

The First Insurance Co., Ltd.

Financial Statements and Independent Auditor's
Review Report
For the Third Quarter of 2024 and 2023

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Independent Auditor's Review Report

To the management of The First Insurance Co., Ltd.:

Foreword

We have audited the balance sheet of The First Insurance Co., Ltd. as of September 30, 2024 and 2023; the statement of comprehensive income for periods July 1 to September 30, 2024 and 2023, and January 1 to September 30, 2024 and 2023; the statement of changes in equity and cash flow statement for period January 1 to September 30, 2024 and 2023; and the accompanying footnotes (including a summary of significant accounting policies). It is the responsibility of the management 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, and IAS 34 - "Interim Financial Reporting." Our responsibility as auditor is to form a conclusion based on our review.

Scope

We, the auditors, have performed the review in accordance with Standards on Review Engagements No. 2410 - "Financial Statement Review." The procedures executed in our review of financial statements include inquiry (mainly with employees responsible for financial and accounting affairs), analysis and other review-related processes. The scope of financial statement review is significantly smaller than a financial statement audit, therefore we may not be able to detect all material issues through the steps we have taken, and are unable to provide an opinion.

Conclusion

In our opinion, none of the material disclosures of the financial statements mentioned above exhibited any misstatement that did not conform with Regulations Governing the Preparation of Financial Reports by Insurance Enterprises or the version of IAS 34 - "Interim Financial Reporting" approved by the Financial Supervisory Commission, or compromised the fair view of the financial position of The First Insurance Co., Ltd. as of September 30, 2024 and 2023, its business performance for the period from July 1 to September 30, 2024 and 2023, and business performance and cash flow for the period from January 1 to September 30, 2024 and 2023.

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

November 11, 2024

The First Insurance Co., Ltd.
Balance Sheet
As of September 30, 2024, December 31, 2023, and September 30, 2023

Unit: NTD thousand

Code	Assets	September 30, 2024		December 31, 2023		September 30, 2023	
		Amount	%	Amount	%	Amount	%
11000	Cash and cash equivalents (Note 6)	\$ 1,841,464	9	\$ 1,387,004	7	\$ 1,598,004	8
	Receivables						
12100	Notes receivable (Notes 12 and 37)	127,155	1	170,953	1	197,576	1
12200	Premiums receivable (Notes 12, 31 and 37)	270,329	1	30,255	-	178,026	1
12500	Other receivables (Note 12)	89,313	1	61,614	-	67,126	-
12000	Total receivables	486,797	3	262,822	1	442,728	2
	Investment						
14110	Financial assets at fair value through profit and loss (Note 7)	1,720,272	8	1,995,758	11	1,646,864	9
14145	Financial assets carried at cost after amortization (Notes 9 and 10)	3,796,158	19	2,949,242	15	2,745,157	14
14180	Other financial assets (Notes 6 and 11)	4,422,855	22	4,870,299	25	4,800,911	25
14190	Financial assets at fair value through other comprehensive income (Notes 8 and 10)	2,766,029	14	2,657,809	14	2,734,019	14
14200	Investment properties (Note 13)	900,247	4	903,698	5	905,244	5
14000	Total investment	13,605,561	67	13,376,806	70	12,832,195	67
	Reinsurance Contracts Assets						
15100	Claims recoverable from reinsurers (Notes 12, 14 and 37)	244,671	1	171,918	1	145,728	1
15200	Reinsurance accounts receivable (Notes 12, 14 and 37)	311,157	2	245,340	1	228,532	1
15300	Reinsurance reserve assets (Notes 14 and 37)	2,504,805	12	2,560,148	14	2,775,693	15
15000	Total reinsurance contract assets	3,060,633	15	2,977,406	16	3,149,953	17
16000	Property, plant, and equipment (Note 15)	617,606	3	624,836	3	630,875	3
16700	Right-of-use asset (Note 16)	2,551	-	3,711	-	5,425	-
17300	Intangible assets (Note 17)	23,707	-	33,314	-	36,905	-
17800	Deferred income tax assets (Note 4)	22,095	-	22,520	-	23,729	-
	Other assets						
18300	Guarantee deposits paid (Note 18)	525,229	3	542,240	3	540,569	3
18700	Other assets - Others (Note 19)	20,855	-	18,120	-	31,597	-
18000	Total other assets	546,084	3	560,360	3	572,166	3
1XXXX	TOTAL ASSETS	\$ 20,206,498	100	\$ 19,248,779	100	\$ 19,291,980	100
Code	Liabilities and equity	September 30, 2024		December 31, 2023		September 30, 2023	
		Amount	%	Amount	%	Amount	%
	Payables						
21100	Notes payable	\$ 20,026	-	\$ 37,908	-	\$ 14,291	-
21200	Insurance claims and benefits payable (Note 37)	17,316	-	-	-	23,259	-
21400	Commission payable (Note 37)	120,802	1	96,303	-	117,104	1
21500	Reinsurance accounts payable (Note 37)	446,557	2	313,059	2	414,612	2
21600	Other payables (Note 20)	192,120	1	207,412	1	171,241	1
21000	Total payables	796,821	4	654,682	3	740,507	4
21700	Current income tax liabilities (Note 4)	66,907	-	72,224	-	48,579	-
23800	Lease liabilities (Note 16)	2,594	-	3,770	-	5,498	-
	Insurance liabilities (Notes 4, 5, 21 and 37)						
24100	Unearned premium reserve	4,709,007	23	4,424,737	23	4,548,988	23
24200	Claim reserve	3,954,032	20	3,889,884	20	3,971,270	21
24400	Special claim reserve	1,728,696	8	1,860,436	10	1,857,397	10
24500	Deficiency reserve	708	-	-	-	378	-
24000	Total insurance liabilities	10,392,443	51	10,175,057	53	10,378,033	54
27100	Provision for employee benefits (Note 4)	28,104	-	33,807	-	38,470	-
28000	Deferred income tax liabilities (Note 4)	95,361	1	92,934	1	95,694	-
	Other liabilities						
25300	Guarantee deposits received	16,332	-	15,184	-	15,184	-
25900	Other liabilities - Others (Note 23)	100,648	1	73,490	1	93,894	1
25000	Total other liabilities	116,980	1	88,674	1	109,078	1
2XXXX	Total liabilities	11,499,210	57	11,121,148	58	11,415,859	59
31000	Share capital (Note 24)	3,011,638	15	3,011,638	15	3,011,638	16
	Retained earnings (Note 24)						
33100	Legal reserve	1,831,347	9	1,689,198	9	1,689,197	9
33200	Special reserve	2,584,472	13	2,585,494	13	2,358,805	12
33300	Undistributed earnings	879,523	4	484,160	3	557,550	3
33000	Total retained earnings	5,295,342	26	4,758,852	25	4,605,552	24
34000	Other equity items (Note 24)	400,308	2	357,141	2	258,931	1
3XXXX	Total equity	8,707,288	43	8,127,631	42	7,876,121	41
	Total liabilities and equity	\$ 20,206,498	100	\$ 19,248,779	100	\$ 19,291,980	100

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 the periods July 1 to September 30, 2024 and 2023, and January 1 to September 30, 2024 and 2023
Unit: NTD thousand, except EPS which is in dollars

Code		July 1 to September 30, 2024		July 1 to September 30, 2023		January 1 to September 30, 2024		January 1 to September 30, 2023	
		Amount	%	Amount	%	Amount	%	Amount	%
	Revenue								
41110	Written premiums (Notes 31 and 37)	\$ 2,164,968	112	\$ 2,139,681	113	\$ 6,884,555	117	\$ 6,565,991	119
41120	Reinsurance Premium	<u>104,136</u>	<u>5</u>	<u>100,754</u>	<u>6</u>	<u>330,713</u>	<u>6</u>	<u>321,892</u>	<u>6</u>
41100	Premium revenues	2,269,104	117	2,240,435	119	7,215,268	123	6,887,883	125
51100	Less: reinsurance premiums expense	(643,598)	(33)	(579,845)	(31)	(1,837,760)	(31)	(1,700,860)	(31)
51310	Less: Net change in unearned premium reserve	<u>114,161</u>	<u>6</u>	<u>38,436</u>	<u>2</u>	(<u>149,287</u>)	(<u>3</u>)	(<u>258,775</u>)	(<u>5</u>)
41130	Retained Earned Premium	<u>1,739,667</u>	<u>90</u>	<u>1,699,026</u>	<u>90</u>	<u>5,228,221</u>	<u>89</u>	<u>4,928,248</u>	<u>89</u>
41300	Reinsurance commissions received (Note 37)	<u>63,321</u>	<u>3</u>	<u>89,256</u>	<u>5</u>	<u>218,352</u>	<u>4</u>	<u>252,074</u>	<u>5</u>
41400	Service fee	<u>6,846</u>	<u>1</u>	<u>6,217</u>	<u>-</u>	<u>20,676</u>	<u>-</u>	<u>21,290</u>	<u>-</u>
	Net investment gains								
41510	Interest income (Note 25)	49,744	3	39,847	2	142,421	2	118,220	2
41521	Gain/loss on financial assets or liabilities at fair value through profit and loss	(5,478)	-	(24,136)	(1)	107,962	2	(27,258)	-
41527	Realized gain/loss on financial assets at fair value through other comprehensive income	63,533	3	51,287	3	90,341	2	165,535	3
41550	Gain (loss) on exchange - investment (Note 25)	(10,545)	(1)	10,133	-	5,039	-	15,620	-
41570	Gains (losses) on investment property (Note 25)	14,681	1	14,384	1	43,124	1	41,515	1
41585	Expected credit impairment loss and reversal gain on investment	<u>6,594</u>	<u>-</u>	<u>214</u>	<u>-</u>	<u>6,586</u>	<u>-</u>	(<u>2,196</u>)	<u>-</u>
41500	Total net investment gains	118,529	6	91,729	5	395,473	7	311,436	6
	Other operating revenues								
41830	Gain on exchange - non-investment (Note 25)	1,129	-	2,437	-	7,409	-	3,341	-
41890	Other operating revenues - Others	<u>60</u>	<u>-</u>	<u>5</u>	<u>-</u>	<u>1,986</u>	<u>-</u>	<u>33</u>	<u>-</u>
41800	Total other operating income	<u>1,189</u>	<u>-</u>	<u>2,442</u>	<u>-</u>	<u>9,395</u>	<u>-</u>	<u>3,374</u>	<u>-</u>
41000	Total operating revenues	<u>1,929,552</u>	<u>100</u>	<u>1,888,670</u>	<u>100</u>	<u>5,872,117</u>	<u>100</u>	<u>5,516,422</u>	<u>100</u>
	Operating Cost								
	Retained claims and benefits (Notes 31 and 37)								
51200	Insurance claim and benefit payments	1,468,347	76	1,184,412	63	3,556,550	61	3,363,213	61
41200	Less: Claims recovered from reinsurers and benefits	(<u>518,087</u>)	(<u>27</u>)	(<u>272,191</u>)	(<u>15</u>)	(<u>926,698</u>)	(<u>16</u>)	(<u>760,556</u>)	(<u>14</u>)
51260	Total retained claims and benefits paid	950,260	49	912,221	48	2,629,852	45	2,602,657	47
	Net change in other liabilities (Note 37)								
51320	Net change in claim reserves	(41,864)	(2)	(22,135)	(1)	254,474	4	158,481	3
51340	Net change in special claim reserves	18,991	1	8,866	-	(131,740)	(2)	30,534	-
51350	Net change in premium deficiency reserves	(<u>40</u>)	<u>-</u>	(<u>1,651</u>)	<u>-</u>	<u>708</u>	<u>-</u>	(<u>639</u>)	<u>-</u>
51300	Total net change in other liabilities	(22,913)	(1)	(14,920)	(1)	123,442	2	188,376	3
51510	Commission expenses (Note 37)	293,002	15	302,346	16	912,332	16	875,801	16
51600	Service charges (Note 37)	29,328	2	31,007	2	89,750	1	98,755	2

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Code		July 1 to September 30, 2024		July 1 to September 30, 2023		January 1 to September 30, 2024		January 1 to September 30, 2023	
		Amount	%	Amount	%	Amount	%	Amount	%
	Other operating costs								
51810	Insurance Stabilization Fund	\$ 3,939	-	\$ 4,285	-	\$ 13,388	-	\$ 13,149	-
51830	Interest expenses	<u>52</u>	-	<u>74</u>	-	<u>188</u>	-	<u>101</u>	-
51800	Total other operating costs	<u>3,991</u>	-	<u>4,359</u>	-	<u>13,576</u>	-	<u>13,250</u>	-
51000	Total operating costs	<u>1,253,668</u>	<u>65</u>	<u>1,235,013</u>	<u>65</u>	<u>3,768,952</u>	<u>64</u>	<u>3,778,839</u>	<u>68</u>
60000	Gross profit	<u>675,884</u>	<u>35</u>	<u>653,657</u>	<u>35</u>	<u>2,103,165</u>	<u>36</u>	<u>1,737,583</u>	<u>32</u>
	Operating expenses (Notes 25 and 31)								
58100	Selling expenses	351,060	18	358,353	19	1,074,147	18	1,053,595	19
58200	Administrative expenses	29,698	2	26,432	2	100,580	2	84,422	2
58300	Staff training expenses	678	-	735	-	1,906	-	1,916	-
58400	Expected credit impairment loss on non-investments	-	-	-	-	<u>3,933</u>	-	-	-
58000	Total operating expenses	<u>381,436</u>	<u>20</u>	<u>385,520</u>	<u>21</u>	<u>1,180,566</u>	<u>20</u>	<u>1,139,933</u>	<u>21</u>
61000	Operating profit	<u>294,448</u>	<u>15</u>	<u>268,137</u>	<u>14</u>	<u>922,599</u>	<u>16</u>	<u>597,650</u>	<u>11</u>
	Non-operating income and expenses								
59500	Recovery of bad and overdue debts	-	-	22	-	16	-	70	-
59920	Sundry income	2	-	-	-	41	-	-	-
59990	Other non-operating expenses (Note 16)	(<u>23</u>)	-	(<u>42</u>)	-	(<u>72</u>)	-	(<u>133</u>)	-
59000	Total other non-operating income and expenses	(<u>21</u>)	-	(<u>20</u>)	-	(<u>15</u>)	-	(<u>63</u>)	-
62000	Operating income before tax	294,427	15	268,117	14	922,584	16	597,587	11
63000	Income tax expenses (Notes 4 and 26)	<u>45,955</u>	<u>2</u>	<u>48,151</u>	<u>2</u>	<u>144,325</u>	<u>3</u>	<u>92,171</u>	<u>2</u>
66000	Current net income	<u>248,472</u>	<u>13</u>	<u>219,966</u>	<u>12</u>	<u>778,259</u>	<u>13</u>	<u>505,416</u>	<u>9</u>
	Other comprehensive income (Note 24)								
83100	Items not reclassified into profit and loss								
83190	Gains/losses on valuation of equity instruments at fair value through other comprehensive income	(<u>963</u>)	-	(<u>125,857</u>)	(<u>7</u>)	155,223	3	17,874	1
83200	Items likely to be reclassified into profit and loss								
83290	Valuation gains/losses on debt instruments at fair value through other comprehensive income	<u>22,542</u>	<u>1</u>	(<u>1,054</u>)	-	(<u>13,510</u>)	-	<u>7,135</u>	-
83000	Other comprehensive income - current (net, after tax)	<u>21,579</u>	<u>1</u>	(<u>126,911</u>)	(<u>7</u>)	<u>141,713</u>	<u>3</u>	<u>25,009</u>	<u>1</u>
85000	Total comprehensive income - current	<u>\$ 270,051</u>	<u>14</u>	<u>\$ 93,055</u>	<u>5</u>	<u>\$ 919,972</u>	<u>16</u>	<u>\$ 530,425</u>	<u>10</u>
	Earnings per share (Note 27)								
97500	Basic	<u>\$ 0.83</u>		<u>\$ 0.73</u>		<u>\$ 2.58</u>		<u>\$ 1.68</u>	
98500	Diluted	<u>\$ 0.82</u>		<u>\$ 0.73</u>		<u>\$ 2.58</u>		<u>\$ 1.68</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 Changes in Equity
For periods from January 1 to September 30, 2024 and 2023

Unit: NTD thousand

Code		Share capital (Note 24)	Retained earnings (Note 24)			Other Equity Unrealized gains/losses on financial assets at fair value through other comprehensive income (Note 24)	Total equity
			Legal reserve	Special reserve	Undistributed earnings		
A1	Balance as of January 1, 2023	\$ 3,011,638	\$ 1,580,672	\$ 2,359,679	\$ 324,592	\$ 285,953	\$ 7,562,534
	Appropriation and distribution of earnings:						
B1	Legal reserve	-	108,525	-	(108,525)	-	-
B3	Special reserve	-	-	(874)	874	-	-
B5	Cash dividend	-	-	-	(216,838)	-	(216,838)
D1	Net income for January 1 to September 30, 2023	-	-	-	505,416	-	505,416
D3	Other comprehensive income for January 1 to September 30, 2023	-	-	-	-	25,009	25,009
D5	Total comprehensive income for January 1 to September 30, 2023	-	-	-	505,416	25,009	530,425
Q1	Disposal of equity instruments at fair value through other comprehensive income (Note 8(1))	-	-	-	52,031	(52,031)	-
Z1	Balance as at September 30, 2023	<u>\$ 3,011,638</u>	<u>\$ 1,689,197</u>	<u>\$ 2,358,805</u>	<u>\$ 557,550</u>	<u>\$ 258,931</u>	<u>\$ 7,876,121</u>
A1	Balance as of January 1, 2024	\$ 3,011,638	\$ 1,689,198	\$ 2,585,494	\$ 484,160	\$ 357,141	\$ 8,127,631
	Appropriation and distribution of earnings:						
B1	Legal reserve	-	142,149	-	(142,149)	-	-
B3	Special reserve	-	-	(1,022)	1,022	-	-
B5	Cash dividend	-	-	-	(340,315)	-	(340,315)
D1	Net income for January 1 to September 30, 2024	-	-	-	778,259	-	778,259
D3	Other comprehensive income for January 1 to September 30, 2024	-	-	-	-	141,713	141,713
D5	Total comprehensive income for January 1 to September 30, 2024	-	-	-	778,259	141,713	919,972
Q1	Disposal of equity instruments at fair value through other comprehensive income (Note 8(1))	-	-	-	98,546	(98,546)	-
Z1	Balance as at September 30, 2024	<u>\$ 3,011,638</u>	<u>\$ 1,831,347</u>	<u>\$ 2,584,472</u>	<u>\$ 879,523</u>	<u>\$ 400,308</u>	<u>\$ 8,707,288</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 September 30, 2024 and 2023

Unit: NTD thousand

Code		January 1 to September 30, 2024	January 1 to September 30, 2023
	Cash flow from operating activities		
A10000	Pre-tax profit for the current period	\$ 922,584	\$ 597,587
A20010	Income, expenses and losses		
A20100	Depreciation	22,422	25,670
A20200	Amortization	10,803	12,766
A20900	Interest expenses	260	234
A21200	Interest income	(142,421)	(118,220)
A21300	Dividend income	(108,436)	(192,756)
A21400	Net change of various reserves - current	217,387	1,206,523
A21830	Expected credit impairment loss (reversal gain) on investment	(6,586)	2,196
A21850	Expected credit impairment loss on non-investments	3,933	-
A22900	Gain on lease modification	(24)	-
A24100	Unrealized gain on foreign exchange	(12,138)	(13,803)
A50000	Change in assets/liabilities related to operating activities		
A51110	Notes receivable	43,798	(19,306)
A51120	Premiums receivable	(244,007)	(157,572)
A51130	Other receivables	(4,038)	217
A51140	Financial assets or liabilities at fair value through profit and loss	275,486	(374,211)
A51141	Financial assets at fair value through other comprehensive income	44,743	(131,257)
A51145	Debt instrument investments measured at cost after amortization	(840,000)	(310,000)
A51160	Other financial assets	458,501	578,514
A51170	Reinsurance Contracts Assets	(83,227)	(904,800)
A51190	Guarantee deposits paid	3,134	(10,651)
A51990	Other assets	(2,735)	(2,915)
A52110	Notes payable	(17,882)	6,600
A52120	Claims payable	17,316	23,259
A52140	Commission payable	24,499	2,701
A52150	Reinsurance accounts payable	133,498	105,359

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Code		January 1 to September 30, 2024	January 1 to September 30, 2023
A52160	Other payables	(\$ 15,292)	(\$ 17,658)
A52200	Provisions for employee benefits	(5,703)	(13,359)
A52240	Guarantee deposits received	1,148	660
A52990	Other liabilities	<u>27,157</u>	<u>24,084</u>
A33000	Cash inflow from operating activities	724,180	319,862
A33100	Interests received	121,057	97,054
A33200	Dividends received	108,436	192,756
A33300	Interests paid	(260)	(234)
A33500	Income tax paid	(<u>146,790</u>)	(<u>103,560</u>)
AAAA	Net cash inflow from operating activities	<u>806,623</u>	<u>505,878</u>
	Cash flow from investing activities		
B02700	Acquisition of property and equipment	(9,379)	(12,285)
B04500	Acquisition of intangible assets	(<u>1,196</u>)	(<u>9,912</u>)
BBBB	Cash outflow from investing activities	(<u>10,575</u>)	(<u>22,197</u>)
	Cash flow from financing activities		
C04020	Repayment of lease principal	(2,354)	(3,359)
C04500	Cash dividends paid	(<u>340,315</u>)	(<u>216,838</u>)
CCCC	Cash outflow from financing activities	(<u>342,669</u>)	(<u>220,197</u>)
DDDD	Exchange rate effects on cash	<u>1,081</u>	(<u>705</u>)
EEEE	Increase in cash and cash equivalents for the current period	454,460	262,779
E00100	Opening cash and cash equivalents	<u>1,387,004</u>	<u>1,335,225</u>
E00200	Closing cash and cash equivalents	<u>\$ 1,841,464</u>	<u>\$ 1,598,004</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 September 30, 2024 and 2023
(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 November 11, 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 2025

New/Amended/Modified Standards and Interpretations	Effective date of IASB announcement (Note)
Amendments to IAS 21 regarding "Lack of exchangeability"	January 1, 2025 (Note)

Note: The amendments shall apply to annual reporting periods beginning on or after January 1, 2025. When adopting the amended standards for the first time, the Company shall not restate information for the comparative periods but shall instead recognize the impact in retained earnings or translation differences of foreign operations under equity (whichever is appropriate) as well as the affected assets and liabilities on the day of first adoption.

- (3) IFRSs published by IASB but yet to be approved and issued into effect by FSC

New/Amended/Modified Standards and Interpretations	Effective date of IASB announcement (Note)
"IFRS Annual Improvements - Volume 11"	January 1, 2026
IFRS 9 and IFRS 7 "Amendments to the Classification and Measurement of Financial Instruments"	January 1, 2026
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"	January 1, 2023
Amendments to IFRS 17	January 1, 2023
Amendments to IFRS 17 "Initial Application of IFRS 17 and IFRS 9 – Comparative Information"	January 1, 2023

IFRS 18 - "Presentation and Disclosure in Financial Statements"	January 1, 2027
IFRS 19 "Disclosure Initiative - Subsidiaries without Public Accountability: Disclosures"	January 1, 2027

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

1. IFRS 18 - "Presentation and Disclosure in Financial Statements"

IFRS 18 will replace IAS 1 - "Presentation of Financial Statements"; key changes of the standard include:

- The statement of profit or loss shall classify income and expense into the following categories: operating, investing, financing, income taxes, and discontinued operations.
- The statement of profit or loss shall present subtotals and totals for: operating profit or loss, profit or loss before financing, and income taxes and profit or loss.
- Providing guidelines for enhanced aggregation and disaggregation: The Company shall identify assets, liabilities, equity, income, expenses, and cash flows given rise by individual transactions or events, and classify and aggregate them based on shared characteristics, so that single-line items presented on the main financial statements have at least one shared characteristic. Items of different characteristics shall be disaggregated in main financial statements and notes. The Company will label an item as "Other" only if it is unable to find a more informative name.
- Introduction of disclosure for management-defined performance measure: When publishing financial statements or communicating with financial statement users about the management's perspective on a certain aspect of the Company's overall financial performance, the Company shall disclose, in a single note, information relating to management-defined performance measures (MPMs), including a description of MPM, the method of calculation, and a reconciliation with the subtotal or total required by IFRS Accounting Standards, including the income tax effect and the effect on non-controlling interests for each item disclosed in the reconciliation.

2. IFRS 9 and IFRS 7 "Amendments to the Classification and Measurement of Financial Instruments"

The amendments aim to modify the requirements for the classification of financial assets. For example, if the financial assets involve a contingency that may change the time of point or amount of the contractual cash flow, and the nature of the contingency has no direct relationship with the basic loan risk and changes in the cost (e.g. whether the debtor meets the specific requirement for reduction of carbon emissions), the contractual cash flow of such financial assets consist of the payment of the principal and interest on the outstanding principal entirely insofar as the following two conditions are met:

- The contractual cash flows arising from all possible scenarios (before or after the occurrence of any contingency) consist of the payment of principal and interest on the outstanding principal entirely; and
- There is no material difference between the contractual cash flows generated under all possible scenarios and the cash flows from financial instruments on the same contractual terms but exclusive of contingent features.

The amendments also provide that if, when an enterprise settles financial liabilities in cash using the e-payment system, the following conditions are met, the enterprise may choose to derecognize financial liabilities on the date of settlement:

- The enterprise has no practical ability to withdraw, stop or cancel the payment order;
- The enterprise has no practical ability to withdraw the cash to be paid for the settlement as a result of the payment order; and
- The settlement risk over the e-payment system is insignificant.

3. 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 to the above standards and interpretations will also affect its financial position and business performance as of the publication date of the financial statements. The 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 IAS 34 - "Interim Financial Reporting." The financial statements do not contain all IFRSs disclosures required in a full-year report.

(2) Basis of preparation

This financial report has been prepared based on historical cost, except for financial instruments carried at fair value.

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) Other significant accounting policies

In addition to the explanations presented below, please refer to the 2023 financial statements for a summary of significant accounting policies.

1. Classification of current and non-current assets and liabilities

Current assets include:

- (1) Assets that are held mainly for the purpose of trading;
- (2) Assets that are expected to be realized within 12 months after the balance sheet date; and
- (3) Cash and cash equivalents (except for those that are intended to be swapped or settled against debt more than 12 months after the balance sheet date, and those with restricted uses).

Current liabilities include:

- (1) Liabilities that are held mainly for the purpose of trading;
- (2) Liabilities that are expected to be settled within 12 months after the balance sheet date; and
- (3) Liabilities that the Company does not have a substantive right to defer settlement for at least 12 months after the balance sheet date.

Assets and liabilities that do not satisfy the above criteria are classified into non-current assets or non-current liabilities.

2. Retirement benefits - defined benefit plan

Interim retirement costs are calculated from the beginning until the end of the interim period using the actuarial pension cost rate determined at the end of the previous year, and adjusted for major market changes, plan modifications, settlements and other one-time events that took place in the current period.

3. Income tax

Income tax expense represents the sum of current income tax and deferred income tax. Income taxes for the interim period are assessed by determining the tax rate applicable to expected total annual earnings, and applying the tax rate to interim pre-tax profit.

4. 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.

A. 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.

B. 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.

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

	September 30, 2024	December 31, 2023	September 30, 2023
Petty cash and cash on hand	\$ 785	\$ 757	\$ 738
Check and current deposit	1,629,429	1,203,247	1,597,266
Cash equivalents (refers to investments with an initial tenor of 3 months or less)	211,250	183,000	-
	<u>\$ 1,841,464</u>	<u>\$ 1,387,004</u>	<u>\$ 1,598,004</u>

Foreign currency deposits are placed with domestic banks. As of September 30, 2024, December 31, 2023, and September 30, 2023, the Company held NT\$4,422,855 thousand, NT\$4,870,299 thousand and NT\$4,800,911 thousand of time deposit, respectively, that had initial maturity of more than 3 months and were presented as other financial assets (refer to Note 11).

7. Financial assets at fair value through profit and loss

	September 30, 2024	December 31, 2023	September 30, 2023
Mandatory at fair value throughout profit and loss			
Non-derivative financial assets			
– Locally Listed Stocks	\$ 495,860	\$ 314,982	\$ 296,317
– Fund beneficiary certificates	1,015,787	1,467,578	1,137,676
– Real Estate Investment Trust	159,184	163,692	163,677
– Domestic bank debentures	49,441	49,506	49,194
Subtotal	<u>\$ 1,720,272</u>	<u>\$ 1,995,758</u>	<u>\$ 1,646,864</u>

For the periods July 1 to September 30, 2024 and 2023, and January 1 to September 30, 2024 and 2023, the Company recognized NT\$18,095 thousand, NT\$27,221 thousand, NT\$18,095 thousand, and NT\$27,221 thousand of cash dividend income, respectively.

8. Financial assets at fair value through other comprehensive income

	September 30, 2024	December 31, 2023	September 30, 2023
Investment in equity instruments	\$ 2,710,632	\$ 2,400,152	\$ 2,476,093
Investment in debt instruments	55,397	257,657	257,926
	<u>\$ 2,766,029</u>	<u>\$ 2,657,809</u>	<u>\$ 2,734,019</u>

(1) Investment in equity instruments

	September 30, 2024	December 31, 2023	September 30, 2023
Domestic investments			
Public-listed shares	\$ 1,508,177	\$ 1,236,762	\$ 1,315,913
Unlisted shares	<u>1,202,455</u>	<u>1,163,390</u>	<u>1,160,180</u>
	<u>\$ 2,710,632</u>	<u>\$ 2,400,152</u>	<u>\$ 2,476,093</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 September 30, 2024 and 2023. Listed common shares were sold at fair value, and as a result, NT\$98,546 thousand and NT\$52,031 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 IFRS9.

The Company recognized NT\$63,533 thousand, NT\$51,287 thousand, NT\$90,341 thousand, and NT\$165,535 thousand of cash dividend income and acquired NT\$7,844 thousand, NT\$1,961 thousand, NT\$7,983 thousand, and NT\$1,961 thousand of stock dividend for the periods July 1 to September 30, 2024 and 2023, and January 1 to September 30, 2024 and 2023, respectively.

(2) Investment in debt instruments

	September 30, 2024	December 31, 2023	September 30, 2023
Domestic investments			
Government bonds	\$ 531,285	\$ 747,422	\$ 746,351
Less: Amount placed as guarantee deposit	<u>(475,888)</u>	<u>(489,765)</u>	<u>(488,425)</u>
	<u>\$ 55,397</u>	<u>\$ 257,657</u>	<u>\$ 257,926</u>

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

	September 30, 2024	December 31, 2023	September 30, 2023
Face value of investment	<u>\$ 500,000</u>	<u>\$ 700,000</u>	<u>\$ 700,000</u>
Coupon interest rate	1.625%~2.5%	1.5%~2.5%	1.5%~2.5%
Average maturity	15.2 years	9.03 years	9.55 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 the guarantee bond for insurance business as of September 30, 2024, December 31, 2023, and September 30, 2023.

9. Financial assets carried at cost after amortization

	September 30, 2024	December 31, 2023	September 30, 2023
Domestic investments			
Bank debenture (1)	\$ 1,850,000	\$ 1,510,000	\$ 1,510,000
Corporate bond (2)	<u>1,960,082</u>	<u>1,459,684</u>	<u>1,259,552</u>
Subtotal	3,810,082	2,969,684	2,769,552
Less: loss provisions	(<u>13,924</u>)	(<u>20,442</u>)	(<u>24,395</u>)
	<u>\$ 3,796,158</u>	<u>\$ 2,949,242</u>	<u>\$ 2,745,157</u>

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

	September 30, 2024	December 31, 2023	September 30, 2023
<u>Domestic investments</u>			
Face value of investment	<u>\$ 1,850,000</u>	<u>\$ 1,510,000</u>	<u>\$ 1,510,000</u>
Coupon interest rate	1.20%~2.70%	1.20%~2.65%	1.20%~2.65%
Average maturity	4.06 years	4.09 years	4.35 years

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

	September 30, 2024	December 31, 2023	September 30, 2023
<u>Domestic investments</u>			
Face value of investment	<u>\$ 1,965,000</u>	<u>\$ 1,465,000</u>	<u>\$ 1,265,000</u>
Coupon interest rate	0.70%~3.75%	0.70%~3.75%	0.70%~3.75%
Average maturity	6.78 years	6.59 years	6.34 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:

September 30, 2024

	At fair value through other comprehensive income	At cost after amortization	Total
Cost	\$ 562,727	\$ 3,810,082	\$ 4,372,809
Loss provisions	(<u>141</u>)	(<u>13,924</u>)	(<u>14,065</u>)
Cost after amortization	562,586	<u>\$ 3,796,158</u>	4,358,744
Fair value adjustment	(<u>31,301</u>)		(<u>31,301</u>)
	531,285		4,327,443
Amount placed as bond	(<u>475,888</u>)		(<u>475,888</u>)
	<u>\$ 55,397</u>		<u>\$ 3,851,555</u>

December 31, 2023

	At fair value through other comprehensive income	At cost after 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>

September 30, 2023

	At fair value through other comprehensive income	At cost after amortization	Total
Cost	\$ 766,390	\$ 2,769,552	\$ 3,535,942
Loss provisions	(209)	(24,395)	(24,604)
Cost after amortization	766,181	<u>\$ 2,745,157</u>	3,511,338
Fair value adjustment	(19,830)		(19,830)
	746,351		3,491,508
Amount placed as bond	(488,425)		(488,425)
	<u>\$ 257,926</u>		<u>\$ 3,003,083</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

	September 30, 2024	December 31, 2023	September 30, 2023
<u>Time deposit with initial maturity of more than 3 months</u>			
- NTD	\$ 4,210,800	\$ 4,630,800	\$ 4,500,800
- Foreign currency	<u>212,055</u>	<u>239,499</u>	<u>300,111</u>
	<u>\$ 4,422,855</u>	<u>\$ 4,870,299</u>	<u>\$ 4,800,911</u>
Interest rate range - NTD	0.675%~1.725%	0.600%~1.600%	0.505%~1.600%
Interest rate range - Foreign currency	5.1%~5.4%	4.7%~5.4%	4.6%~5.2%

12. Receivables

(1) Details:

	September 30, 2024	December 31, 2023	September 30, 2023
<u>Notes receivable</u>			
At cost after amortization			
Arising from business activities	\$ 130,792	\$ 175,640	\$ 203,823
Less: loss provisions	(3,637)	(4,687)	(6,247)
	<u>\$ 127,155</u>	<u>\$ 170,953</u>	<u>\$ 197,576</u>
<u>Premiums receivable</u>			
At cost after amortization			
Total book value	\$ 308,611	\$ 63,870	\$ 211,067
Less: loss provisions	(38,282)	(33,615)	(33,041)
	<u>\$ 270,329</u>	<u>\$ 30,255</u>	<u>\$ 178,026</u>
<u>Other receivables</u>			
At cost after amortization			
Interest receivable	\$ 82,362	\$ 58,700	\$ 61,238
Dividends receivable	-	-	3,094
Commission receivable from canceled coverage	9,399	5,190	5,045
Peer claims advanced by receivables	1,589	-	-
Rent receivable	1,066	2,117	2,106
Others	8	-	-
Less: loss provisions	(5,111)	(4,393)	(4,357)
	<u>\$ 89,313</u>	<u>\$ 61,614</u>	<u>\$ 67,126</u>
<u>Claims recoverable from reinsurers</u>			
At cost after amortization			
Total book value	\$ 245,901	\$ 172,816	\$ 146,495
Less: loss provisions	(1,230)	(898)	(767)
	<u>\$ 244,671</u>	<u>\$ 171,918</u>	<u>\$ 145,728</u>
<u>Reinsurance accounts receivable</u>			
At cost after amortization			
Total book value	\$ 312,913	\$ 247,830	\$ 230,203
Less: loss provisions	(1,756)	(2,490)	(1,671)
	<u>\$ 311,157</u>	<u>\$ 245,340</u>	<u>\$ 228,532</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 counterparty'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

	September 30, 2024	December 31, 2023	September 30, 2023
Not yet matured/ redeemed/ collected	\$ 130,792	\$ 175,626	\$ 203,823
Returned notes	-	14	-
Total	<u>\$ 130,792</u>	<u>\$ 175,640</u>	<u>\$ 203,823</u>

Premiums receivable

	September 30, 2024	December 31, 2023	September 30, 2023
0~90 days	\$ 244,760	\$ 27,062	\$ 139,614
91 days and above	<u>63,851</u>	<u>36,808</u>	<u>71,453</u>
Total	<u>\$ 308,611</u>	<u>\$ 63,870</u>	<u>\$ 211,067</u>

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

Other receivables

	September 30, 2024	December 31, 2023	September 30, 2023
0~90 days	\$ 86,969	\$ 61,740	\$ 67,276
91 days and above	<u>7,455</u>	<u>4,267</u>	<u>4,207</u>
Total	<u>\$ 94,424</u>	<u>\$ 66,007</u>	<u>\$ 71,483</u>

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

Claims recoverable from/payable to reinsurers and reinsurance accounts receivable

	September 30, 2024	December 31, 2023	September 30, 2023
0~270 days	\$ 546,828	\$ 417,606	\$ 369,549
271 days and above	<u>11,986</u>	<u>3,040</u>	<u>7,149</u>
Total	<u>\$ 558,814</u>	<u>\$ 420,646</u>	<u>\$ 376,698</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:

September 30, 2024

Notes receivable

	Not yet matured/ redeemed/ collected	Returned notes	Total
Loss ratio	0.5%~50%	100%	
Total book value	\$ 130,792	\$ -	\$ 130,792
Loss provisions	(<u>3,637</u>)	-	(<u>3,637</u>)
Cost after amortization	<u>\$ 127,155</u>	<u>\$ -</u>	<u>\$ 127,155</u>

Premiums receivable

	0~90 days	91 days and above	Total
Loss ratio	0.5%	2%~100%	
Total book value	\$ 244,760	\$ 63,851	\$ 308,611
Loss provisions	(<u>1,976</u>)	(<u>36,306</u>)	(<u>38,282</u>)
Cost after amortization	<u>\$ 242,784</u>	<u>\$ 27,545</u>	<u>\$ 270,329</u>

Other receivables

	0~90 days	91 days and above	Total
Loss ratio	0.5%	2%~100%	
Total book value	\$ 86,969	\$ 7,455	\$ 94,424
Loss provisions	(<u>435</u>)	(<u>4,676</u>)	(<u>5,111</u>)
Cost after amortization	<u>\$ 86,534</u>	<u>\$ 2,779</u>	<u>\$ 89,313</u>

Claims recoverable from/payable to reinsurers and reinsurance accounts receivable

	0~270 days	271 days and above	Total
Loss ratio	0.5%	2%~100%	
Claims recoverable from reinsurers	\$ 245,901	\$ -	\$ 245,901
Reinsurance accounts receivable	300,927	11,986	312,913
Loss provisions	(<u>2,593</u>)	(<u>393</u>)	(<u>2,986</u>)
Cost after amortization	<u>\$ 544,235</u>	<u>\$ 11,593</u>	<u>\$ 555,828</u>

December 31, 2023Notes receivable

	Not yet matured/ redeemed/ 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 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 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 above	Total
Loss ratio	0.5%	2%~100%	
Claims recoverable from reinsurers	\$ 172,816	\$ -	\$ 172,816
Reinsurance accounts 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>

September 30, 2023Notes receivable

	Not yet matured/ redeemed/ collected	Returned notes	Total
Loss ratio	0.5%~50%	100%	
Total book value	\$ 203,823	\$ -	\$ 203,823
Loss provisions	(6,247)	-	(6,247)
Cost after amortization	<u>\$ 197,576</u>	<u>\$ -</u>	<u>\$ 197,576</u>

Premiums receivable

	0~90 days	91 days and above	Total
Loss ratio	0.5%	2%~100%	
Total book value	\$ 139,614	\$ 71,453	\$ 211,067
Loss provisions	(<u>1,448</u>)	(<u>31,593</u>)	(<u>33,041</u>)
Cost after amortization	<u>\$ 138,166</u>	<u>\$ 39,860</u>	<u>\$ 178,026</u>

Other receivables

	0~90 days	91 days and above	Total
Loss ratio	0.5%	2%~100%	
Total book value	\$ 67,276	\$ 4,207	\$ 71,483
Loss provisions	(<u>337</u>)	(<u>4,020</u>)	(<u>4,357</u>)
Cost after amortization	<u>\$ 66,939</u>	<u>\$ 187</u>	<u>\$ 67,126</u>

Claims recoverable from/payable to reinsurers and reinsurance accounts receivable

	0~270 days	271 days and above	Total
Loss ratio	0.5%	2%~100%	
Claims recoverable from reinsurers	\$ 146,495	\$ -	\$ 146,495
Reinsurance accounts receivable	223,054	7,149	230,203
Loss provisions	(<u>2,082</u>)	(<u>356</u>)	(<u>2,438</u>)
Cost after amortization	<u>\$ 367,467</u>	<u>\$ 6,793</u>	<u>\$ 374,260</u>

Change in loss provisions by account category:

	January 1 to September 30, 2024				
	Notes receivable	Premiums receivable	Other receivables	Claims recoverable from reinsurers	Reinsuranc e accounts receivable
Opening balance	\$ 4,687	\$ 33,615	\$ 4,393	\$ 898	\$ 2,490
Plus: Losses/expenses provided in the current period	-	4,667	718	332	52
Less: Losses/expenses reversed in the current period	(<u>1,050</u>)	<u>-</u>	<u>-</u>	<u>-</u>	(<u>786</u>)
Closing balance	<u>\$ 3,637</u>	<u>\$ 38,282</u>	<u>\$ 5,111</u>	<u>\$ 1,230</u>	<u>\$ 1,756</u>

	January 1 to September 30, 2023				
	Notes receivable	Premiums receivable	Other receivables	Claims recoverable from reinsurers	Reinsuranc e accounts receivable
Opening balance	\$ 4,954	\$ 35,984	\$ 3,778	\$ 600	\$ 767
Plus: Losses/expenses provided in the current period	1,293	334	579	167	904
Less: Losses/expenses reversed in the current period	-	(3,277)	-	-	-
Closing balance	<u>\$ 6,247</u>	<u>\$ 33,041</u>	<u>\$ 4,357</u>	<u>\$ 767</u>	<u>\$ 1,671</u>

Explanation to overdue receivables and loss provisions:

1. Balances of premiums receivable and other receivables as of September 30, 2024 included NT\$63,851 thousand and NT\$7,455 thousand that were overdue, for which the Company had made loss provisions totaling NT\$36,306 thousand and NT\$4,676 thousand, respectively. Reinsurance accounts receivable have been assessed for impairment and unrecoverable amounts. The balance includes NT\$11,986 thousand of overdue receivables, for which a loss provision of NT\$393 thousand has been made.
2. 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.
3. Balances of premiums receivable and other receivables as of September 30, 2023 included NT\$71,453 thousand and NT\$4,207 thousand that were overdue, for which the Company had made loss provisions totaling NT\$31,593 thousand and NT\$4,020 thousand, respectively. Reinsurance accounts receivable have been assessed for impairment and unrecoverable amounts. The balance includes NT\$7,149 thousand of overdue receivables, for which a loss provision of NT\$356 thousand has been made.

13. Investment property

	January 1 to September 30, 2024		
	Land	Houses and Buildings	Total
<u>Cost</u>			
Balance as of January 1, 2024	\$ 600,323	\$ 350,170	\$ 950,493
Reclassification for the period	<u>867</u>	<u>3,136</u>	<u>4,003</u>
Balance as at September 30, 2024	<u>601,190</u>	<u>353,306</u>	<u>954,496</u>
<u>Increase from revaluation</u>			
Balance as of January 1, 2024	<u>163,480</u>	<u>-</u>	<u>163,480</u>
Balance as at September 30, 2024	<u>163,480</u>	<u>-</u>	<u>163,480</u>
<u>Accumulated depreciation</u>			
Balance as of January 1, 2024	-	188,577	188,577
Depreciation	-	4,663	4,663
Reclassification for the period	<u>-</u>	<u>2,791</u>	<u>2,791</u>
Balance as at September 30, 2024	<u>-</u>	<u>196,031</u>	<u>196,031</u>
<u>Cumulative impairment</u>			
Balance as of January 1, 2024	<u>15,526</u>	<u>6,172</u>	<u>21,698</u>
Balance as at September 30, 2024	<u>15,526</u>	<u>6,172</u>	<u>21,698</u>
Net balance as of September 30, 2024	<u>\$ 749,144</u>	<u>\$ 151,103</u>	<u>\$ 900,247</u>
	January 1 to September 30, 2023		
	Land	Houses and 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 at September 30, 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>-</u>	<u>163,480</u>
Balance as at September 30, 2023	<u>163,480</u>	<u>-</u>	<u>163,480</u>
<u>Accumulated depreciation</u>			
Balance as of January 1, 2023	-	177,647	177,647
Depreciation	-	4,575	4,575
Reclassification for the period	<u>-</u>	<u>4,809</u>	<u>4,809</u>
Balance as at September 30, 2023	<u>-</u>	<u>187,031</u>	<u>187,031</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 at September 30, 2023	<u>15,526</u>	<u>6,172</u>	<u>21,698</u>
Net balance as of September 30, 2023	<u>\$ 748,277</u>	<u>\$ 156,967</u>	<u>\$ 905,244</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

Fair value of investment property as of September 30, 2023 was established based on actual transaction prices of nearby properties dating one year back from the balance sheet date that the management of the Company had taken from the public website maintained by the Department of Land Administration, Ministry of the Interior. Aside from the investment properties mentioned above, fair values as of September 30, 2024 and December 31, 2023 were appraised by an independent appraiser on August 13, 2024 and November 15, 2023 using important unobservable inputs of the comparison approach, the direct capitalization method of the income approach, and the cost approach, including income capitalization rate (a Level 3 input); the fair values of such investment properties were deemed to have been determined using Level 3 inputs, and the main underlying assumption was to take a range of transaction prices or the lowest price for the given property.

The fair value evaluated is as follows:

	September 30, 2024	December 31, 2023	September 30, 2023
Fair value	<u>\$ 3,089,517</u>	<u>\$ 3,078,965</u>	<u>\$ 3,097,840</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 September 30, 2024, December 31, 2023, and September 30, 2023 is as follows:

	September 30, 2024	December 31, 2023	September 30, 2023
Year 1	\$ 64,522	\$ 51,342	\$ 61,317
Year 2	54,257	18,615	21,472
Year 3	48,138	10,157	12,349
Year 4	40,110	5,688	6,791
Year 5	<u>38,004</u>	<u>814</u>	<u>2,187</u>
	<u>\$ 245,031</u>	<u>\$ 86,616</u>	<u>\$ 104,116</u>

14. Reinsurance contract assets

(1) Details:

	September 30, 2024	December 31, 2023	September 30, 2023
Claims recoverable from reinsurers	\$ 244,671	\$ 171,918	\$ 145,728
Reinsurance accounts receivable	311,157	245,340	228,532
Reinsurance reserve assets	<u>2,504,805</u>	<u>2,560,148</u>	<u>2,775,693</u>
	<u>\$ 3,060,633</u>	<u>\$ 2,977,406</u>	<u>\$ 3,149,953</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 September 30, 2024:

Reinsurance counterparty	Insurance category
Tugu Insurance Company Limited	Facultative reinsurance of marine hull insurance

The Company has made provisions for substandard reinsurance reserves totaling NT\$2 thousand, including NT\$2 thousand of ceded claim reserves for reported and unpaid liabilities. Liabilities and reserves increased by NT\$2 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 accordingly.

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 September 30, 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\$37 thousand (which comprises NT\$2 thousand of ceded claim reserves for reported and unpaid liabilities and NT\$35 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\$37 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:

	September 30, 2024	December 31, 2023	September 30, 2023
Ceded unearned premium reserve	\$ 1,170,637	\$ 1,035,654	\$ 1,116,051
Ceded claim reserve	<u>1,334,168</u>	<u>1,524,494</u>	<u>1,659,642</u>
	<u>\$ 2,504,805</u>	<u>\$ 2,560,148</u>	<u>\$ 2,775,693</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

	January 1 to September 30, 2024			
	Proprietary land	Buildings	Sundry equipment	Total
<u>Cost</u>				
Balance as of January 1, 2024	\$ 317,197	\$ 341,776	\$ 61,735	\$ 720,708
Increase - current period	-	290	9,089	9,379
Reclassification for the period	(867)	(3,136)	-	(4,003)
Balance as at September 30, 2024	<u>316,330</u>	<u>338,930</u>	<u>70,824</u>	<u>726,084</u>
<u>Increase from revaluation</u>				
Balance as of January 1, 2024	<u>123,786</u>	-	-	<u>123,786</u>
Balance as at September 30, 2024	<u>123,786</u>	-	-	<u>123,786</u>
<u>Accumulated depreciation</u>				
Balance as of January 1, 2024	-	184,401	28,585	212,986
Depreciation	-	4,928	10,469	15,397
Reclassification for the period	-	(2,791)	-	(2,791)
Balance as at September 30, 2024	-	<u>186,538</u>	<u>39,054</u>	<u>225,592</u>
<u>Cumulative impairment</u>				
Balance as of January 1, 2024	<u>4,774</u>	<u>1,898</u>	-	<u>6,672</u>
Balance as at September 30, 2024	<u>4,774</u>	<u>1,898</u>	-	<u>6,672</u>
Net balance as of September 30, 2024	<u>\$ 435,342</u>	<u>\$ 150,494</u>	<u>\$ 31,770</u>	<u>\$ 617,606</u>

	January 1 to September 30, 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	12,119	12,285
Reclassification for the period	(13,463)	(13,463)	-	(26,926)
Balance as at September 30, 2023	<u>317,197</u>	<u>347,674</u>	<u>89,002</u>	<u>753,873</u>
<u>Increase from revaluation</u>				
Balance as of January 1, 2023	<u>123,786</u>	-	-	<u>123,786</u>
Balance as at September 30, 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	-	5,372	12,355	17,727
Reclassification for the period	-	(4,809)	-	(4,809)
Balance as at September 30, 2023	-	<u>188,253</u>	<u>51,859</u>	<u>240,112</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 at September 30, 2023	<u>4,774</u>	<u>1,898</u>	-	<u>6,672</u>
Net balance as of September 30, 2023	<u>\$ 436,209</u>	<u>\$ 157,523</u>	<u>\$ 37,143</u>	<u>\$ 630,875</u>

Some real properties and equipment became self-occupied between January 1 to September 30, 2024 and 2023, and were reclassified as investment properties as a result.

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 15 years
Sundry equipment	3 to 10 years

Property and equipment for periods from January 1 to September 30, 2024 and 2023, do not include capitalized interest.

The Company's property and equipment showed no sign of impairment as of September 30, 2024, December 31, 2023 and September 30, 2023.

16. Lease arrangements

(1) Right-of-use asset

	September 30, 2024	December 31, 2023	September 30, 2023
Book value of right-of-use assets			
Buildings	\$ 1,231	\$ 2,087	\$ 3,427
Transportation equipment	1,286	1,290	1,564
Sundry equipment	<u>34</u>	<u>334</u>	<u>434</u>
	<u>\$ 2,551</u>	<u>\$ 3,711</u>	<u>\$ 5,425</u>
	July 1 to September 30, 2024	July 1 to September 30, 2023	January 1 to September 30, 2024
Additional right-of-use asset			<u>\$ 1,244</u>
Depreciation expense on right-of-use assets			<u>\$ 3,729</u>
Buildings	\$ 487	\$ 555	\$ 1,414
Transportation equipment	205	415	1,400
Sundry equipment	<u>100</u>	<u>101</u>	<u>301</u>
	<u>\$ 792</u>	<u>\$ 1,071</u>	<u>\$ 3,368</u>

The right-of-use assets derecognized upon earlier termination of the lease contract from January 1 to March 31, 2024 was NT\$42 thousand. Meanwhile, the gain from lease modification, NT\$24 thousand, was recognized as non-operating revenue.

(2) Lease liability

	September 30, 2024	December 31, 2023	September 30, 2023
Book value of lease liabilities	<u>\$ 2,594</u>	<u>\$ 3,770</u>	<u>\$ 5,498</u>
Discount rate range for lease liabilities:			
	September 30, 2024	December 31, 2023	September 30, 2023
Buildings	2.79%~3.16%	2.79%~3.04%	2.57%~3.04%
Transportation equipment	2.55%~3.18%	2.55%~2.93%	2.55%~2.93%
Sundry equipment	2.55%	2.55%	2.55%
	July 1 to September 30, 2024	July 1 to September 30, 2023	January 1 to September 30, 2024
Interest expense on lease liabilities			
Buildings	\$ 11	\$ 26	\$ 42
Transportation equipment	11	13	40
Sundry equipment	<u>1</u>	<u>3</u>	<u>12</u>
	<u>\$ 23</u>	<u>\$ 42</u>	<u>\$ 133</u>

(3) Other lease information

	July 1 to September 30, 2024	July 1 to September 30, 2023	January 1 to September 30, 2024	January 1 to September 30, 2023
Short-term rent expense	<u>\$ 992</u>	<u>\$ 667</u>	<u>\$ 2,727</u>	<u>\$ 2,281</u>
Total cash (outflow) from lease			<u>(\$ 5,153)</u>	<u>(\$ 5,773)</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	
	January 1 to September 30, 2024	January 1 to September 30, 2023
<u>Cost</u>		
Opening balance	\$ 71,452	\$ 75,140
Additions	<u>1,196</u>	<u>9,912</u>
Closing balance	<u>72,648</u>	<u>85,052</u>
<u>Accumulated depreciation</u>		
Opening balance	38,138	35,381
Amortization expenses	<u>10,803</u>	<u>12,766</u>
Closing balance	<u>48,941</u>	<u>48,147</u>
Closing net balance	<u>\$ 23,707</u>	<u>\$ 36,905</u>

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

Amortization expenses summarized by function:

	January 1 to September 30, 2024	January 1 to September 30, 2023
Selling expenses	<u>\$ 10,803</u>	<u>\$ 12,766</u>

The Company's intangible assets showed no sign of impairment as of September 30, 2024, December 31, 2023 and September 30, 2023.

18. Guarantee deposits paid

	September 30, 2024	December 31, 2023	September 30, 2023
Guarantee deposit for insurance business -			
Government bonds	\$ 475,888	\$ 489,765	\$ 488,425
Others	<u>49,341</u>	<u>52,475</u>	<u>52,144</u>
	<u>\$ 525,229</u>	<u>\$ 542,240</u>	<u>\$ 540,569</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

	September 30, 2024	December 31, 2023	September 30, 2023
Prepaid equipment purchase	\$ 17,276	\$ 14,686	\$ 13,317
Prepayments	2,753	2,486	3,032
Payment in suspense	220	261	14,440
Others	606	687	808
	<u>\$ 20,855</u>	<u>\$ 18,120</u>	<u>\$ 31,597</u>

20. Other payables

	September 30, 2024	December 31, 2023	September 30, 2023
Salary and bonus payable	\$ 117,001	\$ 129,018	\$ 80,817
Proceeds payable but unpaid to policyholders	27,475	27,480	27,481
Tax payable	16,516	32,556	18,185
Share settlements payable	6,625	-	11,219
Leave encashment payable	4,780	34	4,450
Pension payable	1,920	1,837	1,837
Others	17,803	16,487	27,252
	<u>\$ 192,120</u>	<u>\$ 207,412</u>	<u>\$ 171,241</u>

21. Insurance liabilities

	September 30, 2024	December 31, 2023	September 30, 2023
Unearned premium reserve	\$ 4,709,007	\$ 4,424,737	\$ 4,548,988
Claim reserve	3,954,032	3,889,884	3,971,270
Special claim reserve	1,728,696	1,860,436	1,857,397
Deficiency reserve	708	-	378
	<u>\$ 10,392,443</u>	<u>\$ 10,175,057</u>	<u>\$ 10,378,033</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

Defined benefit plan expenses for periods from July 1 to September 30, 2024 and 2023, and from January 1 to September 30, 2024 and 2023, were calculated proportionally based on pension costs determined as of December 31, 2023 and 2022; the above amounts were reported at NT\$813 thousand, NT\$1,140 thousand, NT\$2,441 thousand, and NT\$3,420 thousand, respectively.

23. Other liabilities - others

	September 30, 2024	December 31, 2023	September 30, 2023
Amount collected on behalf	\$ 97,071	\$ 71,618	\$ 90,876
Amount received in advance	3,577	1,872	3,018
	<u>\$ 100,648</u>	<u>\$ 73,490</u>	<u>\$ 93,894</u>

24. Equity

	September 30, 2024	December 31, 2023	September 30, 2023
Share capital	\$ 3,011,638	\$ 3,011,638	\$ 3,011,638
Retained Earnings	5,295,342	4,758,852	4,605,552
Other Equity	<u>400,308</u>	<u>357,141</u>	<u>258,931</u>
	<u>\$ 8,707,288</u>	<u>\$ 8,127,631</u>	<u>\$ 7,876,121</u>

(1) Share capital
Common shares

	September 30, 2024	December 31, 2023	September 30, 2023
Authorized shares (thousands)	<u>301,163.8</u>	<u>301,163.8</u>	<u>301,163.8</u>
Authorized capital	<u>\$ 3,011,638</u>	<u>\$ 3,011,638</u>	<u>\$ 3,011,638</u>
Shares issued and fully paid up (thousands)	<u>301,163.8</u>	<u>301,163.8</u>	<u>301,163.8</u>
Issued share capital	<u>\$ 3,011,638</u>	<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 2023 and 2022 earnings appropriation resolved during annual general meetings held on June 25, 2024 and June 27, 2023, respectively:

	Earnings appropriation plan		Dividends per share (NT\$)	
	2023	2022	2023	2022
Legal reserve	\$ 142,149	\$ 108,525		
Special reserve (Note 1)	225,993	220,725		
Special reserve (Note 2)	(1,022)	(874)		
Special reserve (Note 3)	696	168		
Cash dividends	340,315	216,838	\$ 1.13	\$ 0.72

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\$225,993 thousand for 2023 and NT\$220,725 thousand for 2022 had been made accordingly and accounted for as of December 31, 2023 and 2022, respectively. Net provisions for January 1 to September 30, 2024 and 2023, were estimated at NT\$167,829 thousand and NT\$170,374 thousand, respectively.

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\$696 thousand for 2023 and NT\$168 thousand for 2022 had been accounted for as per regulation as at December 31, 2023 and 2022, respectively.

(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:

	September 30, 2024	December 31, 2023	September 30, 2023
Special reserve	<u>\$ 51,849</u>	<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 between January 1 to September 30, 2024 and 2023:

	Special claim reserve	Financial technology	Provision for the first-time adoption of IFRSs	Travel insurance	Total
<u>January 1 to September 30, 2024</u>					
Opening balance	\$ 2,530,887	\$ 1,750	\$ 51,849	\$ 1,008	\$ 2,585,494
Reversals for the current period	-	(1,022)	-	-	(1,022)
Closing balance	<u>\$ 2,530,887</u>	<u>\$ 728</u>	<u>\$ 51,849</u>	<u>\$ 1,008</u>	<u>\$ 2,584,472</u>
<u>January 1 to September 30, 2023</u>					
Opening balance	\$ 2,304,894	\$ 2,624	\$ 51,849	\$ 312	\$ 2,359,679
Reversals for the current period	-	(874)	-	-	(874)
Closing balance	<u>\$ 2,304,894</u>	<u>\$ 1,750</u>	<u>\$ 51,849</u>	<u>\$ 312</u>	<u>\$ 2,358,805</u>

(4) Other equity items
Unrealized gains/losses on financial assets at fair value through other comprehensive income

	January 1 to September 30, 2024	January 1 to September 30, 2023
Opening balance	\$ 357,141	\$ 285,953
Generated in current period		
Unrealized gains		
Equity instrument	155,223	17,874
Debt instrument	(13,510)	7,135
Transfer of cumulative gains/losses to retained earnings following disposal of equity instrument	(98,546)	(52,031)
Closing balance	<u>\$ 400,308</u>	<u>\$ 258,931</u>

25. Net income

(1) Interest income

	July 1 to September 30, 2024	July 1 to September 30, 2023	January 1 to September 30, 2024	January 1 to September 30, 2023
Bank deposit	\$ 19,290	\$ 17,052	\$ 61,082	\$ 59,315
Financial Assets at Fair Value through Profit or Loss	3,332	3,393	7,634	6,988
Debt instruments at fair value through other comprehensive income	1,945	2,345	6,062	7,037
Financial assets carried at cost after amortization	22,251	14,505	59,072	37,418
Others	<u>2,926</u>	<u>2,552</u>	<u>8,571</u>	<u>7,462</u>
	<u>\$ 49,744</u>	<u>\$ 39,847</u>	<u>\$ 142,421</u>	<u>\$ 118,220</u>

(2) Employee benefit expenses

	July 1 to September 30, 2024			July 1 to September 30, 2023		
	Presented as operating cost	Presented as operating expense	Total	Presented as operating cost	Presented as operating expense	Total
Employee welfare expenses						
Salary	\$ 77,828	\$ 164,950	\$ 242,778	\$ 81,223	\$ 146,469	\$ 227,692
Labor/health insurance premium	-	17,197	17,197	-	16,551	16,551
Pension expense	-	6,608	6,608	-	6,714	6,714
Remuneration to Director	-	3,611	3,611	-	3,360	3,360
Other employee welfare expenses	-	4,945	4,945	-	5,004	5,004
	<u>\$ 77,828</u>	<u>\$ 197,311</u>	<u>\$ 275,139</u>	<u>\$ 81,223</u>	<u>\$ 178,098</u>	<u>\$ 259,321</u>

	January 1 to September 30, 2024			January 1 to September 30, 2023		
	Presented as operating cost	Presented as operating expense	Total	Presented as operating cost	Presented as operating expense	Total
Employee welfare expenses						
Salary	\$ 246,771	\$ 512,901	\$ 759,672	\$ 260,437	\$ 452,391	\$ 712,828
Labor/health insurance premium	-	46,479	46,479	-	50,144	50,144
Pension expense	-	19,818	19,818	-	20,041	20,041
Remuneration to Director	-	12,551	12,551	-	10,259	10,259
Other employee welfare expenses	-	14,140	14,140	-	13,664	13,664
	<u>\$ 246,771</u>	<u>\$ 605,889</u>	<u>\$ 852,660</u>	<u>\$ 260,437</u>	<u>\$ 546,499</u>	<u>\$ 806,936</u>
	July 1 to September 30, 2024	July 1 to September 30, 2023		January 1 to September 30, 2024	January 1 to September 30, 2023	
Retirement benefits						
Defined contribution plan	\$ 5,795	\$ 5,574		\$ 17,377	\$ 16,621	
Defined benefit plan (Note 22)	813	1,140		2,441	3,420	
	<u>\$ 6,608</u>	<u>\$ 6,714</u>		<u>\$ 19,818</u>	<u>\$ 20,041</u>	

As of September 30, 2024 and 2023, the Company employed a total of 857 and 873 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. Employee remuneration and director remuneration estimated for periods January 1 to September 30, 2024 and 2023, are as follows:

Estimated percentage

	January 1 to September 30, 2024	January 1 to September 30, 2023
Employee remuneration	1%	1%
Director remuneration	0.6%	0.6%

Amount

	July 1 to September 30, 2024	July 1 to September 30, 2023	January 1 to September 30, 2024	January 1 to September 30, 2023
Employee remuneration	<u>\$ 2,992</u>	<u>\$ 2,725</u>	<u>\$ 9,376</u>	<u>\$ 6,073</u>
Director remuneration	<u>\$ 1,796</u>	<u>\$ 1,635</u>	<u>\$ 5,626</u>	<u>\$ 3,644</u>

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 2023 and 2022 employee/director remuneration were resolved in Board of Directors meetings dated March 12, 2024 and March 25, 2023, respectively. Details are as follows:

Amount

	2023		2022	
	Cash	Shares	Cash	Shares
Employee remuneration	\$ 7,667	\$ -	\$ 6,859	\$ -
Director remuneration	4,600	-	4,115	-

The amounts resolved above were indifferent to 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

	July 1 to September 30, 2024	July 1 to September 30, 2023	January 1 to September 30, 2024	January 1 to September 30, 2023
Property, Plant and Equipment	\$ 5,031	\$ 5,895	\$ 15,397	\$ 17,727
Right-of-use asset	792	1,071	2,362	3,368
Investment Property	1,565	1,545	4,663	4,575
Intangible Assets	3,632	4,142	10,803	12,766
Total	<u>\$ 11,020</u>	<u>\$ 12,653</u>	<u>\$ 33,225</u>	<u>\$ 38,436</u>
Depreciation and amortization expenses by function				
Depreciation (classified as operating costs)	\$ 1,565	\$ 1,545	\$ 4,663	\$ 4,575
Depreciation (classified as operating expenses)	5,823	6,966	17,759	21,095
Amortization (classified as operating expenses)	3,632	4,142	10,803	12,766
Total	<u>\$ 11,020</u>	<u>\$ 12,653</u>	<u>\$ 33,225</u>	<u>\$ 38,436</u>

(5) Gain/loss on investment property

	July 1 to September 30, 2024	July 1 to September 30, 2023	January 1 to September 30, 2024	January 1 to September 30, 2023
Rental income	\$ 18,368	\$ 17,723	\$ 53,747	\$ 51,488
Direct expenses associated with rental income	(3,687)	(3,339)	(10,623)	(9,973)
	<u>\$ 14,681</u>	<u>\$ 14,384</u>	<u>\$ 43,124</u>	<u>\$ 41,515</u>

(6) Gain/loss on foreign exchange

	July 1 to September 30, 2024	July 1 to September 30, 2023	January 1 to September 30, 2024	January 1 to September 30, 2023
Total gain on foreign exchange	(\$ 15,685)	\$ 43,753	\$ 127,100	\$ 158,697
Total loss on foreign exchange	<u>6,269</u>	<u>(31,183)</u>	<u>(114,652)</u>	<u>(139,736)</u>
Net gain (loss)	<u>(\$ 9,416)</u>	<u>\$ 12,570</u>	<u>\$ 12,448</u>	<u>\$ 18,961</u>
Total gain/loss on foreign exchange				
Gain (loss) on exchange - investment (Note)	(\$ 10,545)	\$ 10,133	\$ 5,039	\$ 15,620
Gain (loss) on exchange - non-investment	<u>1,129</u>	<u>2,437</u>	<u>7,409</u>	<u>3,341</u>
	<u>(\$ 9,416)</u>	<u>\$ 12,570</u>	<u>\$ 12,448</u>	<u>\$ 18,961</u>

Note: Derived from foreign currency time deposits.

26. Income tax

(1) Income tax recognized in profit and loss

Main components of income tax expense (gain):

	July 1 to September 30, 2024	July 1 to September 30, 2023	January 1 to September 30, 2024	January 1 to September 30, 2023
Current income tax				
From current profit	\$ 47,917	\$ 46,621	\$ 141,473	\$ 102,462
Adjustment of previous year figures	-	-	-	(131)
Deferred income tax				
From current profit	<u>(1,962)</u>	<u>1,530</u>	<u>2,852</u>	<u>(10,160)</u>
Income tax expense recognized in profit and loss	<u>\$ 45,955</u>	<u>\$ 48,151</u>	<u>\$ 144,325</u>	<u>\$ 92,171</u>

(2) Assessment of income tax return

The Company's profit-seeking enterprise income tax returns have been certified by the tax authority up until 2022. The certified amounts were indifferent from the amounts reported.

27. Earnings per share

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

Current net income

	July 1 to September 30, 2024	July 1 to September 30, 2023	January 1 to September 30, 2024	January 1 to September 30, 2023
Net income used for calculating earnings per share	<u>\$ 248,472</u>	<u>\$ 219,966</u>	<u>\$ 778,259</u>	<u>\$ 505,416</u>

Number of shares

	Unit: thousand shares			
	July 1 to September 30, 2024	July 1 to September 30, 2023	January 1 to September 30, 2024	January 1 to September 30, 2023
Weighted average common shares used for calculating basic earnings per share	301,164	301,164	301,164	301,164
Dilutive effect of potential common shares:				
Employee remuneration	<u>225</u>	<u>134</u>	<u>315</u>	<u>296</u>
Weighted average common shares used for calculating diluted earnings per share	<u>301,389</u>	<u>301,298</u>	<u>301,479</u>	<u>301,460</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 information

Change of liabilities relating to financing activities:

January 1 to September 30, 2024

	January 1, 2024	Cash flow	New leases	Changes without cash effect			September 30, 2024
				Lease modification	Amortization of interest expense	Others	
Lease liabilities	<u>\$ 3,770</u>	<u>(\$ 2,354)</u>	<u>\$ 1,244</u>	<u>(\$ 66)</u>	<u>\$ 72</u>	<u>(\$ 72)</u>	<u>\$ 2,594</u>

January 1 to September 30, 2023

	January 1, 2023	Cash flow	New leases	Changes without cash effect			September 30, 2023
				Amortization of interest expense	Others		
Lease liabilities	<u>\$ 5,128</u>	<u>(\$ 3,359)</u>	<u>\$ 3,729</u>	<u>\$ 133</u>	<u>(\$ 133)</u>		<u>\$ 5,498</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 September 30, 2024, 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

September 30, 2024

	Level 1	Level 2	Level 3	Total
<u>Financial Assets at Fair Value through Profit or Loss</u>				
Locally Listed Stocks	\$ 495,860	\$ -	\$ -	\$ 495,860
Fund beneficiary certificates	1,015,787	-	-	1,015,787
Real Estate Investment Trust	159,184	-	-	159,184
Domestic bank debentures	-	-	49,441	49,441
Total	<u>\$ 1,670,831</u>	<u>\$ -</u>	<u>\$ 49,441</u>	<u>\$ 1,720,272</u>
<u>Financial assets at fair value through other comprehensive income</u>				
Locally Listed Stocks	\$ 1,508,177	\$ -	\$ -	\$ 1,508,177
Domestic unlisted shares	-	-	1,202,455	1,202,455
Domestic Government Bonds	55,397	-	-	55,397
Total	<u>\$ 1,563,574</u>	<u>\$ -</u>	<u>\$ 1,202,455</u>	<u>\$ 2,766,029</u>
<u>Guarantee deposits paid</u>				
Domestic Government Bonds	<u>\$ 475,888</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 475,888</u>

December 31, 2023

	Level 1	Level 2	Level 3	Total
<u>Financial Assets at Fair Value through Profit or 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
Domestic 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 value through other comprehensive income</u>				
Locally Listed Stocks	\$ 1,236,762	\$ -	\$ -	\$ 1,236,762
Domestic unlisted 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>

September 30, 2023

	Level 1	Level 2	Level 3	Total
<u>Financial Assets at Fair Value through Profit or Loss</u>				
Locally Listed Stocks	\$ 296,317	\$ -	\$ -	\$ 296,317
Fund beneficiary certificates	1,137,676	-	-	1,137,676
Real Estate Investment Trust	163,677	-	-	163,677
Domestic bank debentures	-	-	49,194	49,194
Total	<u>\$ 1,597,670</u>	<u>\$ -</u>	<u>\$ 49,194</u>	<u>\$ 1,646,864</u>
<u>Financial assets at fair value through other comprehensive income</u>				
Domestic Listed Common Shares	\$ 1,315,913	\$ -	\$ -	\$ 1,315,913
Non-listed domestic common shares	-	-	1,160,180	1,160,180
Domestic Government Bonds	257,926	-	-	257,926
Total	<u>\$ 1,573,839</u>	<u>\$ -</u>	<u>\$ 1,160,180</u>	<u>\$ 2,734,019</u>
<u>Guarantee deposits paid</u>				
Domestic Government Bonds	<u>\$ 488,425</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 488,425</u>

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

Financial assets	Measured at fair value through profit and loss	Financial assets at fair value through other comprehensive income	
		Debt instrument	Equity instrument
			Total
Opening balance	\$ 49,506	\$ 1,163,390	\$ 1,212,896
Recognized through profit and loss (gain/loss on financial assets or liabilities at fair value through profit and loss)	(65)	-	(65)
Recognized through other comprehensive income (gain/loss on valuation of equity instruments at fair value through other comprehensive income)	-	39,065	39,065
Closing balance	<u>\$ 49,441</u>	<u>\$ 1,202,455</u>	<u>\$ 1,251,896</u>
Unrealized Gains (Losses) at the End of the Period	(\$ 559)	\$ 512,649	\$ 512,090

January 1 to September 30, 2023

	Measured at fair value through profit and loss	Financial assets at fair value through other comprehensive income	
Financial assets	Debt instrument	Equity instrument	Total
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)	253	-	253
Recognized through other comprehensive income (gain/loss on valuation of equity instruments at fair value through other comprehensive income)	-	(28,897)	(28,897)
Closing balance	<u>\$ 49,194</u>	<u>\$ 1,160,180</u>	<u>\$ 1,209,374</u>
Unrealized Gains (Losses) at the End of the Period	(\$ 806)	\$ 470,373	\$ 469,567

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	September 30, 2024	December 31, 2023	September 30, 2023
<u>Financial assets</u>			
Measured at fair value through profit and loss			
Mandatory at fair value throughout profit and loss	\$ 1,720,272	\$ 1,995,758	\$ 1,646,864
Loans and receivables (Note 1)	555,828	417,258	374,260
Financial assets carried at cost after amortization (Note 2)	10,596,615	9,521,842	9,638,944
Financial assets at fair value through other comprehensive income			
Investment in equity instruments	2,710,632	2,400,152	2,476,093
Investment in debt instruments (Note 3)	531,285	747,422	746,351
<u>Financial liabilities</u>			
Carried at cost after amortization (Note 4)	672,936	506,421	650,402

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, insurance claims and benefits payable, commissions payable, reinsurance account payable, other payables (excluding salary, bonus, tax payable, 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 September 30, 2024, December 31, 2023, and September 30, 2023, the Company had about 2.30%, 1.72% and 1.80% 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			
September 30, 2024			
	Foreign currency	Exchange rate	TWD (NTD)
<u>Financial assets</u>			
<u>Monetary items</u>			
Bank deposit and notes receivable			
USD	\$ 7,786	31.650	\$ 246,433
EUR	5	35.380	189
CNY (RMB)	31	4.523	142
GBP	66	42.430	2,803
HKD	606	4.075	2,469
JPY	21	0.222	5
Other financial assets			
USD	6,700	31.650	212,055
December 31, 2023			
	Foreign currency	Exchange rate	TWD (NTD)
<u>Financial assets</u>			
<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

	September 30, 2023		
	Foreign currency	Exchange rate	TWD (NTD)
Financial assets			
Monetary items			
Bank deposit and notes receivable			
USD	\$ 1,219	32.270	\$ 39,338
EUR	44	33.910	1,482
CNY (RMB)	27	4.415	121
GBP	71	39.230	2,772
HKD	675	4.123	2,785
JPY	21	0.216	5
Other financial assets			
USD	9,300	32.270	300,111

Unrealized foreign currency gain/loss of material impact:

July 1 to September 30, 2024			July 1 to September 30, 2023		
Foreign currency	Exchange rate	Unrealized net gain (loss) on exchange	Exchange rate	Unrealized net gain (loss) on exchange	
USD	1:31.65 (USD:NTD)	<u>(\$ 8,877)</u>	1:32.27 (USD:NTD)	<u>\$ 8,909</u>	

January 1 to September 30, 2024			January 1 to September 30, 2023		
Foreign currency	Exchange rate	Unrealized net gain (loss) on exchange	Exchange rate	Unrealized net gain (loss) on exchange	
USD	1:31.65 (USD:NTD)	<u>\$ 11,896</u>	1:32.27 (USD:NTD)	<u>\$ 13,543</u>	

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.

	January 1 to September 30, 2024	January 1 to September 30, 2023
Gain (loss) on USD	(\$ 4,585)	(\$ 3,394)

(2) Interest rate risk

The book value of financial assets exposed to interest rate risks as at the balance sheet date is presented below:

	September 30, 2024	December 31, 2023	September 30, 2023
Risk of cash flow changes due to interest rate			
- Financial assets	\$ 1,006,529	\$ 652,799	\$ 907,282
Risk of fair value changes due to interest rate			
- Financial assets	580,726	796,928	795,545
- Financial liabilities	2,594	3,770	5,498

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 pre-tax profit for the periods January 1 to September 30, 2024 and 2023, would increase/decrease by NT\$75 thousand and NT\$68 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 the periods from January 1 to September 30, 2024 and 2023, would decrease/increase by NT\$9 thousand and NT\$14 thousand, respectively, due to fair value change in bond investments; meanwhile, other comprehensive income (pre-tax) and equity for the periods from January 1 to September 30, 2024 and 2023, would decrease/increase by NT\$758 thousand and NT\$837 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 equity price increased/decreased by 1%, pre-tax profit and equity between January 1 and September 30, 2024 and 2023, would increase/decrease by NT\$16,708 thousand and NT\$15,977 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 equity between January 1 and September 30, 2024 and 2023, would increase/decrease by NT\$27,106 thousand and NT\$24,761 thousand, respectively, due to changes in the fair value of equity instruments carried 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: September 30, 2024

Unit: NTD thousands

Risk factors	Variation	Portfolio gains/losses
Price risk - at fair value through profit and loss	Down 10%	(\$ 167,083)
Price risk - at fair value through other comprehensive income	Down 10%	(271,063)
Risk of fair value changes due to interest rate	A 100bps increase in the yield curve	(76,750)
Exchange rate risk - other financial assets	1% strengthening of NTD against all foreign currencies	(4,641)

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: September 30, 2024

Unit: NTD thousand

Financial assets	Taiwan	Asia	America	Europe	Others	Total
Cash and cash equivalents	\$ 1,841,464	\$ -	\$ -	\$ -	\$ -	\$ 1,841,464
Financial assets (real property investment trusts and debt instruments) at fair value through profit and loss	208,625	-	-	-	-	208,625
Financial assets (debt instrument) at fair value through other comprehensive income (Note)	531,285	-	-	-	-	531,285
Financial assets carried at cost after amortization	3,796,158	-	-	-	-	3,796,158
Other financial assets (time deposit)	4,422,855	-	-	-	-	4,422,855
Total	10,800,387	-	-	-	-	10,800,387
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	\$ 531,285	\$ -	\$ -	\$ 531,285
Financial assets carried at cost after amortization	3,796,158	-	-	3,796,158
Total	\$ 4,327,443	\$ -	\$ -	\$ 4,327,443

Expected credit loss rates for the abovementioned Class I financial assets are 0.0250% ~ 1.9652%.

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:

- a. 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.
- b. The issuer undergoes financial distress and is de-listed or liquidated as a result.
- c. Event of default, such as failure to pay interest or principal.
- d. 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 between January 1 and September 30, 2024:

	12-month expected credit loss I	Expected credit loss over the remaining duration II	Expected credit loss over the remaining duration III	Impairment provided in accordance with IFRS 9 (Subtotal)	Difference with impairments provided in accordance with "Regulation on Asset Valuation, Overdue Collection and Loan Loss Provisioning by Insurance Companies"	Total
Investment in debt instruments						
Opening balance	\$ 20,651	\$ -	\$ -	\$ 20,651	\$ -	\$ 20,651
Variation	(6,586)	-	-	(6,586)	-	(6,586)
Closing balance	<u>\$ 14,065</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 14,065</u>	<u>\$ -</u>	<u>\$ 14,065</u>
Receivables						
Opening balance	\$ 7,410	\$ -	\$ -	\$ 7,410	\$ 38,673	\$ 46,083
Variation	1,264	-	-	1,264	2,669	3,933
Closing balance	<u>\$ 8,674</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 8,674</u>	<u>\$ 41,342</u>	<u>\$ 50,016</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.

September 30, 2024

	Repayable upon demand or within 1 month	1~3 months	3 months ~ 1 year	1~5 years	5 years and above
<u>Non-derivative financial liabilities</u>					
Non-interest bearing liabilities	\$ 239,502	\$ 130,725	\$ 286,377	\$ 16,332	\$ -
Lease liabilities	-	752	1,175	729	-
	<u>\$ 239,502</u>	<u>\$ 131,477</u>	<u>\$ 287,552</u>	<u>\$ 17,061</u>	<u>\$ -</u>

December 31, 2023

	Repayable upon demand or within 1 month	1 to 3 months	3 months to 1 year	1 to 5 years	5 years and above
<u>Non-derivative financial liabilities</u>					
Non-interest bearing liabilities	\$ 192,101	\$ 84,772	\$ 214,364	\$ 15,184	\$ -
Lease liabilities	-	820	2,063	969	-
	<u>\$ 192,101</u>	<u>\$ 85,592</u>	<u>\$ 216,427</u>	<u>\$ 16,153</u>	<u>\$ -</u>

September 30, 2023

	Repayable upon demand or within 1 month	1~3 months	3 months ~ 1 year	1~5 years	5 years and above
<u>Non-derivative financial liabilities</u>					
Non-interest bearing liabilities	\$ 260,945	\$ 109,207	\$ 265,066	\$ 15,184	\$ -
Lease liabilities	-	964	2,695	1,972	-
	<u>\$ 260,945</u>	<u>\$ 110,171</u>	<u>\$ 267,761</u>	<u>\$ 17,156</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

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<u>Name of related party</u>	<u>Relationship with the Company</u>
Tai Jing Apartment Building Management 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
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
Kai Hsuan Co., Ltd.	Other related parties
Tsai Rui Enterprise Co., Ltd.	Other related parties
Chu Kuan Enterprise 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>July 1 to September 30, 2024</u>	<u>July 1 to September 30, 2023</u>	<u>January 1 to September 30, 2024</u>	<u>January 1 to September 30, 2023</u>
Other related parties	<u>\$ 1,065</u>	<u>\$ 648</u>	<u>\$ 3,708</u>	<u>\$ 3,840</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>July 1 to September 30, 2024</u>	<u>July 1 to September 30, 2023</u>	<u>January 1 to September 30, 2024</u>	<u>January 1 to September 30, 2023</u>
Other related parties	<u>\$ 1</u>	<u>\$ -</u>	<u>\$ 550</u>	<u>\$ 89</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

Type of related party	July 1 to September 30, 2024	July 1 to September 30, 2023	January 1 to September 30, 2024	January 1 to September 30, 2023
Other related parties	<u>\$ 3</u>	<u>\$ -</u>	<u>\$ 9</u>	<u>\$ 6</u>

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

4. Selling expenses

Type of related party	July 1 to September 30, 2024	July 1 to September 30, 2023	January 1 to September 30, 2024	January 1 to September 30, 2023
Other related parties	<u>\$ 1,140</u>	<u>\$ 1,140</u>	<u>\$ 3,420</u>	<u>\$ 3,263</u>

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

5. Premiums receivable

Type of related party	September 30, 2024	December 31, 2023	September 30, 2023
Other related parties	<u>\$ 120</u>	<u>\$ 225</u>	<u>\$ 137</u>

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

(3) Remuneration of senior management

	July 1 to September 30, 2024	July 1 to September 30, 2023	January 1 to September 30, 2024	January 1 to September 30, 2023
Short-term employee benefits	\$ 14,404	\$ 14,660	\$ 45,622	\$ 41,092
Retirement benefits	<u>544</u>	<u>684</u>	<u>1,632</u>	<u>2,053</u>
	<u>\$ 14,948</u>	<u>\$ 15,344</u>	<u>\$ 47,254</u>	<u>\$ 43,145</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 September 30, 2024, December 31, 2023, and September 30, 2023, the Company had the following expenses that were contracted but unpaid:

Types of unrecognized contractual commitments	September 30, 2024	December 31, 2023	September 30, 2023
Project consultancy and system installation fees	<u>\$ 39,411</u>	<u>\$ 41,195</u>	<u>\$ 42,313</u>
Expenses other than those for the project consultation and system installation	<u>\$ 680</u>	<u>\$ -</u>	<u>\$ -</u>

(2) Contingent liabilities

As of September 30, 2024, 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\$50,271 thousand, of which NT\$23,515 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

September 30, 2024			
Insurance category	Notes receivable	Premiums receivable	Total
Fire Insurance	\$ 8,435	\$ 130,443	\$ 138,878
Marine insurance	27,075	64,649	91,724
Automobile Insurance	84,081	34,069	118,150
Engineering/ liability insurance	4,743	8,309	13,052
Other insurance	<u>6,458</u>	<u>71,141</u>	<u>77,599</u>
	130,792	308,611	439,403
Less: loss provisions	(<u>3,637</u>)	(<u>38,282</u>)	(<u>41,919</u>)
Net amount	<u>\$ 127,155</u>	<u>\$ 270,329</u>	<u>\$ 397,484</u>

December 31, 2023			
Insurance category	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>

September 30, 2023			
Insurance category	Notes receivable	Premiums receivable	Total
Fire Insurance	\$ 23,201	\$ 93,839	\$ 117,040
Marine insurance	31,419	48,353	79,772
Automobile Insurance	138,003	29,182	167,185
Engineering/ liability insurance	1,839	3,970	5,809
Other insurance	<u>9,361</u>	<u>35,723</u>	<u>45,084</u>
	203,823	211,067	414,890
Less: loss provisions	(<u>6,247</u>)	(<u>33,041</u>)	(<u>39,288</u>)
Net amount	<u>\$ 197,576</u>	<u>\$ 178,026</u>	<u>\$ 375,602</u>

Commission payable

Insurance category	September 30, 2024	December 31, 2023	September 30, 2023
Fire Insurance	\$ 30,080	\$ 17,664	\$ 33,555
Marine insurance	13,148	9,006	11,310
Automobile Insurance	54,136	54,549	53,692
Engineering/ liability insurance	2,770	1,390	1,558
Other insurance	<u>20,668</u>	<u>13,694</u>	<u>16,989</u>
Total	<u>\$ 120,802</u>	<u>\$ 96,303</u>	<u>\$ 117,104</u>

Reinsurance accounts receivable (payable) - retained reinsurance

	September 30, 2024	
	Reinsurance accounts receivable	Reinsurance accounts payable
GUY	\$ 128,305	\$ 35,341
CMP	41,068	57,641
CRC	30,460	90,807
GUR	25,625	11,195
GUC	17,673	6,840
WIL	1,031	53,272
TOH	608	23,818
TRI	-	22,986
Others	68,143	144,657
Less: loss provisions	(1,756)	-
Net amount	<u>\$ 311,157</u>	<u>\$ 446,557</u>

	December 31, 2023	
	Reinsurance accounts receivable	Reinsurance accounts payable
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>

	September 30, 2023	
	Reinsurance accounts receivable	Reinsurance accounts payable
CMP	\$ 41,165	\$ 64,098
WIL	37,275	2,626
CRC	35,528	116,916
WRT	21,864	1,360
LIA	18,440	7,853
AJG	17,604	15,759
FOH	11,768	25,747
MUN	6,926	21,886
TRI	2,846	21,447
TOH	769	21,721
COR	-	26,930
Others	36,018	88,269
Less: loss provisions	(1,671)	-
Net amount	<u>\$ 228,532</u>	<u>\$ 414,612</u>

(2) Unearned premium reserve

1. Details of unearned premium reserve:

Insurance category	September 30, 2024	December 31, 2023	September 30, 2023
One-year commercial fire insurance	\$ 306,314	\$ 236,196	\$ 288,639
General automobile hull insurance for private vehicle	1,124,740	1,228,179	1,182,006
General liabilities insurance for private vehicle	1,146,062	1,162,055	1,104,952
Mandatory automobile liabilities insurance for private vehicle	257,992	270,531	270,985
Personal accident insurance	331,229	299,891	317,908
Other insurance	<u>1,542,670</u>	<u>1,227,885</u>	<u>1,384,498</u>
	<u>\$ 4,709,007</u>	<u>\$ 4,424,737</u>	<u>\$ 4,548,988</u>

Due to the extensive range of insurance categories involved, only categories representing more than 5% of outstanding balance were presented above.

2. Details of retained unearned premium reserve:

Insurance category	September 30, 2024			
	Unearned premium reserve		Ceded unearned premium reserve	
	Direct insurance (1)	Assumed reinsurance (2)	Ceded reinsurance (Note)(3)	Retained insurance (4)=(1)+(2)-(3)
Fire Insurance	\$ 710,269	\$ 28,713	\$ 335,969	\$ 403,013
Marine insurance	110,615	805	36,206	75,214
Automobile Insurance	2,625,506	153,739	336,681	2,442,564
Engineering/ liability insurance	354,413	44,841	175,697	223,557
Accident/ health insurance	388,710	2,350	126,144	264,916
Other insurance	<u>284,702</u>	<u>4,344</u>	<u>159,940</u>	<u>129,106</u>
	<u>\$ 4,474,215</u>	<u>\$ 234,792</u>	<u>\$ 1,170,637</u>	<u>\$ 3,538,370</u>

Insurance category	December 31, 2023			
	Unearned premium reserve		Ceded unearned premium reserve	
	Direct insurance (1)	Assumed reinsurance (2)	Ceded reinsurance (Note)(3)	Retained insurance (4)=(1)+(2)-(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/ liability insurance	289,398	36,742	143,047	183,093
Accident/ health insurance	299,372	2,709	79,056	223,025
Other insurance	<u>166,690</u>	<u>5,770</u>	<u>84,846</u>	<u>87,614</u>
	<u>\$ 4,201,353</u>	<u>\$ 223,384</u>	<u>\$ 1,035,654</u>	<u>\$ 3,389,083</u>

September 30, 2023				
Insurance category	Unearned premium reserve		Ceded unearned premium reserve	Retained insurance (4)=(1)+(2)-(3)
	Direct insurance (1)	Assumed reinsurance (2)	Ceded reinsurance (Note)(3)	
Fire Insurance	\$ 659,983	\$ 31,935	\$ 287,595	\$ 404,323
Marine insurance	112,753	1,332	39,342	74,743
Automobile Insurance	2,707,509	150,633	429,438	2,428,704
Engineering/ liability insurance	309,983	33,380	153,651	189,712
Accident/ health insurance	317,241	2,845	91,040	229,046
Other insurance	213,369	8,025	114,985	106,409
	<u>\$ 4,320,838</u>	<u>\$ 228,150</u>	<u>\$ 1,116,051</u>	<u>\$ 3,432,937</u>

Note: Presented as reinsurance contract assets.

3. Changes in unearned premium reserve and ceded unearned reserve:

Item	January 1 to September 30, 2024	
	Unearned premium reserve	Ceded unearned premium reserve
Opening amount	\$ 4,424,737	\$ 1,035,654
Provisions in the current period	4,709,007	1,170,637
Recoveries in the current period	(4,424,737)	(1,035,654)
Closing amount	<u>\$ 4,709,007</u>	<u>\$ 1,170,637</u>

Item	January 1 to September 30, 2023	
	Unearned premium reserve	Ceded unearned premium reserve
Opening amount	\$ 4,145,536	\$ 971,374
Provisions in the current period	4,548,988	1,116,051
Recoveries in the current period	(4,145,536)	(971,374)
Closing amount	<u>\$ 4,548,988</u>	<u>\$ 1,116,051</u>

(3) Claim reserve

1. Details of claim reserve:

Insurance category	September 30, 2024	December 31, 2023	September 30, 2023
One-year commercial fire insurance	\$ 864,122	\$ 1,139,904	\$ 1,241,057
General automobile hull insurance for private vehicle	365,582	384,390	372,281
General liabilities insurance for private vehicle	1,016,789	988,989	959,376
Mandatory automobile liabilities insurance for private vehicle	389,692	399,527	390,513
Mandatory liabilities insurance for motorcycle	170,948	175,256	157,403
General liabilities insurance	240,469	253,079	246,154
Commercial earthquake insurance	334,949	6,398	7,093
Other insurance	<u>571,481</u>	<u>542,341</u>	<u>597,393</u>
	<u>\$ 3,954,032</u>	<u>\$ 3,889,884</u>	<u>\$ 3,971,270</u>

Due to the extensive range of insurance categories involved, only categories representing more than 5% of outstanding balance were presented above.

2. Details of retained claim reserve:

Insurance category	September 30, 2024			
	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	\$ 1,208,646	\$ 5,202	\$ 680,218	\$ 533,630
Marine insurance	58,512	-	29,015	29,497
Automobile Insurance	1,207,647	52,152	148,885	1,110,914
Engineering/ liability insurance	260,649	6,823	125,648	141,824
Accident/ health insurance	24,959	311	7,604	17,666
Other insurance	<u>41,866</u>	<u>274</u>	<u>20,136</u>	<u>22,004</u>
	<u>2,802,279</u>	<u>64,762</u>	<u>1,011,506</u>	<u>1,855,535</u>
<u>Not reported</u>				
Fire Insurance	9,588	1,736	-	11,324
Marine insurance	44,915	-	28,066	16,849
Automobile Insurance	663,350	145,401	219,876	588,875
Engineering/ liability insurance	60,220	1,638	21,024	40,834
Accident/ health insurance	145,157	81	47,962	97,276
Other insurance	<u>14,821</u>	<u>84</u>	<u>5,734</u>	<u>9,171</u>
	<u>938,051</u>	<u>148,940</u>	<u>322,662</u>	<u>764,329</u>
	<u>\$ 3,740,330</u>	<u>\$ 213,702</u>	<u>\$ 1,334,168</u>	<u>\$ 2,619,864</u>

December 31, 2023				
Insurance category	Claim reserve		Ceded claim reserve	
	Direct underwritten insurance	Assumed reinsurance	Ceded reinsurance	Retained insurance
	(1)	(2)	(Note)(3)	(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>
September 30, 2023				
Insurance category	Claim reserve		Ceded claim reserve	
	Direct underwritten insurance	Assumed reinsurance	Ceded reinsurance	Retained insurance
	(1)	(2)	(Note)(3)	(4)=(1)+(2)-(3)
<u>Reported but not paid</u>				
Fire Insurance	\$ 1,266,893	\$ -	\$ 1,004,230	\$ 262,663
Marine insurance	100,071	-	49,263	50,808
Automobile Insurance	1,223,826	50,530	171,549	1,102,807
Engineering/ liability insurance	282,786	4,618	148,145	139,259
Accident/ health insurance	21,202	-	7,555	13,647
Other insurance	27,192	291	12,634	14,849
	<u>2,921,970</u>	<u>55,439</u>	<u>1,393,376</u>	<u>1,584,033</u>
<u>Not reported</u>				
Fire Insurance	4,407	6	-	4,413
Marine insurance	15,336	-	6,515	8,821
Automobile Insurance	642,406	143,189	210,781	574,814
Engineering/ liability insurance	48,890	1,479	13,103	37,266
Accident/ health insurance	121,098	-	29,952	91,146
Other insurance	16,922	128	5,915	11,135
	<u>849,059</u>	<u>144,802</u>	<u>266,266</u>	<u>727,595</u>
	<u>\$ 3,771,029</u>	<u>\$ 200,241</u>	<u>\$ 1,659,642</u>	<u>\$ 2,311,628</u>

Note: Presented as reinsurance contract assets.

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

January 1 to September 30, 2024								
Insurance category	Direct underwritten insurance		Assumed reinsurance		Net change in claim reserves (5)=(1)-(2)	Ceded reinsurance		Net change in ceded claim reserve
	Provisions (1)	Recoveries (2)	Provisions (3)	Recoveries (4)	+(3)-(4)	Provisions (6)	Recoveries (7)	(8)=(6)-(7)
<u>Reported but not paid</u>								
Fire Insurance	\$ 1,208,646	\$ 1,156,634	\$ 5,202	\$ 687	\$ 56,527	\$ 680,218	\$ 858,772	(\$ 178,554)
Marine insurance	58,512	45,702	-	-	12,810	29,015	21,078	7,937
Automobile Insurance	1,207,647	1,256,829	52,152	51,422	(48,452)	148,885	176,042	(27,157)
Engineering/ liability insurance	260,649	265,491	6,823	5,303	(3,322)	125,648	126,320	(672)
Accident/ health insurance	24,959	20,396	311	-	4,874	7,604	6,414	1,190
Other insurance	41,866	30,297	274	290	11,553	20,136	12,866	7,270
	<u>2,802,279</u>	<u>2,775,349</u>	<u>64,762</u>	<u>57,702</u>	<u>33,990</u>	<u>1,011,506</u>	<u>1,201,492</u>	<u>(189,986)</u>
<u>Not reported</u>								
Fire Insurance	9,588	4,675	1,736	192	6,457	-	-	-
Marine insurance	44,915	44,214	-	-	701	28,066	27,770	296
Automobile Insurance	663,350	654,702	145,401	144,077	9,972	219,876	225,675	(5,799)
Engineering/ liability insurance	60,220	54,613	1,638	1,302	5,943	21,024	17,600	3,424
Accident/ health insurance	145,157	139,189	81	-	6,049	47,962	46,789	1,173
Other insurance	14,821	13,752	84	117	1,036	5,734	5,168	566
	<u>938,051</u>	<u>911,145</u>	<u>148,940</u>	<u>145,688</u>	<u>30,158</u>	<u>322,662</u>	<u>323,002</u>	<u>(340)</u>
	<u>\$ 3,740,330</u>	<u>\$ 3,686,494</u>	<u>\$ 213,702</u>	<u>\$ 203,390</u>	<u>\$ 64,148</u>	<u>\$ 1,334,168</u>	<u>\$ 1,524,494</u>	<u>(\$ 190,326)</u>
January 1 to September 30, 2023								
Insurance category	Direct underwritten insurance		Assumed reinsurance		Net change in claim reserves (5)=(1)-(2)	Ceded reinsurance		Net change in ceded claim reserve
	Provisions (1)	Recoveries (2)	Provisions (3)	Recoveries (4)	+(3)-(4)	Provisions (6)	Recoveries (7)	(8)=(6)-(7)
<u>Reported but not paid</u>								
Fire Insurance	\$ 1,266,893	\$ 743,436	\$ -	\$ -	\$ 523,457	\$ 1,004,230	\$ 489,984	\$ 514,246
Marine insurance	100,071	47,019	-	-	53,052	49,263	6,885	42,378
Automobile Insurance	1,223,826	1,055,613	50,530	52,244	166,499	171,549	147,290	24,259
Engineering/ liability insurance	282,786	284,766	4,618	4,424	(1,786)	148,145	126,339	21,806
Accident/ health insurance	21,202	34,414	-	-	(13,212)	7,555	9,680	(2,125)
Other insurance	27,192	25,893	291	165	1,425	12,634	12,343	291
	<u>2,921,970</u>	<u>2,191,141</u>	<u>55,439</u>	<u>56,833</u>	<u>729,435</u>	<u>1,393,376</u>	<u>792,521</u>	<u>600,855</u>
<u>Not reported</u>								
Fire Insurance	4,407	3,776	6	-	637	-	-	-
Marine insurance	15,336	8,551	-	-	6,785	6,515	1,438	5,077
Automobile Insurance	642,406	612,328	143,189	141,884	31,383	210,781	202,023	8,758
Engineering/ liability insurance	48,890	43,589	1,479	1,307	5,473	13,103	10,826	2,277
Accident/ health insurance	121,098	121,349	-	-	(251)	29,952	32,340	(2,388)
Other insurance	16,922	17,237	128	99	(286)	5,915	5,799	116
	<u>849,059</u>	<u>806,830</u>	<u>144,802</u>	<u>143,290</u>	<u>43,741</u>	<u>266,266</u>	<u>252,426</u>	<u>13,840</u>
	<u>\$ 3,771,029</u>	<u>\$ 2,997,971</u>	<u>\$ 200,241</u>	<u>\$ 200,123</u>	<u>\$ 773,176</u>	<u>\$ 1,659,642</u>	<u>\$ 1,044,947</u>	<u>\$ 614,695</u>

Changes in claim reserves and ceded claim reserves:

January 1 to September 30, 2024		
Item	Claim reserve	Ceded claim reserve
Opening amount	\$ 3,889,884	\$ 1,524,494
Provisions in the current period	3,954,032	1,334,168
Recoveries in the current period	(3,889,884)	(1,524,494)
Closing amount	<u>\$ 3,954,032</u>	<u>\$ 1,334,168</u>

Item	January 1 to September 30, 2023	
	Claim reserve	Ceded claim reserve
Opening amount	\$ 3,198,094	\$ 1,044,947
Provisions in the current period	3,971,270	1,659,642
Recoveries in the current period	(3,198,094)	(1,044,947)
Closing amount	<u>\$ 3,971,270</u>	<u>\$ 1,659,642</u>

(4) Special claim reserve

1. Details of special claim reserve:

Nature	Insurance category	September 30, 2024	December 31, 2023	September 30, 2023
Major incident	Commercial Earthquake Insurance	\$ 72,016	\$ 74,976	\$ 75,963
	Typhoon and flood insurance	<u>50,432</u>	<u>52,504</u>	<u>53,195</u>
		<u>122,448</u>	<u>127,480</u>	<u>129,158</u>
Change of risk	Mandatory automobile liabilities insurance for private vehicle	216,796	207,199	205,289
	Mandatory automobile liabilities insurance for commercial vehicle	(60,146)	(63,978)	(68,289)
	Mandatory liabilities insurance for motorcycle	566,557	545,604	547,384
	Nuclear risks insurance	74,687	74,687	74,687
	Commercial Earthquake Insurance	426,853	587,411	587,411
	Typhoon and flood insurance	184,082	184,082	184,082
	Government-sponsored Earthquake Insurance Policy	197,532	197,532	197,532
	Mandatory micro liabilities insurance for electric bikes	(113)	419	143
		<u>1,606,248</u>	<u>1,732,956</u>	<u>1,728,239</u>
		<u>\$ 1,728,696</u>	<u>\$ 1,860,436</u>	<u>\$ 1,857,397</u>

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

Item	January 1 to September 30, 2024	January 1 to September 30, 2023
Opening amount	\$ 689,244	\$ 648,962
Provisions in the current period	35,250	35,565
Recoveries in the current period	(1,400)	-
Closing amount	<u>\$ 723,094</u>	<u>\$ 684,527</u>

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

January 1 to September 30, 2024						
Item	Liabilities			Special reserve		
	Major incident	Change of risk	Total	Major incident	Change of risk	Total
Opening amount	\$ 127,480	\$ 1,043,712	\$ 1,171,192	\$ 873,115	\$ 1,657,772	\$ 2,530,887
Recoveries in the current period	(5,032)	(160,558)	(165,590)	-	-	-
Closing amount	<u>\$ 122,448</u>	<u>\$ 883,154</u>	<u>\$ 1,005,602</u>	<u>\$ 873,115</u>	<u>\$ 1,657,772</u>	<u>\$ 2,530,887</u>

January 1 to September 30, 2023						
Item	Liabilities			Special reserve		
	Major incident	Change of risk	Total	Major incident	Change of risk	Total
Opening amount	\$ 134,189	\$ 1,043,712	\$ 1,177,901	\$ 789,968	\$ 1,514,926	\$ 2,304,894
Recoveries in the current period	(5,031)	-	(5,031)	-	-	-
Closing amount	<u>\$ 129,158</u>	<u>\$ 1,043,712</u>	<u>\$ 1,172,870</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\$804,482 thousand (net of NT\$201,120 thousand tax impact) against an increase in special reserve of the same amount as of September 30, 2024; meanwhile, net income for the period from January 1 to September 30, 2024 would have fallen by NT\$132,472 thousand and earnings per share would have reduced by NT\$0.44.

(5) Deficiency reserve

Details of deficiency reserve:

September 30, 2024				
Insurance category	Deficiency reserve		Deficiency reserve for ceded coverage	Retained insurance (4)=(1)+(2)-(3)
	Direct insurance	Assumed reinsurance	Ceded reinsurance	
	(1)	(2)	(3)	
Engineering insurance	<u>\$ 280</u>	<u>\$ 428</u>	<u>\$ -</u>	<u>\$ 708</u>

September 30, 2023

Insurance category	Deficiency reserve		Deficiency reserve for ceded coverage	Retained insurance (4)=(1)+(2)-(3)
	Direct insurance	Assumed reinsurance	Ceded reinsurance	
	(1)	(2)	(3)	
Aviation Insurance	\$ 378	\$ -	\$ -	\$ 378

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 for the period January 1 to September 30, 2024:

Insurance category	Premium revenues (1)	Reinsurance Premium (2)	Reinsurance premiums expense (3)	Retained premium (4)=(1)+(2)-(3)
Mandatory automobile liabilities insurance	\$ 549,790	\$ 204,277	\$ 227,668	\$ 526,399
Voluntary automobile liabilities insurance	<u>6,334,765</u>	<u>126,436</u>	<u>1,610,092</u>	<u>4,851,109</u>
	<u>\$6,884,555</u>	<u>\$ 330,713</u>	<u>\$1,837,760</u>	<u>\$5,377,508</u>

For voluntary automobile liabilities insurance, a sum of NT\$12,273 thousand was contributed to the stabilization fund using applicable percentages from January 1 to September 30, 2024.

Insurance category	Direct written insurance unearned premium reserve		Assumed reinsurance unearned premium reserve		Net change in unearned premium reserve (9)=(5)-(6)+ (7)-(8)
	Provisions (5)	Recoveries (6)	Provisions (7)	Recoveries (8)	
Mandatory automobile liabilities insurance	\$ 292,974	\$ 317,377	\$ 153,738	\$ 151,127	(\$ 21,792)
Voluntary automobile liabilities insurance	<u>4,181,241</u>	<u>3,883,976</u>	<u>81,054</u>	<u>72,257</u>	<u>306,062</u>
	<u>\$ 4,474,215</u>	<u>\$ 4,201,353</u>	<u>\$ 234,792</u>	<u>\$ 223,384</u>	<u>\$ 284,270</u>

Item	Ceded reinsurance unearned premium reserve		Net change in ceded unearned premium reserve (12)=(10)-(11)	Retained earned gross premium (13)=(4)-(9)+(12)
	Provisions (10)	Recoveries (11)		
Mandatory automobile liabilities insurance	\$ 175,803	\$ 190,445	(\$ 14,642)	\$ 533,549
Voluntary automobile liabilities insurance	<u>994,834</u>	<u>845,209</u>	<u>149,625</u>	<u>4,694,672</u>
	<u>\$ 1,170,637</u>	<u>\$ 1,035,654</u>	<u>\$ 134,983</u>	<u>\$ 5,228,221</u>

The following shows the amount and calculation of retained earned gross premiums for the Company's mandatory and voluntary automobile liabilities insurance for the period January 1 to September 30, 2023:

Insurance category	Premium revenues (1)	Reinsurance Premium (2)	Reinsurance premiums expense (3)	Retained premium (4)=(1)+(2)-(3)
Mandatory automobile liabilities insurance	\$ 612,200	\$ 199,345	\$ 255,865	\$ 555,680
Voluntary automobile liabilities insurance	<u>5,953,791</u>	<u>122,547</u>	<u>1,444,995</u>	<u>4,631,343</u>
	<u>\$6,565,991</u>	<u>\$ 321,892</u>	<u>\$1,700,860</u>	<u>\$5,187,023</u>

For voluntary automobile liabilities insurance, a sum of NT\$11,908 thousand was contributed to the stabilization fund using applicable percentages from January 1 to September 30, 2023.

Insurance category	Direct written insurance unearned premium reserve		Assumed reinsurance unearned premium reserve		Net change in unearned premium reserve (9)=(5)-(6)+ (7)-(8)
	Provisions (5)	Recoveries (6)	Provisions (7)	Recoveries (8)	
Mandatory automobile liabilities insurance	\$ 320,426	\$ 317,645	\$ 150,633	\$ 150,591	\$ 2,823
Voluntary automobile liabilities insurance	<u>4,000,412</u>	<u>3,600,718</u>	<u>77,517</u>	<u>76,582</u>	<u>400,629</u>
	<u>\$ 4,320,838</u>	<u>\$ 3,918,363</u>	<u>\$ 228,150</u>	<u>\$ 227,173</u>	<u>\$ 403,452</u>

Item	Ceded reinsurance unearned premium reserve		Net change in ceded unearned premium reserve (12)= (10)-(11)	Retained earned gross premium (13)=(4)-(9)+(12)
	Provisions (10)	Recoveries (11)		
Mandatory automobile liabilities insurance	\$ 192,274	\$ 190,601	\$ 1,673	\$ 554,530
Voluntary automobile liabilities insurance	<u>923,777</u>	<u>780,773</u>	<u>143,004</u>	<u>4,373,718</u>
	<u>\$ 1,116,051</u>	<u>\$ 971,374</u>	<u>\$ 144,677</u>	<u>\$ 4,928,248</u>

(7) Retained claims

The following shows amount and calculation of retained claims for the Company's mandatory and voluntary automobile liabilities insurance for the period January 1 to September 30, 2024:

Insurance category	Insurance claims (including claim-related expenses) (1)	Claims paid for reinsurance (2)	Claims recovered from reinsurers (3)	Retained claims (4)=(1)+(2)-(3)
Mandatory Insurance	\$ 409,524	\$ 193,966	\$ 244,416	\$ 359,074
Voluntary insurance	<u>2,910,452</u>	<u>42,608</u>	<u>682,282</u>	<u>2,270,778</u>
	<u>\$ 3,319,976</u>	<u>\$ 236,574</u>	<u>\$ 926,698</u>	<u>\$ 2,629,852</u>

The following shows amount and calculation of retained claims for the Company's mandatory and voluntary automobile liabilities insurance for the period January 1 to September 30, 2023:

Insurance category	Insurance claims (including claim-related expenses) (1)	Claims paid for reinsurance (2)	Claims recovered from reinsurers (3)	Retained claims (4)=(1)+(2)-(3)
Mandatory Insurance	\$ 381,860	\$ 189,376	\$ 227,602	\$ 343,634
Voluntary insurance	<u>2,759,527</u>	<u>32,450</u>	<u>532,954</u>	<u>2,259,023</u>
	<u>\$ 3,141,387</u>	<u>\$ 221,826</u>	<u>\$ 760,556</u>	<u>\$ 2,602,657</u>

(8) Policyholders' reported claims liability

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

September 30, 2024

Insurance category	Insurance claims payable	Claim reserves		
	Reported and paid	Reported but not paid	Not reported	Total
Fire Insurance	\$ 177	\$ 1,213,848	\$ 11,324	\$ 1,225,172
Marine insurance	452	58,512	44,915	103,427
Automobile Insurance	12,831	1,259,799	808,751	2,068,550
Engineering/ liability insurance	319	267,472	61,858	329,330
Accident/ health insurance	-	25,270	145,238	170,508
Other insurance	<u>3,537</u>	<u>42,140</u>	<u>14,905</u>	<u>57,045</u>
	<u>\$ 17,316</u>	<u>\$ 2,867,041</u>	<u>\$ 1,086,991</u>	<u>\$ 3,954,032</u>

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	<u>-</u>	<u>30,587</u>	<u>13,869</u>	<u>44,456</u>
	<u>\$ -</u>	<u>\$ 2,833,051</u>	<u>\$ 1,056,833</u>	<u>\$ 3,889,884</u>

September 30, 2023				
Insurance category	Insurance claims payable	Claim reserves		
	Reported and paid	Reported but not paid	Not reported	Total
Fire Insurance	\$ -	\$ 1,266,893	\$ 4,413	\$ 1,271,306
Marine insurance	-	100,071	15,336	115,407
Automobile Insurance	20,515	1,274,356	785,595	2,059,951
Engineering/ liability insurance	-	287,404	50,369	337,773
Accident/ health insurance	-	21,202	121,098	142,300
Other insurance	2,744	27,483	17,050	44,533
	<u>\$ 23,259</u>	<u>\$ 2,977,409</u>	<u>\$ 993,861</u>	<u>\$ 3,971,270</u>

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

Insurance category	September 30, 2024	December 31, 2023	September 30, 2023
	Actual payments	Actual payments	Actual payments
Fire Insurance	\$ 89,134	\$ 13,851	\$ 7,602
Marine insurance	2,379	19,392	773
Automobile Insurance	88,124	94,861	85,819
Engineering/ liability insurance	17,426	14,694	20,577
Accident/ health insurance	47,218	29,185	30,932
Other insurance	1,620	833	792
Subtotal	245,901	172,816	146,495
Less: loss provisions	(1,230)	(898)	(767)
Net amount	<u>\$ 244,671</u>	<u>\$ 171,918</u>	<u>\$ 145,728</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	January 1 to September 30, 2024	January 1 to September 30, 2023
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)	213,400	202,400
Automobile passenger liability Insurance (per incident)	679,000	644,000
Personal accident insurance	30,000	30,000
Health Insurance	2,000	2,000

(10) Acquisition costs for insurance contracts

Insurance category	January 1 to September 30, 2024			Total
	Commission Expenses	Service Charges	Reinsurance commission expense	
Fire Insurance	\$ 81,912	\$ -	\$ 891	\$ 82,803
Marine insurance	49,123	-	137	49,260
Automobile Insurance	575,984	89,750	-	665,734
Engineering/ liability insurance	55,046	-	17,884	72,930
Accident/ health insurance	103,086	-	-	103,086
Other insurance	28,121	-	148	28,269
	<u>\$ 893,272</u>	<u>\$ 89,750</u>	<u>\$ 19,060</u>	<u>\$ 1,002,082</u>

Insurance category	January 1 to September 30, 2023			Total
	Commission Expenses	Service Charges	Reinsurance commission expense	
Fire Insurance	\$ 78,899	\$ -	\$ 1,359	\$ 80,258
Marine insurance	34,229	-	286	34,515
Automobile Insurance	580,930	98,755	-	679,685
Engineering/ liability insurance	46,937	-	12,978	59,915
Accident/ health insurance	97,264	-	-	97,264
Other insurance	22,059	-	860	22,919
	<u>\$ 860,318</u>	<u>\$ 98,755</u>	<u>\$ 15,483</u>	<u>\$ 974,556</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:

January 1 to September 30, 2024

Insurance category	Premium revenues (1)	Net change in unearned premium reserve (2)	Acquisition costs for insurance contracts (3)	Insurance claims (including claim-related expenses) (4)	Net change in claim reserves (5)	Profit (loss) on insurance (6)=(1)-(2)-(3)-(4)-(5)
Fire Insurance	\$ 1,053,200	\$ 135,867	\$ 81,912	\$ 410,618	\$ 56,925	\$ 367,878
Marine insurance	384,846	32,562	49,123	62,177	13,511	227,473
Automobile Insurance	3,950,550	(167,932)	665,734	2,431,054	(40,534)	1,062,228
Engineering/ liability insurance	412,950	65,015	55,046	102,680	765	189,444
Accident/ health insurance	675,120	89,338	103,086	295,659	10,531	176,506
Other insurance	407,889	118,012	28,121	17,788	12,638	231,330
	<u>\$ 6,884,555</u>	<u>\$ 272,862</u>	<u>\$ 983,022</u>	<u>\$ 3,319,976</u>	<u>\$ 53,836</u>	<u>\$ 2,254,859</u>

January 1 to September 30, 2023

Insurance category	Premium revenues (1)	Net change in unearned premium reserve (2)	Acquisition costs for insurance contracts (3)	Insurance claims (including claim-related expenses) (4)	Net change in claim reserves (5)	Profit (loss) on insurance (6)=(1)-(2)-(3)-(4)-(5)
Fire Insurance	\$ 962,183	\$ 154,646	\$ 78,899	\$ 306,839	\$ 524,088	(\$ 102,289)
Marine insurance	367,984	32,735	34,229	110,534	59,837	130,649
Automobile Insurance	4,110,293	74,958	679,685	2,302,536	198,291	854,823
Engineering/ liability insurance	367,821	66,752	46,937	137,583	3,321	113,228
Accident/ health insurance	445,503	(6,582)	97,264	263,115	(13,463)	105,169
Other insurance	312,207	79,966	22,059	20,780	984	188,418
	<u>\$ 6,565,991</u>	<u>\$ 402,475</u>	<u>\$ 959,073</u>	<u>\$ 3,141,387</u>	<u>\$ 773,058</u>	<u>\$ 1,289,998</u>

Profitability analysis for assumed reinsurance:

January 1 to September 30, 2024

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	\$ 44,554	\$ 2,762	\$ 891	\$ 24,453	\$ 6,059	\$ 10,389
Marine insurance	2,846	(280)	137	(152)	-	3,141
Automobile Insurance	204,277	2,612	-	193,966	2,054	5,645
Engineering/ liability insurance	68,147	8,099	17,884	14,101	1,856	26,207
Accident/ health insurance	3,565	(359)	-	1,134	392	2,398
Other insurance	7,324	(1,426)	148	3,072	(49)	5,579
	<u>\$ 330,713</u>	<u>\$ 11,408</u>	<u>\$ 19,060</u>	<u>\$ 236,574</u>	<u>\$ 10,312</u>	<u>\$ 53,359</u>

January 1 to September 30, 2023						
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	\$ 49,260	(\$ 3,095)	\$ 1,359	\$ 2,015	\$ 6	\$ 48,975
Marine insurance	4,402	(248)	286	82	-	4,282
Automobile Insurance	199,345	18	-	189,376	(409)	10,360
Engineering/ liability insurance	50,927	6,660	12,978	14,027	366	16,896
Accident/ health insurance	4,121	(127)	-	1,688	-	2,560
Other insurance	<u>13,837</u>	<u>(2,231)</u>	<u>860</u>	<u>14,638</u>	<u>155</u>	<u>415</u>
	<u>\$ 321,892</u>	<u>\$ 977</u>	<u>\$ 15,483</u>	<u>\$ 221,826</u>	<u>\$ 118</u>	<u>\$ 83,488</u>

Current profit/loss recognized on ceded insurance contracts:

January 1 to September 30, 2024						
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	\$ 587,255	\$ 73,708	\$ 18,325	\$ 283,259	(\$ 178,554)	\$ 390,517
Marine insurance	86,642	5,766	8,115	26,749	8,233	37,779
Automobile Insurance	461,308	(99,323)	83,413	446,436	(32,956)	63,738
Engineering/ liability insurance	210,013	32,650	51,065	51,471	2,752	72,075
Accident/ health insurance	237,774	47,088	44,137	113,495	2,363	30,691
Other insurance	<u>254,768</u>	<u>75,094</u>	<u>13,297</u>	<u>5,288</u>	<u>7,836</u>	<u>153,253</u>
	<u>\$ 1,837,760</u>	<u>\$ 134,983</u>	<u>\$ 218,352</u>	<u>\$ 926,698</u>	<u>(\$ 190,326)</u>	<u>\$ 748,053</u>

January 1 to September 30, 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	\$ 506,466	\$ 37,787	\$ 26,700	\$ 151,036	\$ 514,246	(\$ 223,303)
Marine insurance	77,850	5,364	10,368	19,083	47,455	(4,420)
Automobile Insurance	612,007	11,348	134,842	427,439	33,017	5,361
Engineering/ liability insurance	180,490	36,469	45,078	76,622	24,083	(1,762)
Accident/ health insurance	130,900	(1,654)	23,570	81,959	(4,513)	31,538
Other insurance	<u>193,147</u>	<u>55,363</u>	<u>11,516</u>	<u>4,417</u>	<u>407</u>	<u>121,444</u>
	<u>\$ 1,700,860</u>	<u>\$ 144,677</u>	<u>\$ 252,074</u>	<u>\$ 760,556</u>	<u>\$ 614,695</u>	<u>(\$ 71,142)</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:

September 30, 2024				
Single-variable	Effect on gross claims reserve	Effect on net claims reserve	Effect on pre-tax profit	Pre-tax effect on owners' equity
Variation	Increase (decrease)	Increase (decrease)	Increase (decrease)	Increase (decrease)
Average cost of claim	5%	\$ 167,623	\$ 112,912	(\$ 112,912)

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	January 1 to September 30, 2024		January 1 to September 30, 2024	
	Direct written premiums	%	Cumulative retained premiums (Note)	%
Fire Insurance	\$ 1,053,200	15.30	\$ 510,499	9.49
Marine insurance	384,846	5.59	301,050	5.60
Automobile Insurance	3,950,550	57.38	3,693,519	68.69
Engineering/ liability insurance	412,950	6.00	271,084	5.04
Accident/ health insurance	675,120	9.81	440,911	8.20
Other insurance	407,889	5.92	160,445	2.98
	<u>\$ 6,884,555</u>	<u>100.00</u>	<u>\$ 5,377,508</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	September 30, 2024					
	Year count					
	1	2	3	4	5	6
≤2019	\$ 44,519,547	\$ 44,747,485	\$ 44,762,811	\$ 44,785,795	\$ 44,759,687	\$ 44,754,937
2020	3,111,650	3,416,737	3,416,430	3,381,933	3,387,000	
2021	3,021,786	3,166,186	3,137,368	3,109,607		
2022	3,473,164	3,738,140	3,775,241			
2023	4,250,341	4,298,108				
2024	2,889,437					

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 September 30, 2024:

Reinsurance counterparty	Insurance category
Tugu Insurance Company Limited	Facultative reinsurance of marine hull insurance

The Company has made provisions for substandard reinsurance reserves totaling NT\$2 thousand, including NT\$2 thousand of ceded claim reserves for reported and unpaid liabilities. Liabilities and reserves increased by NT\$2 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 accordingly.

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 September 30, 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\$37 thousand (which comprises NT\$2 thousand of ceded claim reserves for reported and unpaid liabilities and NT\$35 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\$37 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 September 30, 2024 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

Unit: NTD thousand

Item	Amount			Item	Amount		
	September 30, 2024	December 31, 2023	September 30, 2023		September 30, 2024	December 31, 2023	September 30, 2023
Assets				Liabilities			
Cash and bank deposits (Note)	\$ 1,325,835	\$ 1,305,543	\$ 1,284,308	Notes payable	\$ 724	\$ 1,300	\$ 708
Cash equivalents	-	-	-	Claims payable	776	-	994
Notes receivable	8,030	7,811	12,531	Claims payable to reinsurers	-	-	-
Premiums receivable	9,100	11,888	9,490	Reinsurance accounts payable	57,641	60,628	64,098
Claims recoverable from reinsurers	24,560	26,598	17,689	Unearned premium reserve	446,712	468,504	471,059
Reinsurance accounts receivable	63,766	49,501	63,466	Claim reserve	600,191	620,178	595,517
Other receivables	-	-	-	Special claim reserve	723,094	689,244	684,527
Financial assets at fair value through other comprehensive income	-	-	-	Receipts in suspense and pending settlement	17,887	6,276	1,583
Ceded unearned premium reserve	175,803	190,445	192,274	Other liabilities	-	-	1
Ceded claim reserve	239,931	254,344	238,729				
Payments in suspense and pending settlement	-	-	-				
Other assets	-	-	-				
Total assets	\$ 1,847,025	\$ 1,846,130	\$ 1,818,487	Total liabilities	\$ 1,847,025	\$ 1,846,130	\$ 1,818,487

Note: As of September 30, 2024, December 31, 2023, and September 30, 2023, NT\$409,835 thousand, NT\$389,543 thousand, and NT\$368,308 thousand of which were presented as cash, while NT\$916,000 thousand, NT\$916,000 thousand and NT\$916,000 thousand of which were presented as other financial assets, respectively.

2. Revenues and costs of mandatory automobile liabilities insurance

Unit: NTD thousand

	July 1 to September 30, 2024	July 1 to September 30, 2023	January 1 to September 30, 2024	January 1 to September 30, 2023
Revenue				
Pure premium revenues	\$ 125,670	\$ 138,498	\$ 379,417	\$ 426,410
Reinsurance Premium	<u>68,531</u>	<u>66,464</u>	<u>204,277</u>	<u>199,345</u>
Premium revenues	194,201	204,962	583,694	625,755
Less: reinsurance premiums expense	(75,406)	(83,103)	(227,668)	(255,865)
Net change in unearned premium reserve	<u>1,518</u>	<u>1,977</u>	<u>7,150</u>	(<u>1,150</u>)
Retained Earned Premium	120,313	123,836	363,176	368,740
Interest income	<u>2,927</u>	<u>2,553</u>	<u>8,571</u>	<u>7,462</u>
Total operating revenues	<u>\$ 123,240</u>	<u>\$ 126,389</u>	<u>\$ 371,747</u>	<u>\$ 376,202</u>
Operating Cost				
Insurance claims (including reinsurance claims of NT\$64,113 thousand, NT\$65,191 thousand, NT\$193,966 thousand, and NT\$189,376 thousand, respectively)	\$ 214,209	\$ 196,978	\$ 603,490	\$ 571,236
Less: Claims recovered from reinsurers	(<u>88,858</u>)	(<u>79,169</u>)	(<u>244,416</u>)	(<u>227,602</u>)
Retained claims	125,351	117,809	359,074	343,634
Net change in claim reserves	(7,948)	3,620	(5,574)	13,843
Net change in special claim reserves (Note)	<u>11,082</u>	<u>10,543</u>	<u>33,850</u>	<u>35,565</u>
Total operating costs	<u>\$ 128,485</u>	<u>\$ 131,972</u>	<u>\$ 387,350</u>	<u>\$ 393,042</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 more than 20% of paid-up capital: None.
2. Disposal of real estate properties amounting to more than NT\$100 million or more than 20% of paid-up capital: None.
3. Core business transactions conducted with related parties that 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 more than 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 Name of dominant shareholder	Shares held	Shareholding 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 for periods from January 1 to September 30, 2024 and 2023. Therefore, segment-by-segment disclosure of financial information is not required.