 15,145                   | -                                                                 | -                                       | -                                                                 | -                                                 | -                                                                 | 182                           | -                  | -                                                              | -                  | 15,327<br>2.41%                                               | -                                                                 | -                                                               | -                                                                 | None                                                                                               |
| Executive<br>Vice<br>President | Tom C. T.<br>Chen      |                          |                                                                   |                                         |                                                                   |                                                   |                                                                   |                               |                    |                                                                |                    |                                                               |                                                                   |                                                                 |                                                                   |                                                                                                    |
| Executive<br>Vice<br>President | Yin-Lung<br>Chen       |                          |                                                                   |                                         |                                                                   |                                                   |                                                                   |                               |                    |                                                                |                    |                                                               |                                                                   |                                                                 |                                                                   |                                                                                                    |
| Executive<br>Vice<br>President | Jen-Huai<br>Liu        |                          |                                                                   |                                         |                                                                   |                                                   |                                                                   |                               |                    |                                                                |                    |                                                               |                                                                   |                                                                 |                                                                   |                                                                                                    |
| Executive<br>Vice<br>President | Ching<br>Chang<br>Chen |                          |                                                                   |                                         |                                                                   |                                                   |                                                                   |                               |                    |                                                                |                    |                                                               |                                                                   |                                                                 |                                                                   |                                                                                                    |
| Executive<br>Vice<br>President | Yeong-Rong<br>Hsiao    |                          |                                                                   |                                         |                                                                   |                                                   |                                                                   |                               |                    |                                                                |                    |                                                               |                                                                   |                                                                 |                                                                   |                                                                                                    |

| Brackets along the scale for payments to the Presidents and individual Executive Vice Presidents. | Names of the President and Executive Vice Presidents                                              |                                                       |
|---------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------|-------------------------------------------------------|
|                                                                                                   | The Company                                                                                       | All companies included in consolidated statements (E) |
| Below NT\$ 1,000,000                                                                              | -                                                                                                 | -                                                     |
| NT\$ 1,000,000 (inclusive) ~ NT\$ 2,000,000 (non-inclusive)                                       | -                                                                                                 | -                                                     |
| NT\$ 2,000,000 (inclusive) ~ NT\$ 3,500,000 (non-inclusive)                                       | Hsin-Kun Chen, Tom C. T. Chen, Ching-Chang Chen, Jen-Huai Liu, Yin-Lung Chen and Yeong-Rong Hsiao | -                                                     |
| NT\$ 3,500,000 (inclusive) ~ NT\$ 5,000,000 (non-inclusive)                                       | -                                                                                                 | -                                                     |
| NT\$ 5,000,000 (inclusive) ~ NT\$ 10,000,000 (non-inclusive)                                      | -                                                                                                 | -                                                     |
| NT\$ 10,000,000 (inclusive) ~ NT\$ 15,000,000 (non-inclusive)                                     | -                                                                                                 | -                                                     |
| NT\$ 15,000,000 (inclusive) ~ NT\$ 30,000,000 (non-inclusive)                                     | -                                                                                                 | -                                                     |
| NT\$ 30,000,000 (inclusive) ~ NT\$ 50,000,000 (non-inclusive)                                     | -                                                                                                 | -                                                     |
| NT\$ 50,000,000 (inclusive) ~ NT\$ 100,000,000 (non-inclusive)                                    | -                                                                                                 | -                                                     |
| More than NT\$100,000,000                                                                         | -                                                                                                 | -                                                     |
| Total                                                                                             | 6                                                                                                 | -                                                     |

Note 1: The remuneration to the President and Executive Vice Presidents in the most recent year including the salaries, job subsidy, and severance payment.

## (III) Names of managers entitled to employee remuneration and amount entitled

Unit: NTD thousands

| Item    | Title (Note 1)                                | Name (Note 1)    | Amount in stock | Amount in cash | Total | Total and as a percentage of net income (%) |
|---------|-----------------------------------------------|------------------|-----------------|----------------|-------|---------------------------------------------|
| Manager | President                                     | S. Q. Chen       | -               | 633            | 633   | 633<br>0.10%                                |
|         | Executive Vice President                      | Yeong-Rong Hsiao |                 |                |       |                                             |
|         | Executive Vice President                      | Tom C. T. Chen   |                 |                |       |                                             |
|         | Executive Vice President                      | Yin-Lung Chen    |                 |                |       |                                             |
|         | Executive Vice President                      | Ching Chang Chen |                 |                |       |                                             |
|         | Executive Vice President                      | Jen-Huai Liu     |                 |                |       |                                             |
|         | Region Assistant Vice President               | Hsu-Wei Chen     |                 |                |       |                                             |
|         | Region Assistant Vice President               | Wen-Tung Yen     |                 |                |       |                                             |
|         | Region Assistant Vice President               | Te-Chun Chiang   |                 |                |       |                                             |
|         | Region Assistant Vice President               | Yu-Jen Liu       |                 |                |       |                                             |
|         | Region Assistant Vice President               | Neil Yen         |                 |                |       |                                             |
|         | Region Assistant Vice President               | Shu-Ling Chen    |                 |                |       |                                             |
|         | Region Assistant Vice President               | Ting-Hsiang Chao |                 |                |       |                                             |
|         | Region Manager                                | Chien-Sheng Chen |                 |                |       |                                             |
|         | Vice President                                | Chang-Hung Chen  |                 |                |       |                                             |
|         | Vice President                                | Edward Y. C. Lee |                 |                |       |                                             |
|         | Vice President                                | Chen-Hsiung Lin  |                 |                |       |                                             |
|         | Vice President                                | Chien Wen Chen   |                 |                |       |                                             |
|         | Vice President                                | Tung-Ying Wu     |                 |                |       |                                             |
|         | Manager                                       | Kun-Ying Yeh     |                 |                |       |                                             |
|         | Manager                                       | Chuan-Wei Hu     |                 |                |       |                                             |
|         | Manager                                       | Chen-Pei Wang    |                 |                |       |                                             |
|         | Manager                                       | Hsueh-Tung Li    |                 |                |       |                                             |
|         | Manager                                       | Chi-Wen Lin      |                 |                |       |                                             |
|         | Manager                                       | Chiung-Wen Chiu  |                 |                |       |                                             |
|         | Manager                                       | Ching-Hung Wang  |                 |                |       |                                             |
|         | Manager                                       | Jui-Yuan Lin     |                 |                |       |                                             |
|         | Manager                                       | Wen-Kuo Li       |                 |                |       |                                             |
|         | Manager                                       | Neng-Ting Chiang |                 |                |       |                                             |
|         | Assistant Vice President,<br>Accounting Dept. | Fei-Fen Hsiao    |                 |                |       |                                             |

Note 1: Names and titles have been disclosed separately, whereas earnings distribution has been disclosed in aggregate.

- (IV) Chairman, President, or any managers involved in financial or accounting affairs being employed by the accounting firm or any of its affiliated enterprises in the last year: None.
  - (V) Information about retired chairmen and presidents re-hired as consultants: None.
- III. Labor-Management Relationship:
- (I) Current major labor-management agreements and execution
    - 1. Employee welfare measures:
      - (1) The welfare measures provided by the Company include:
        - A. Labor insurance and national health insurance
        - B. Cash equivalent for Dragon Boat Festival and Mid-Autumn Festival gifts
        - C. Evaluation bonus, performance bonus, year-end bonus
        - D. Employee remuneration
        - E. Reward for excellent SDG project
        - F. Allowance for language proficiency test
        - G. Reward for participation in competition
        - H. Reward and allowance for underwriting & claims license examination
        - I. Booking of newspapers and magazines
        - J. Installation of breastfeeding rooms
        - K. Preferential childcare service organization by contract
        - L. Health promotion and pressure relieve courses
        - M. Health checkup leave with pay and subsidy for health checkup
        - N. Volunteer time off
        - O. Periodic health management and consulting service provided by occupational physicians and practicing registered nurses by contract
      - (2) The welfare measures provided by the Committee
        - A. Cash gift for marriage
        - B. Relief fund
        - C. Family emergency allowance
        - D. Condolence money or wreaths for funeral
        - E. Group casualty insurance, cancer insurance and life insurance
        - F. Childbirth subsidy
        - G. Scholarship for employees and children
    - 2. Training:
 

The Company's training programs have been designed according to operating strategies and human resource plans. The Company has internal and external professional courses available to help all employees gain professional knowledge, improve work efficiency/quality and develop the professional character needed to compete in the market. The Company also encourages employees to acquire insurance-related certificates, and offers incentives to train professional insurance talents.

The Company completed 755 internal and external training sessions in 2023 for a total of 3,274 hours. Enrollment count totaled 21,428, and NT\$1,950 thousand in training expenses were incurred.
    - 3. Pension system:
 

The Company has retirement and pension policies in place that apply to all full-time employees. According to the above policies, employees' pension benefits and severance pay are calculated based on their years of

service and 6-month average salary leading up to their retirement. Since July 1, 2005, the Company has been making monthly contributions totaling 6% of monthly for all employees who have adopted the new pension system introduced under the Labor Pension Act. These contributions are deposited into employees' individual pension accounts held under the Bureau of Labor Insurance.

4. Other material agreements: None.

(II) Losses suffered in the last 3 years as a result of employment dispute:

1. Losses as a result of employment dispute in the last year up until the publication date of annual report: NT\$600,000.
2. Actual or potential losses and response measures: The Company complies with the Labor Standards Act and abides by regulations with respect to employee welfare. Significant attention has been directed to improving the work environment and maintaining productive interactions with employees, therefore the Company considers it extremely unlikely to suffer losses from employment dispute in the future.

(III) Violations of Labor Standards Act found in a labor inspection: None.

IV. Cyber security management:

(I) Cyber security risk management framework:

Roles and functions of the Company's information security-related organization are stated as follows:

1. Information Security Management Committee: The supreme management of the Resource Management Group shall serve as the Committee's convener, and the CIO as the vice convener. Meanwhile, an executive secretary shall be appointed to coordinate various operations of the Committee. Various insurance departments and information security-related departments shall delegate their representatives to join the Committee.
2. Information Security Taskforce: The convener of Information Security Management Committee shall designate the taskforce leader, and have the leader designate several members responsible for executing the information security operations and promoting related technologies within the units.
3. Asset Inventory-Taking and Risk Evaluation Taskforce: The convener of Information Security Management Committee shall designate the taskforce leader, and have the leader designate several members responsible for taking an inventory of assets and evaluating risks.
4. Document Control Taskforce: The convener of Information Security Management Committee shall designate the taskforce leader, and have the leader designate several members responsible for issuing, recovering, keeping, loaning and destroying the information security management system documents, and managing versions thereof.
5. Audit Taskforce: The convener of Information Security Management Committee shall designate the taskforce leader, and have the leader designate several members responsible for establishing related audit plans and executing the audit operations.

(II) Cyber security policy

The Company's cyber security policy aims to strengthen the information security management and ensure the safety of information and data, system, equipment and network communications, in order to mitigate the risks arising from theft, unfair use, disclosure, tampering, damage or interrupted servicing of information assets caused by human errors, intentional sabotage, failure in

equipment or natural calamity effectively. Meanwhile, the policy satisfies the ISMS requirements and ensures the confidentiality, completeness and availability of information assets.

(III) Cyber security management program:

1. Each of the Company's business departments must comply with the related government laws and regulations (e.g. Patent Act, Copyright Act, Personal Data Protection Act, and Enforcement Rules of the Personal Data Protection Act, etc.) when performing its job duties.
2. Establish the Information Security Management Committee responsible for building and promoting the Company's information security management system.
3. Build the context of the organization evaluation mechanism to define the information security policy and scope of the information security management system implementation, and verify the context of the organization and need and expectation of followers.
4. Establish the document control operating procedures to regulate the management principles for preparation, modification, codification and release of the information security system documents.
5. Establish the information asset management mechanism to prepare the overall planning for allocation and effective utilization of limited resources to solve the key security issues.
6. Establish the risk evaluation management regulations and identify the risks over various assets to help take adequate responsive measures, so as to control and mitigate the risks until they are acceptable.
7. Implement the information security education and training related to job duties periodically, and promote the information security policy and related requirements.
8. Establish the physical control room and environmental safety protection measures, and perform maintenance work periodically.
9. Regulate the authority of access to information system, network services and sensitive information specifically to prevent any access without authorization.
10. Establish the operating procedures for access to and development and maintenance of the information system; regulate the bases to be followed by the development or outsourcing of the system specifically; take into account the information security-related issues before construction or launch of the information system or service, in order to prevent any circumstances impairing system security.
11. Establish and execute the information security internal audit activities to practice the information security management system, and take corrective actions against any deficiencies.
12. Establish the business continuity plan for information security and exercise it physically to ensure the Company's business continuity in any contingency.
13. All of the Company's staff shall be obligated to maintain the information security, and shall understand and comply with related information security management requirements, and practice the same when performing their job duties.

(IV) Resources invested in cyber security management

The Company has established the information security dedicated unit responsible for promoting the information security operations, and also acquired the ISO27001 information security system management license. In order to maintain the effect of the license, the Company has executed the ISMS consultancy agreement with CHT, and also established the Information Security Management Committee. The Committee's convener is served by the managerial officer ranking vice president or above, in order to reflect the support to the information security from the Company's senior management. The management review meeting is convened periodically each year in order to supervise whether the information security procedures are carried out as required. The ISMS management meeting is also arranged from time to time each month. As a result, more than 15 related meetings have been convened, and more than 100 staff engaged in the work to review the validity of the information security protection measures and whether the anticipated goals are achieved or not. Meanwhile, the Company has purchased the data protection insurance from Nan Shan General Insurance Company, with the insured value amounting to US\$1 million in total, in order to mitigate the losses to be caused by the cyber security risk.

(V) List any losses suffered by the Company in the most recent year and up to the date of publication of the annual report publication due to significant cyber security incidents, the possible impacts therefrom, and measures being or to be taken: No significant information security incident occurred to the Company in 2023.

(VI) Financial impacts and response measures due to the cyber security risk:

If the Company is attacked by hackers and, therefore, the Company's important data or customers' personal data are disclosed, the Company might receive claims made by customers or hackers' request for ransom. If so, the Company will suffer a damaged reputation as well as lose money.

The responsive measures are 1. Report the case to the competent authority. 2. The Company shall take urgent actions and conduct investigation. 3. Ask any external professional information security entity, or Investigation Bureau or Criminal Investigation Bureau for help. 4. Strengthen the information security and reduce the possibility of attacks based on the analysis on malware samples and related information.

V. Change of President, chief internal auditor and certified actuary in the last 2 years:

|                        | 2023             | 2022             |
|------------------------|------------------|------------------|
| President              | S. Q. Chen       | Chu-Minn Leu     |
| Chief internal auditor | Ching Chang Chen | Ching Chang Chen |
| Certified actuary      | Chen-Hsiung Lin  | Chen-Hsiung Lin  |

Note: President Chu-Minn Leu retired on December 31, 2022, and new President Hsin-Kun Chen commenced duty on January 1, 2023.

VI. Changes in reserve provisioning method:

All reserves are provided according to "Reserve Provisioning Methods for Insurance Companies" stipulated by the Financial Supervisory Commission, Executive Yuan, in Instruction Jin-Guan-Bao-Cai-Zi No. 10102501561. Certified actuaries are engaged to certify various reserves provided by the Company.

- VII. For non-life insurance companies that had shareholder-resolved increase or reduction of capital or board-resolved issuance of new shares in the last year. any application (or filing) that was not approved (or acknowledged) by the Securities and Futures Bureau, Financial Supervisory Commission, or any situation where change of capital was not approved by the Ministry of Economic Affairs: None.
- VIII. Claims amounting to NT\$20 million or above paid or recovered from reinsurance in the last 3 years, and analysis of financial impact:

Unit: NTD thousands

| Insurance category                  | Claim case No. | Date of claim payment | Amount of claim | Amount recovered | Financial impact (Net losses) |
|-------------------------------------|----------------|-----------------------|-----------------|------------------|-------------------------------|
| Fire                                | 11A058         | February 8, 2023      | 25,192          | 2,519            | ( 22,673 )                    |
| Fire                                | 12A030         | August 16, 2023       | 34,000          | 24,100           | ( 9,900 )                     |
| Marine                              | H230001        | October 30, 2023      | 51,642          | 7,650            | ( 43,992 )                    |
| Fire                                | 11A064         | November 1, 2023      | 67,336          | 52,185           | ( 15,151 )                    |
| Engineering/<br>liability insurance | CAR12/0033     | November 21, 2023     | 51,585          | 30,713           | ( 20,872 )                    |
| Marine                              | L230134        | December 18, 2023     | 46,618          | -                | ( 46,618 )                    |
| Fire                                | 09A138         | December 19, 2023     | 116,552         | 116,552          | -                             |
| Fire                                | 10A091         | December 27, 2023     | 76,516          | 44,516           | ( 32,000 )                    |
| Fire                                | 12A072         | December 27, 2023     | 40,074          | 4,007            | ( 36,067 )                    |
| Fire                                | 09A138         | March 9, 2022         | 32,771          | 8,009            | ( 24,762 )                    |
| Fire                                | 10A091         | September 12, 2022    | 20,000          | 2,000            | ( 18,000 )                    |
| Fire                                | 11A046         | October 25, 2022      | 30,162          | 3,016            | ( 27,146 )                    |
| Fire                                | 11A064         | December 23, 2022     | 37,966          | 29,423           | ( 8,543 )                     |
| Fire                                | 07A111         | July 21, 2021         | 66,532          | 52,560           | ( 13,972 )                    |
| Fire                                | 09A138         | August 13, 2021       | 32,049          | 6,810            | ( 25,239 )                    |
| Fire                                | 10A043         | September 28, 2021    | 48,497          | 12,659           | ( 35,838 )                    |
| Fire                                | 08A130         | October 12, 2021      | 23,485          | 23,485           | -                             |
| Fire                                | 10A066         | November 10, 2021     | 24,430          | 17,101           | ( 7,329 )                     |

- IX. Name and credit rating of reinsurers where the amount of reinsurance premium expenses represented 1% or higher of total premium revenues in the last year:

| Reinsurance companies | Credit Rating (S & P's Rating) |
|-----------------------|--------------------------------|
| C.R.C                 | A                              |
| Toa Re (Note)         | A                              |
| Swiss Re              | AA-                            |

Note: Credit rating of Toa Re was downgraded from A+ to A on January 25, 2023.

- X. Date and outcome of external credit rating and name of rating agency, if applicable:

| Name of rating agency | Date of rating    | Rating outcome |
|-----------------------|-------------------|----------------|
| Taiwan Ratings        | November 13, 2023 | tw AA          |

Two. Market price, dividend and ownership diversity

I. Information relating to market price, net worth, earnings, and dividends per share for the last 2 years

| Item \ Year                     |                                                    | 112 years             | 111 years |
|---------------------------------|----------------------------------------------------|-----------------------|-----------|
| Market price per share (Note 1) | High                                               | 18.85                 | 17.10     |
|                                 | Low                                                | 15.15                 | 13.60     |
|                                 | Average                                            | 16.60                 | 15.25     |
| Net worth per share (Note 2)    | Before dividend                                    | 26.99                 | 25.11     |
|                                 | After dividend                                     | Note 8                | 24.39     |
| Earnings per share              | Weighted average outstanding shares (in thousands) | 301,164               | 301,164   |
|                                 | EPS (Note 3)                                       | 2.11                  | 1.86      |
| Dividends per share             | Cash dividends                                     | Note 8                | 0.72      |
|                                 | Stock dividends                                    | From earnings         | -         |
|                                 |                                                    | From capital reserves | -         |
|                                 | Cumulative undistributed dividends (Note 4)        | -                     | -         |
| Analysis of investment returns  | P/E ratio (Note 5)                                 | 7.87                  | 8.20      |
|                                 | Price to dividends ratio (Note 6)                  | Note 8                | 21.18     |
|                                 | Cash dividend yield (Note 7)                       | Note 8                | 4.72      |

\* Where stock dividends were paid from earnings or capital reserves, market price and cash dividends per share are adjusted retrospectively for the number of new shares issued.

Note 1: The Table shows the highest and lowest market price of common shares in each year; average market price is calculated by weighing transaction prices against transaction volumes in the respective years.

Note 2: Calculated based on the number of outstanding shares at year-end; amount of distribution resolved in next year's shareholder meeting is presented in the Table.

Note 3: Where stock dividends were issued, EPS are disclosed in amounts before and after retrospective adjustments.

Note 4: If equity securities are issued with terms that allow dividends to be accrued and accumulated until the year the Company makes profit, the amount of cumulative undistributed dividends up till the current year is disclosed separately.

Note 5: P/E ratio = average closing price per share for the year / earnings per share.

Note 6: Price to dividend ratio = average closing price per share for the year / cash dividends per share.

Note 7: Cash dividend yield = cash dividend per share / average closing price per share for the current year.

Note 8: Dividends per share are presented based on the results resolved in shareholder meeting of the following year. The 2023 proposal had yet to be resolved in a shareholders' meeting.

II. Ownership diversity

Common shares  
Face value - NT\$10 per share  
December 31, 2023

Unit: shares

| Shareholding range   | Number of shareholders | Shares held | Shareholding percentage (%) |
|----------------------|------------------------|-------------|-----------------------------|
| 1 to 999             | 13,899                 | 569,258     | 0.19%                       |
| 1,000 to 5,000       | 5,267                  | 11,473,570  | 3.81%                       |
| 5,001 to 10,000      | 1,154                  | 9,393,745   | 3.12%                       |
| 10,001 to 15,000     | 428                    | 5,434,491   | 1.80%                       |
| 15,001 to 20,000     | 322                    | 5,954,029   | 1.98%                       |
| 20,001 to 30,000     | 277                    | 7,135,347   | 2.37%                       |
| 30,001 to 40,000     | 137                    | 4,874,933   | 1.62%                       |
| 40,001 to 50,000     | 123                    | 5,736,082   | 1.90%                       |
| 50,001 to 100,000    | 234                    | 17,440,477  | 5.79%                       |
| 100,001 to 200,000   | 146                    | 20,240,540  | 6.72%                       |
| 200,001 to 400,000   | 86                     | 24,321,243  | 8.08%                       |
| 400,001 to 600,000   | 20                     | 9,825,848   | 3.26%                       |
| 600,001 to 800,000   | 19                     | 13,009,321  | 4.32%                       |
| 800,001 to 1,000,000 | 15                     | 12,979,510  | 4.31%                       |
| 1,000,001 and above  | 46                     | 152,775,390 | 50.73%                      |
| Total                | 22,173                 | 310,163,784 | 100.00%                     |

III. Changes in shareholding of directors (including independent directors), managers and dominant shareholders (with 10% holding interest and above)

| Title                   | Name                                                                    | Opening shareholding position |                           |                | Change of shareholding             |                                       | Closing shareholding position |                           |                |
|-------------------------|-------------------------------------------------------------------------|-------------------------------|---------------------------|----------------|------------------------------------|---------------------------------------|-------------------------------|---------------------------|----------------|
|                         |                                                                         | Shares held                   | Shareholding percentage % | Shares pledged | Increase (decrease) in shares held | Increase (decrease) in shares pledged | Shares held                   | Shareholding percentage % | Shares pledged |
| Chairman                | Yi Chi Co., Ltd.;<br>Representative: C. H. Lee                          | 4,928,750                     | 1.64%                     |                | -                                  | -                                     | 4,928,750                     | 1.64%                     |                |
| Director                | Chimax Development<br>Company Representative:<br>Chi-Chen Tu            | 1,357,389                     | 0.45%                     |                | -                                  | -                                     | 1,357,389                     | 0.45%                     |                |
| Director                | Chien Yi Industrial Co., Ltd.<br>Representative:<br>Cheng-Tsung Lee     | 7,385,189                     | 2.45%                     |                | -                                  | -                                     | 7,385,189                     | 2.45%                     |                |
| Director                | Cheng-Tu Lee                                                            | 3,018,991                     | 1.00%                     |                | -                                  | -                                     | 3,018,991                     | 1.00%                     |                |
| Director                | Edward Y. C. Lee                                                        | 2,807,896                     | 0.93%                     |                | 58,000                             | -                                     | 2,865,896                     | 0.95%                     |                |
| Director                | Shao-Ying Lee                                                           | 195,104                       | 0.06%                     |                | -                                  | -                                     | 195,104                       | 0.06%                     |                |
| Director                | Chang-Yi Chang                                                          | 761,739                       | 0.25%                     |                | -                                  | -                                     | 761,739                       | 0.25%                     |                |
| Director                | Cheng-Chin Lee                                                          | 347,000                       | 0.12%                     |                | -                                  | -                                     | 347,000                       | 0.12%                     |                |
| Director                | Chien Cheng Development<br>Co., Ltd. Representative:<br>Tien-Ching Yang | 18,806,192                    | 6.24%                     |                | -                                  | -                                     | 18,806,192                    | 6.24%                     |                |
| Director                | OSTA Trading Co., Ltd.<br>Representative: Chien-Yi<br>Hsu               | 15,823,085                    | 5.25%                     |                | -                                  | -                                     | 15,823,085                    | 5.25%                     |                |
| Independent<br>Director | Jui-Tung Lu                                                             | -                             | -                         |                | -                                  | -                                     | -                             | -                         |                |
| Independent<br>Director | Jui-Chou Lin                                                            | -                             | -                         |                | -                                  | -                                     | -                             | -                         |                |
| Independent<br>Director | Hsiu-Mei Lin                                                            | -                             | -                         |                | -                                  | -                                     | -                             | -                         |                |
| Manager                 | Tom C. T. Chen                                                          | 168,888                       | 0.06%                     |                | -                                  | -                                     | 168,888                       | 0.06%                     |                |
| Manager                 | Chu-Minn Leu (Note 1)                                                   | 57,250                        | 0.02%                     |                | -                                  | -                                     | 57,250                        | 0.02%                     |                |
| Manager                 | S. Q. Chen                                                              | 41,963                        | 0.01%                     |                | -                                  | -                                     | 41,963                        | 0.01%                     |                |
| Manager                 | Wen-Tung Yen                                                            | 45,608                        | 0.02%                     |                | -                                  | -                                     | 45,608                        | 0.02%                     |                |
| Manager                 | Jen-Huai Liu                                                            | 488                           | -                         |                | -                                  | -                                     | 488                           | -                         |                |
| Manager                 | Ching Chang Chen                                                        | 37,761                        | 0.01%                     |                | -                                  | -                                     | 37,761                        | 0.01%                     |                |
| Manager                 | Chen-Hsiung Lin                                                         | 2,000                         | -                         |                | (2,000)                            | -                                     | -                             | -                         |                |
| Manager                 | Hsu-Wei Chen                                                            | 28,621                        | 0.01%                     |                | -                                  | -                                     | 28,621                        | 0.01%                     |                |

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| Title   | Name                      | Opening shareholding position |                           |                | Change of shareholding             |                                       | Closing shareholding position |                           |                |
|---------|---------------------------|-------------------------------|---------------------------|----------------|------------------------------------|---------------------------------------|-------------------------------|---------------------------|----------------|
|         |                           | Shares held                   | Shareholding percentage % | Shares pledged | Increase (decrease) in shares held | Increase (decrease) in shares pledged | Shares held                   | Shareholding percentage % | Shares pledged |
| Manager | Yeong-Rong Hsiao          | -                             | -                         | -              | -                                  | -                                     | -                             | -                         | -              |
| Manager | Edward Y. C. Lee          | 2,807,896                     | 0.93%                     | -              | 58,000                             | -                                     | 2,865,896                     | 0.95%                     | -              |
| Manager | Fei-Fen Hsiao             | -                             | -                         | -              | -                                  | -                                     | -                             | -                         | -              |
| Manager | Chang-Hung Chen           | 31,352                        | 0.01%                     | -              | -                                  | -                                     | 31,352                        | 0.01%                     | -              |
| Manager | Chien Wen Chen            | -                             | -                         | -              | -                                  | -                                     | -                             | -                         | -              |
| Manager | Te-Chun Chiang            | 850                           | -                         | -              | -                                  | -                                     | 850                           | -                         | -              |
| Manager | Chuan-Wei Hu              | -                             | -                         | -              | -                                  | -                                     | -                             | -                         | -              |
| Manager | Tung-Ying Wu              | 70,000                        | 0.02%                     | -              | 9,000                              | -                                     | 79,000                        | 0.03%                     | -              |
| Manager | Chien-Sheng Chen          | 426                           | -                         | -              | -                                  | -                                     | 426                           | -                         | -              |
| Manager | Neil Yen                  | 1,000                         | -                         | -              | 7,000                              | -                                     | 8,000                         | -                         | -              |
| Manager | Kun-Ying Yeh              | -                             | -                         | -              | 45,000                             | -                                     | 45,000                        | 0.01%                     | -              |
| Manager | Shu-Ling Chen             | -                             | -                         | -              | -                                  | -                                     | -                             | -                         | -              |
| Manager | Yin-Lung Chen             | -                             | -                         | -              | -                                  | -                                     | -                             | -                         | -              |
| Manager | Hsueh-Tung Li             | 6,000                         | -                         | -              | -                                  | -                                     | 6,000                         | -                         | -              |
| Manager | Chen-Pei Wang             | -                             | -                         | -              | -                                  | -                                     | -                             | -                         | -              |
| Manager | Yu-Jen Liu                | -                             | -                         | -              | -                                  | -                                     | -                             | -                         | -              |
| Manager | Jui-Yuan Lin (Note 2)     | 7,904                         | -                         | -              | -                                  | -                                     | 7,904                         | -                         | -              |
| Manager | Ting-Hsiang Chao (Note 3) | -                             | -                         | -              | -                                  | -                                     | -                             | -                         | -              |

Note 1: Former manager, Chiu-Minn Leu, departed from duty on January 1, 2023.

Note 2: New manager, Jui-Yuan Lin, departed from duty on January 1, 2023.

Note 3: New manager, Ting-Hsiang Chao, departed from duty on October 1, 2023.

IV. Information relevant to the aggregate reporting policy: Not applicable.

Three. Key financial information

I. Summary balance sheet and statement of comprehensive income for the last 5 years

(I) Balance sheet information:

Unit: NTD thousands

| Year                          |                 | Financial information for the last 5 years |            |            |            |            |
|-------------------------------|-----------------|--------------------------------------------|------------|------------|------------|------------|
|                               |                 | 112 years                                  | 111 years  | 110 years  | 109 years  | 108 years  |
| Item                          |                 |                                            |            |            |            |            |
| Cash                          |                 | 1,387,004                                  | 1,335,225  | 1,665,303  | 1,775,324  | 1,860,014  |
| Receivables                   |                 | 262,822                                    | 241,502    | 359,391    | 380,972    | 463,385    |
| Financial assets and loans    |                 | 13,376,806                                 | 12,548,364 | 11,361,974 | 10,297,861 | 9,966,570  |
| Reinsurance Contracts Assets  |                 | 2,977,406                                  | 2,245,153  | 2,105,816  | 2,150,899  | 2,269,819  |
| Property, Plant and Equipment |                 | 624,836                                    | 658,434    | 668,397    | 661,560    | 620,038    |
| Right-of-use asset            |                 | 3,711                                      | 5,064      | 4,659      | 4,400      | 4,320      |
| Intangible Assets             |                 | 33,314                                     | 39,759     | 42,894     | 44,106     | 7,203      |
| Other assets                  |                 | 582,880                                    | 580,179    | 652,625    | 710,865    | 665,465    |
| Total assets                  |                 | 19,248,779                                 | 17,653,680 | 16,861,059 | 16,025,987 | 15,856,814 |
| Payables                      |                 | 654,682                                    | 620,246    | 635,763    | 677,616    | 725,268    |
| Lease liabilities             |                 | 3,770                                      | 5,128      | 4,726      | 4,445      | 4,139      |
| Liability reserves            |                 | 10,208,864                                 | 9,223,339  | 8,696,978  | 8,379,938  | 8,081,929  |
| Other liabilities             |                 | 253,832                                    | 242,433    | 252,174    | 201,904    | 234,217    |
| Total liabilities             | Before dividend | 11,121,148                                 | 10,091,146 | 9,589,641  | 9,263,903  | 9,045,553  |
|                               | After dividend  | Note 2                                     | 10,307,984 | 9,954,049  | 9,369,310  | 9,334,670  |
| Share capital                 |                 | 3,011,638                                  | 3,011,638  | 3,011,638  | 3,011,638  | 3,011,638  |
| Retained Earnings             | Before dividend | 4,758,852                                  | 4,264,943  | 4,086,725  | 3,458,120  | 3,392,600  |
|                               | After dividend  | Note 2                                     | 4,048,105  | 3,722,317  | 3,352,713  | 3,103,483  |
| Other equity items            |                 | 357,141                                    | 285,953    | 173,055    | 292,326    | 407,023    |
| Total equity                  | Before dividend | 8,127,631                                  | 7,562,534  | 7,271,418  | 6,762,084  | 6,811,261  |
|                               | After dividend  | Note 2                                     | 7,345,696  | 6,907,010  | 6,656,677  | 6,522,144  |

Note 1: Financial information for the last 5 years, as presented above, has been prepared according to the IFRSs, and audited by the CPA.

Note 2: Distribution of 2023 earnings has yet to be resolved in a shareholders' meeting.

(II) Statement of comprehensive income:

Unit: NTD thousands, except EPS which is in dollars

| Year                              |  | Financial information for the last 5 years |           |           |           |           |
|-----------------------------------|--|--------------------------------------------|-----------|-----------|-----------|-----------|
|                                   |  | 112 years                                  | 111 years | 110 years | 109 years | 108 years |
| Item                              |  |                                            |           |           |           |           |
| Revenue                           |  | 7,394,603                                  | 6,932,881 | 6,539,918 | 5,854,672 | 6,049,197 |
| Operating Cost                    |  | 5,105,494                                  | 4,753,447 | 4,417,945 | 4,246,729 | 4,045,100 |
| Operating Expense                 |  | 1,533,998                                  | 1,504,262 | 1,475,649 | 1,399,892 | 1,339,907 |
| Non-operating income and expenses |  | ( 643 )                                    | ( 238 )   | ( 849 )   | ( 2,106 ) | ( 565 )   |
| Operating income before tax       |  | 754,468                                    | 674,934   | 645,475   | 205,945   | 663,625   |
| Net Income After Tax              |  | 636,241                                    | 558,847   | 553,137   | 152,882   | 580,968   |
| Other Comprehensive Income        |  | 145,694                                    | 96,677    | 61,604    | 87,058    | 408,953   |
| Earnings per share                |  | 2.11                                       | 1.86      | 1.84      | 0.51      | 1.93      |

Note 1: Financial information for the last 5 years, as presented above, has been prepared according to the IFRSs and audited by CPA.

## II. Analysis of key financial ratios

| Analysis                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |                                            | Financial and operational indicators in the last 5 years |           |           |           |           |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------|----------------------------------------------------------|-----------|-----------|-----------|-----------|
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |                                            | 112 years                                                | 111 years | 110 years | 109 years | 108 years |
| Business performance indicators                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 | Variation of written premiums revenue      | 9.24                                                     | 5.99      | 5.60      | 2.73      | ( 1.99)   |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 | Variation of losses paid                   | 17.72                                                    | 1.39      | 1.04      | ( 10.34)  | 1.92      |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 | Variation of retained premium              | 7.52                                                     | 5.12      | 6.75      | 6.28      | ( 0.70)   |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 | Net worth ratio                            | 42.22                                                    | 42.84     | 43.13     | 42.19     | 42.95     |
| Profit indicators                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               | Return on Asset                            | 3.45                                                     | 3.24      | 3.36      | 0.96      | 3.68      |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 | Return on Equity                           | 8.11                                                     | 7.53      | 7.88      | 2.25      | 9.09      |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 | Net Investment Income Ratio                | 2.61                                                     | 1.55      | 3.35      | 1.98      | 2.92      |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 | Return on Investment                       | 2.48                                                     | 1.46      | 3.13      | 1.84      | 2.70      |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 | Combined Ratio                             | 93.16                                                    | 93.01     | 92.87     | 96.10     | 95.47     |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 | Retained Expense Ratio                     | 37.07                                                    | 38.33     | 39.12     | 39.51     | 40.18     |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 | Retained Earned Loss Ratio                 | 56.09                                                    | 54.68     | 53.75     | 56.59     | 55.29     |
| Operational indicators                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          | Retained premium to equity ratio           | 84.47                                                    | 84.43     | 83.54     | 84.15     | 78.61     |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 | Gross premium to equity ratio              | 111.47                                                   | 110.21    | 108.22    | 110.42    | 106.88    |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 | Net reinsurance commission to equity ratio | 2.63                                                     | 2.58      | 2.67      | 2.86      | 2.94      |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 | Insurance liabilities to equity ratio      | 125.19                                                   | 121.28    | 117.94    | 121.81    | 116.16    |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 | Percentage of equity variation             | 7.47                                                     | 4.00      | 7.53      | ( 0.72)   | 14.11     |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 | Expense ratio                              | 31.75                                                    | 32.98     | 33.93     | 33.96     | 33.51     |
| Explanation to significant changes in the last two years:<br>1. Increase in the rate of changes in direct premium: Mainly due to the increase in the current premium revenue from fire insurance, motor insurance and other insurance.<br>2. Increase in the rate of changes in directly paid claims: Mainly due to the increase in due current claims under fire insurance, marine insurance and motor insurance.<br>3. Increase in the rate of changes in retained premium: Mainly due to the increase in the current premium revenue from fire insurance, motor insurance and engineering/liability insurance.<br>4. Increase in net investment income ratio and return on investment: Mainly due to the increase in the current interest revenue, stock dividend revenue from equity instrument measured at fair value through other comprehensive income and gain or loss on disposal from the same period of last year.<br>5. Increase in rate of changes in equity: Mainly due to increase in undistributed earnings and other equity from the same period of last year. |                                            |                                                          |           |           |           |           |

Note 1: Financial statements for the last 5 years, as presented above, have been prepared according to the IFRSs, and audited by the CPA.

Note 2: Formulas for calculation of various analyses:

1. Business performance indicators
  - (1) Variation of written premiums revenue = (cumulative written premiums revenue in the current period - cumulative written premiums revenue for the previous period) / cumulative written premiums revenue for the previous period  
 ["Written premiums revenue" refers to insurance premium revenues that an insurance company receives for underwriting insurance policy directly to the insured party.]
  - (2) Variation of losses paid = (cumulative direct losses paid in the current period - cumulative direct losses paid in the previous period) / cumulative direct losses paid in the previous period  
 ["Direct losses paid" refers to claims that an insurance company pays to insured parties of direct written policies for suffering an insured accident.]

- (3) Variation of retained premium = (cumulative retained premium in the current period - cumulative retained premium in the previous period) / cumulative retained premium in the previous period  
 [Retained premium = written premiums revenue + reinsurance premiums revenue - reinsurance premiums expense]
  - (4) Net worth ratio = owners' equity / total assets excluding investment-linked insurance asset account
2. Profit indicators
  - (1) ROA = [net income after tax + interest expenses × (1 - tax rate)] / average total assets.  
 [Average total assets = (opening assets + closing assets) / 2]
  - (2) Return on equity = profit before or after tax / average equity  
 [Average equity = (current equity + equity for the previous period) / 2]
  - (3) Net investment income ratio = (current net gain on investments + current gain on disposal of equity instruments measured at fair value through other comprehensive income) / [(opening available capital + closing available capital - current net gain on investments - current gain on disposal of equity instruments measured at fair value through other comprehensive income) / 2]
  - (4) Return on investment = (current net gain on investments + current gain on disposal of equity instruments measured at fair value through other comprehensive income) / [opening assets + closing assets - current net gain on investments - current gain on disposal of equity instruments measured at fair value through other comprehensive income) / 2]
  - (5) Combined ratio = retained expense ratio + retained earned loss ratio
  - (6) Retained expense ratio = retained expenses / retained premium  
 [Retained premium = written premiums revenue + reinsurance premiums revenue - reinsurance premiums expense]  
 [Retained expenses = commission and premium expenses + reinsurance commission expenses - reinsurance commission revenues + selling expenses + administrative expenses + depreciation and amortization of self-occupied real estate properties]
  - (7) Retained earned loss ratio = retained claims / retained earned premiums  
 [Retained claims = insurance claims paid - claims recovered from reinsurers + net change in claim reserves]  
 [Retained earned premiums = written premiums revenue + reinsurance premiums revenue - reinsurance premiums expense - net change in unearned premium reserve]
3. Operational indicators
  - (1) Retained premium to equity ratio = retained premium / equity
  - (2) Gross premium to equity ratio = (written premiums revenue + reinsurance premiums revenue) / equity

- (3) Net reinsurance commission to equity ratio = (unearned premium reserve / retained premium) × reinsurance commission revenues / equity
- (4) Insurance liabilities to equity ratio = Liabilities of various insurance category / equity  
[Insurance liabilities = special claim reserves + claim reserves + unearned premium reserves + other reserves]
- (5) Variation of equity = (current equity - equity for the previous period) / absolute value of equity for the previous period
- (6) Expense ratio = expenses / (written premiums revenue + reinsurance premiums revenue)  
[Expenses = commission and premium expenses + operating expenses + administrative expenses + depreciation and amortization of self-occupied real estate properties + reinsurance commission expenses]

III. Other information material to understanding the company's financial position, financial performance, cash flow and changes: None.

Four. Analysis of financial position, performance and cash flow  
I. Comparative analysis of financial position

Unit: NTD thousands

| Item \ Year                   | 2023         | 2022         | Variation  |        |
|-------------------------------|--------------|--------------|------------|--------|
|                               |              |              | Amount     | %      |
| Cash and cash equivalents     | \$ 1,387,004 | \$ 1,335,225 | \$ 51,779  | 4      |
| Receivables                   | 262,822      | 241,502      | 21,320     | 9      |
| Financial assets and loans    | 13,376,806   | 12,548,364   | 828,442    | 7      |
| Reinsurance Contracts Assets  | 2,977,406    | 2,245,153    | 732,253    | 33     |
| Property, Plant and Equipment | 624,836      | 658,434      | ( 33,598 ) | ( 5 )  |
| Right-of-use asset            | 3,711        | 5,064        | ( 1,353 )  | ( 27 ) |
| Intangible Assets             | 33,314       | 39,759       | ( 6,445 )  | ( 16 ) |
| Other assets                  | 582,880      | 580,179      | 2,701      | -      |
| Total assets                  | 19,248,779   | 17,653,680   | 1,595,099  | 9      |
| Payables                      | 654,682      | 620,246      | 34,436     | 6      |
| Lease liabilities             | 3,770        | 5,128        | ( 1,358 )  | ( 26 ) |
| Liability reserves            | 10,208,864   | 9,223,339    | 985,525    | 11     |
| Other liabilities             | 253,832      | 242,433      | 11,399     | 5      |
| Total liabilities             | 11,121,148   | 10,091,146   | 1,030,002  | 10     |
| Share capital                 | 3,011,638    | 3,011,638    | -          | -      |
| Retained Earnings             | 4,758,852    | 4,264,943    | 493,909    | 12     |
| Other equity items            | 357,141      | 285,953      | 71,188     | 25     |
| Total equity                  | 8,127,631    | 7,562,534    | 565,097    | 7      |

Explanation to subsequent variations in said items by more than 20% and amounting to NT\$10 million or more:

1. The increase in reinsurance contract assets in 2023 from 2022 was mainly due to the increase in 2023 ceded claims reserve.
2. Other equity items in 2023 were higher compared to 2022 mainly due to increase from valuation of equity instruments at fair value through other comprehensive income in 2023.

## II. Analysis of financial performance

Unit: NTD thousands

| Item                                          | 2023         | 2022         | Variation  | Variation % |
|-----------------------------------------------|--------------|--------------|------------|-------------|
| Revenue                                       | \$ 7,394,603 | \$ 6,932,881 | \$ 461,722 | 7           |
| Operating Cost                                | 5,105,494    | 4,753,447    | 352,047    | 7           |
| Operating Expense                             | 1,533,998    | 1,504,262    | 29,736     | 2           |
| Operating profit                              | 755,111      | 675,172      | 79,939     | 12          |
| Non-operating income and expenses             | ( 643 )      | ( 238 )      | ( 405 )    | 170         |
| Pre-tax profit from continuing operations     | 754,468      | 674,934      | 79,534     | 12          |
| Income tax                                    | 118,227      | 116,087      | 2,140      | 2           |
| Current net income from continuing operations | 636,241      | 558,847      | 77,394     | 14          |

Explanation to significant variations in said items by 10% or above before and after the period:

1. The increase in operating income, earnings before tax and net income in 2023 from 2022 was mainly due to the increase in premium revenue in 2023.
2. The increase in non-operating income and expenses in 2023 from 2022 resulted from the increase in property obsolescence loss in 2023.

## III. Cash flow variation analysis:

- (I) Operating activities: The net cash inflow, NT\$296,951 thousand, was mainly attributed to the consolidated effects produced by the disposal of financial assets at fair value through profit or loss, financial assets at fair value through other comprehensive Income, and other financial assets this year.
- (II) Investing activities: Net cash outflow of NT\$22,504 thousand was mainly due to acquisition of property and equipment and intangible assets.
- (III) Financing activities: Net cash outflow of NT\$220,986 thousand was mainly due to payment of cash dividends.

Five. External auditor's information:

I. Audit fee information

- (I) Non-audit remuneration to financial statement auditors, accounting firms and related businesses that amount to one-quarter or higher of audit remuneration:

Unit: NTD thousands

| Name of CPA firm | Name of CPA          | Examination period | Auditing fee | Non-auditing fee (Note 1) | Total    | Remarks |
|------------------|----------------------|--------------------|--------------|---------------------------|----------|---------|
| Deloitte Taiwan  | Hai-Yueh Huang, CPA  | 2023               | \$ 2,550     | \$ 980                    | \$ 3,530 |         |
|                  | Sheng-Tai Liang, CPA |                    |              |                           |          |         |
|                  | Han-Ni Fang, CPA     | 2023               | -            | 400                       | 400      |         |

Note 1: The non-auditing fees consist of NT\$650 thousand for the project audit on internal control system, NT\$200 thousand for tax certification, NT\$100 thousand for re-check on the automobile compulsory liability insurance inspection report, NT\$30 thousand for re-check on the report on salary of full-time non-managerial staff, and NT\$400 thousand for the preparation of sustainability report.

- (II) Any replacement of accounting firm and reduction in audit remuneration paid compared with the previous year: None.
- (III) Any reduction in audit remuneration by more than 15% compared to the previous year: None.
- II. Change of CPA: None.