

**Tokio Marine Nawa Insurance Co., Ltd.  
and Subsidiary**

**Consolidated Financial Statements for the  
Years Ended December 31, 2023 and 2022 and  
Independent Auditors' Report**

## **DECLARATION OF CONSOLIDATION OF FINANCIAL STATEMENTS OF AFFILIATES**

The entities required to be included in the consolidated financial statements of affiliates in accordance with the “Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises” for the year ended December 31, 2023 are all the same as the entities required to be included in the consolidated financial statements of parent and subsidiary companies as prepared in conformity with the International Financial Reporting Standard 10 “Consolidated Financial Statements” Relevant information that should be disclosed in the consolidated financial statements of affiliates has all been disclosed in the consolidated financial statements of parent and subsidiary companies. Hence, we did not prepare a separate set of consolidated financial statements of affiliates.

Very truly yours,

TOKIO MARINE NEWA INSURANCE CO., LTD.

By

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February 23, 2024

## **INDEPENDENT AUDITORS' REPORT**

The Board of Directors and Stockholders  
Tokio Marine Nawa Insurance Co., Ltd.

### **Opinion**

We have audited the accompanying consolidated financial statements of Tokio Marine Nawa Insurance Co., Ltd. and its subsidiary (collectively referred to as the “Group”), which comprise the consolidated balance sheets as of December 31, 2023 and 2022, and the consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, and the notes to the consolidated financial statements, including material accounting policy information (collectively referred to as the “consolidated financial statements”).

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2023 and 2022, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Insurance Enterprises, and International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed and issued into effect by the Financial Supervisory Commission (FSC) of the Republic of China.

### **Basis for Opinion**

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and the Standards on Auditing of the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with The Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### **Key Audit Matters**

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the year ended December 31, 2023. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

### **Loss Reserves**

For the estimates and judgments related to loss reserves, refer to Note 5 to the consolidated financial statements. For other related disclosures, refer to Note 33.

Loss reserve is a major component of the Group's liability. As of December 31, 2023, the balance of loss reserves was about 27% of the total assets of the Group.

Loss reserves include losses filed but not yet paid and losses not yet filed. The losses filed but not yet paid refer to the estimates of unpaid losses evaluated by the claims department on a case-by-case basis based on the actual data of claims application, or independent adjusters for known and filed losses only. The adjusters analyze the specific details of the insured event to generate an independent estimate of the losses filed. The losses not yet filed include estimates of unpaid losses and unpaid unallocated loss adjustment expenses (ULAE). The actuaries estimate unpaid losses based on the claim development methods (accident year basis) and a separate analysis is performed to evaluate the unpaid ULAE estimate. These analyses are performed by type of insurance and applied to gross as well as ceded losses.

The said claim development methods involve credibility weighting of the experiential development and the expected losses. The actuaries exercise professional judgment in determining the appropriate method or models, assumptions, or parameters associated with the evaluation of unpaid losses.

We obtained an understanding of the design and implementation, and we tested the operating effectiveness of the internal control relevant to the estimation of loss reserves of the Company. Moreover, we also performed the following audit procedures:

1. We assessed, on a test basis, the relevant information and documents of claims and evaluated the amount of the Company's loss reserves for claims filed but not yet paid, and confirmed that such loss reserves were estimated accordingly and appropriately.
2. We obtained the actuarial report prepared by the Company's internal actuary and determined that the loss reserves were accrued accordingly. We confirmed that the professional qualification of the actuary is compliant with the regulations issued by the FSC.
3. Our internal specialists evaluated the completeness and accuracy of the data, as well as the reasonableness of the Company's estimate of losses not yet filed.

#### **Other Matter**

We have also audited the parent company only financial statements of Tokio Marine Nawa Insurance Co., Ltd. as of and for the years ended December 31, 2023 and 2022 on which we have issued an unmodified opinion.

#### **Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements**

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Insurance Enterprises, and IFRS, IAS, IFRIC and SIC endorsed and issued into effect by FSC, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance, including the audit committee, are responsible for overseeing the Group's financial reporting process.

### **Auditors' Responsibilities for the Audit of the Consolidated Financial Statements**

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Standards on Auditing of the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with the Standards on Auditing of the Republic of China, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

1. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient and appropriate audit evidence regarding the financial information of entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision, and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements for the year ended December 31, 2023 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partners on the audits resulting in this independent auditors' report are Wang-Sheng Lin and Kuan-Hao Lee.

Deloitte & Touche  
Taipei, Taiwan  
Republic of China

February 27, 2024

#### Notice to Readers

*The accompanying consolidated financial statements are intended only to present the consolidated financial position, financial performance and cash flows in accordance with accounting principles and practices generally accepted in the Republic of China and not those of any other jurisdictions. The standards, procedures and practices to audit such consolidated financial statements are those generally applied in the Republic of China.*

*For the convenience of readers, the independent auditors' report and the accompanying consolidated financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. If there is any conflict between the English version and the original Chinese version or any difference in the interpretation of the two versions, the Chinese-language independent auditors' report and consolidated financial statements shall prevail.*

**TOKIO MARINE NEWA INSURANCE CO., LTD. AND SUBSIDIARY**

**CONSOLIDATED BALANCE SHEETS**  
**DECEMBER 31, 2023 AND 2022**  
(In New Taiwan Dollars)

	2023		2022	
	Amount	%	Amount	%
<b>ASSETS</b>				
CASH AND CASH EQUIVALENTS (Notes 4 and 6)	\$ 3,124,924,987	12	\$ 2,791,875,094	14
RECEIVABLES				
Notes receivable, net (Notes 4, 12 and 33)	443,369,120	2	371,255,756	2
Premiums receivable, net (Notes 4, 12, 27 and 33)	186,164,104	1	89,293,338	-
Other receivables, net (Notes 4 and 33)	73,053,095	-	29,619,108	-
Total receivables	702,586,319	3	490,168,202	2
CURRENT TAX ASSETS (Note 4)	619,176	-	5,535,485	-
ASSETS HELD FOR SALE (Notes 4 and 13)	-	-	50,389,480	-
INVESTMENTS				
Financial assets at fair value through profit or loss (Notes 4, 7 and 26)	502,003,078	2	440,195,869	2
Financial assets at amortized cost (Notes 4, 9, 10, 26 and 28)	1,525,948,612	6	1,551,006,720	8
Financial assets at fair value through other comprehensive income (Notes 4, 8, 10, 26 and 28)	1,972,002,980	7	1,766,984,553	9
Other financial assets (Notes 4, 11 and 26)	6,369,854,500	25	396,011,500	2
Investment properties (Notes 4, 17 and 28)	1,765,616,584	7	1,775,941,955	9
Total investments	12,135,425,754	47	5,930,140,597	30
REINSURANCE CONTRACT ASSET				
Claims recoverable from reinsurers, net (Notes 4, 12, 27 and 33)	105,629,951	1	102,055,246	1
Due from reinsurers and ceding companies, net (Notes 4, 12 and 33)	81,286,619	-	23,661,603	-
Ceded unearned premium reserve (Notes 4 and 33)	1,597,156,828	6	1,296,550,937	6
Ceded loss reserve (Notes 4, 28 and 33)	1,956,003,957	8	2,329,008,676	12
Total reinsurance contract asset	3,740,077,355	15	3,751,276,462	19
PROPERTY AND EQUIPMENT, NET (Notes 4, 15 and 28)	1,344,674,456	5	1,329,838,164	7
RIGHT-OF-USE ASSETS (Notes 4 and 16)	44,714,790	-	47,178,705	-
INTANGIBLE ASSETS				
Computer software cost (Note 4)	49,312,543	-	40,946,542	-
DEFERRED INCOME TAX ASSETS (Notes 4 and 24)	2,258,782,794	9	2,979,887,012	15
OTHER ASSETS				
Refundable deposits (Notes 8, 9, 18 and 27)	2,013,594,819	8	2,395,015,823	12
Other assets (Note 27)	366,994,927	1	195,351,526	1
Total other assets	2,380,589,746	9	2,590,367,349	13
<b>TOTAL</b>	<b>\$ 25,781,707,920</b>	<b>100</b>	<b>\$ 20,007,603,092</b>	<b>100</b>
<b>LIABILITIES AND EQUITY</b>				
PAYABLES				
Notes payable (Note 33)	\$ 1,045,508	-	\$ 446,642	-
Claims payable (Notes 4 and 33)	-	-	2,652,632	-
Commissions payable and fees (Notes 27 and 33)	150,132,391	-	156,074,081	1
Due to reinsurers and ceding companies (Notes 4, 27 and 33)	416,969,063	2	418,598,798	2
Other payables (Note 19)	716,147,209	3	837,901,039	4
Total payables	1,284,294,171	5	1,415,673,192	7
CURRENT TAX LIABILITIES (Note 4)	17,958,527	-	2,580,628	-
SHORT TERM DEBT (Notes 16, 20 and 28)	-	-	3,909,000,000	19
LEASE LIABILITIES (Notes 4 and 16)	28,325,849	-	31,495,674	-
INSURANCE LIABILITIES (Notes 4, 5 and 33)				
Unearned premium reserve	8,916,276,910	35	8,036,227,899	40
Loss reserve	7,082,880,776	27	17,841,901,269	89
Special reserve	586,424,373	2	470,229,175	3
Premium deficiency reserve	-	-	4,376,085,191	22
Total insurance liabilities	16,585,582,059	64	30,724,443,534	154
OTHER LIABILITIES				
Guarantee deposit received	28,466,598	-	29,206,598	-
Reserve for operation loss (Note 4)	101,904,733	1	101,904,733	1
Other liabilities	1,061,400,941	4	701,478,360	3
Total other liabilities	1,191,772,272	5	832,589,691	4
PROVISIONS				
Provisions for employee benefits (Note 4)	364,923,429	2	328,310,805	2
Decommissioning provisions	7,759,040	-	7,759,040	-
Total provisions	372,682,469	2	336,069,845	2
Total liabilities	19,480,615,347	76	37,251,852,564	186
EQUITY (Note 22)				
Capital stock				
Ordinary shares	12,000,003,000	47	5,299,000,750	26
Capital surplus	1,084,065	-	222,577,990	1
Retained earnings (accumulated deficit)				
Legal reserve	-	-	2,353,425,949	12
Special reserve	3,259,242,472	12	2,829,121,227	14
Unappropriated earnings (accumulated deficit)	(9,359,195,370)	(36)	(28,192,298,562)	(141)
Total retained earnings	(6,099,952,898)	(24)	(23,009,751,386)	(115)
Other equity				
Exchange differences on translation of the financial statements of foreign operations	4,671,359	-	4,705,541	-
Unrealized gain/(loss) on investments in equity instruments at fair value through other comprehensive income	316,416,338	1	176,314,661	1
Unrealized gain/(loss) on investments in debt instruments at fair value through other comprehensive income	(48,154,676)	-	(62,359,443)	-
Total other equity	272,933,021	1	118,660,759	1
Total equity attributable to owners of the Company	6,174,067,188	24	(17,369,511,887)	(87)
NON-CONTROLLING INTERESTS	127,025,385	-	125,262,415	1
Total equity	6,301,092,573	24	(17,244,249,472)	(86)
<b>TOTAL</b>	<b>\$ 25,781,707,920</b>	<b>100</b>	<b>\$ 20,007,603,092</b>	<b>100</b>

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

# TOKIO MARINE NEWA INSURANCE CO., LTD. AND SUBSIDIARY

## CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022 (In New Taiwan Dollars)

	2023		2022	
	Amount	%	Amount	%
<b>OPERATING REVENUE</b>				
Retained earned premium (Note 33)				
Direct insurance premium revenue (Notes 4 and 27)	\$ 18,648,119,892	120	\$ 16,728,957,228	120
Reinsurance premium inward	<u>589,601,690</u>	<u>4</u>	<u>607,718,785</u>	<u>5</u>
Premium revenue	19,237,721,582	124	17,336,676,013	125
Less: Reinsurance premium outward (Notes 4 and 28)	4,376,324,162	28	3,482,270,768	25
Less: Net change in unearned premium reserves (Note 4)	<u>579,441,567</u>	<u>4</u>	<u>649,806,038</u>	<u>5</u>
Total retained earned premium	<u>14,281,955,853</u>	<u>92</u>	<u>13,204,599,207</u>	<u>95</u>
Reinsurance commission income (Notes 27 and 34)	<u>913,713,615</u>	<u>6</u>	<u>758,674,575</u>	<u>5</u>
Handling fees earned	<u>19,684,095</u>	<u>-</u>	<u>18,790,798</u>	<u>-</u>
Net gains on investments				
Interest income (Notes 4 and 23)	106,551,771	1	96,140,148	1
Gains (losses) on valuation of financial assets and liabilities at fair value through profit or loss (Note 4)	12,984,080	-	(228,754,675)	(2)
Net gain (loss) on financial assets carried at amortized cost	12,518,712	-	(8,357,715)	-
Realized gains (losses) on financial assets at fair value through other comprehensive income (Note 4)	89,804,680	-	(170,803,680)	(1)
Foreign exchange gain (loss) (Notes 4, 23 and 31)	-	-	220,459,846	2
Gains on investment properties (Notes 4 and 13)	111,464,755	1	32,672,665	-
Expected credit gains (losses) and reversal on investment (Notes 4 and 10)	<u>68,872</u>	<u>-</u>	<u>1,776,503</u>	<u>-</u>
Total net gains (losses) on investments	<u>333,392,870</u>	<u>2</u>	<u>(56,866,908)</u>	<u>-</u>
Other operating revenue	<u>247,001</u>	<u>-</u>	<u>340,547</u>	<u>-</u>
Total operating revenue	<u>15,548,993,434</u>	<u>100</u>	<u>13,925,538,219</u>	<u>100</u>
<b>OPERATING COSTS</b>				
Retained claims (Notes 4, 27 and 33)				
Claims incurred	22,685,062,217	146	44,294,418,952	318
Less: Claims recovered from reinsurers	<u>1,899,518,420</u>	<u>13</u>	<u>1,065,683,123</u>	<u>8</u>
Total retained claims	<u>20,785,543,797</u>	<u>133</u>	<u>43,228,735,829</u>	<u>310</u>

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# TOKIO MARINE NEWA INSURANCE CO., LTD. AND SUBSIDIARY

## CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022 (In New Taiwan Dollars)

	2023		2022	
	Amount	%	Amount	%
Net change in insurance liabilities (Notes 4 and 33)				
Net change in loss reserve	\$(10,386,023,608)	(67)	\$ 11,577,886,521	83
Net change in special reserve	116,195,198	1	(961,885,910)	(7)
Net change in premium deficiency reserve	<u>(4,376,085,191)</u>	<u>(28)</u>	<u>4,375,227,339</u>	<u>32</u>
Total net change in insurance liabilities	<u>(14,645,913,601)</u>	<u>(94)</u>	<u>14,991,227,950</u>	<u>108</u>
Commission expenses (Notes 4, 23, 27 and 34)	<u>2,473,733,330</u>	<u>16</u>	<u>2,279,481,335</u>	<u>16</u>
Other operating costs (Note 23)	<u>107,819,519</u>	<u>1</u>	<u>651,467,436</u>	<u>5</u>
Total operating costs	<u>8,721,183,045</u>	<u>56</u>	<u>61,150,912,550</u>	<u>439</u>
GROSS MARGIN (LOSS)	<u>6,827,810,389</u>	<u>44</u>	<u>(47,225,374,331)</u>	<u>(339)</u>
OPERATING EXPENSES (Notes 23, 27 and 34)				
Operating expenses	2,487,554,453	16	2,318,370,745	17
Administrative expenses	412,713,570	3	337,566,373	2
Training expenses	8,592,100	-	6,262,595	-
Expected credit (gains) losses and reversal on non-investments	<u>(7,270,444)</u>	<u>-</u>	<u>24,813,423</u>	<u>-</u>
Total operating expenses	<u>2,901,589,679</u>	<u>19</u>	<u>2,687,013,136</u>	<u>19</u>
OPERATING INCOME (LOSS)	<u>3,926,220,710</u>	<u>25</u>	<u>(49,912,387,467)</u>	<u>(358)</u>
NON-OPERATING INCOME AND EXPENSES				
Gains (losses) on disposal of property and equipment (Note 4)	850,831	-	(233,559)	-
Other income (Note 27)	77,797,406	1	21,799,631	-
Other gains and losses (Note 24)	<u>(12,276,770)</u>	<u>-</u>	<u>(1,536,660)</u>	<u>-</u>
Total non-operating income and expenses	<u>66,371,467</u>	<u>1</u>	<u>20,029,412</u>	<u>-</u>
PROFIT (LOSS) BEFORE INCOME TAX	3,992,592,177	26	(49,892,358,055)	(358)
INCOME TAX (BENEFIT) EXPENSE (Notes 4 and 24)	<u>759,318,445</u>	<u>5</u>	<u>(2,813,701,502)</u>	<u>(20)</u>
NET PROFIT (LOSS)	<u>3,233,273,732</u>	<u>21</u>	<u>(47,078,656,553)</u>	<u>(338)</u>

(Continued)

# TOKIO MARINE NEWA INSURANCE CO., LTD. AND SUBSIDIARY

## CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022 (In New Taiwan Dollars)

	2023		2022	
	Amount	%	Amount	%
<b>OTHER COMPREHENSIVE INCOME</b>				
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit plans (Notes 4 and 21)	\$ (43,813,792)	-	\$ 68,267,001	1
Unrealized gain (loss) on investments in equity instruments at fair value through other comprehensive income (Notes 4 and 23)	332,995,292	2	(442,590,846)	(3)
Income tax relating to items that will not be reclassified subsequently to profit or loss (Notes 4 and 24)	<u>(8,762,758)</u>	<u>-</u>	<u>(9,461,314)</u>	<u>-</u>
	<u>297,944,258</u>	<u>2</u>	<u>(364,862,531)</u>	<u>(2)</u>
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translation of the financial statements of foreign operations (Note 4)	(80,712)	-	20,786,547	-
Unrealized gain (loss) on investments in debt instruments at fair value through other comprehensive income (Notes 4 and 24)	14,204,767	-	(121,407,046)	(1)
Income tax relating to items that may be reclassified subsequently to profit or loss (Notes 4 and 24)	<u>-</u>	<u>-</u>	<u>(13,446,471)</u>	<u>-</u>
	<u>14,124,055</u>	<u>-</u>	<u>(87,174,028)</u>	<u>(1)</u>
Other comprehensive income, net of income tax	<u>312,068,313</u>	<u>2</u>	<u>(452,036,559)</u>	<u>(3)</u>
<b>TOTAL COMPREHENSIVE INCOME</b>	<u>\$ 3,545,342,045</u>	<u>23</u>	<u>\$ (47,530,693,112)</u>	<u>(341)</u>
<b>NET PROFIT/(LOSS) ATTRIBUTABLE TO:</b>				
Owners of the Company	\$ 3,231,464,232	21	\$ (47,075,676,522)	(338)
Non-controlling interests	<u>1,809,500</u>	<u>-</u>	<u>(2,980,031)</u>	<u>-</u>
	<u>\$ 3,233,273,732</u>	<u>21</u>	<u>\$ (47,078,656,553)</u>	<u>(338)</u>
<b>TOTAL COMPREHENSIVE INCOME/(LOSS) ATTRIBUTABLE TO:</b>				
Owners of the Company	\$ 3,543,579,075	23	\$ (47,539,437,673)	(341)
Non-controlling interests	<u>1,762,970</u>	<u>-</u>	<u>8,744,561</u>	<u>-</u>
	<u>\$ 3,545,342,045</u>	<u>23</u>	<u>\$ (47,530,693,112)</u>	<u>(341)</u>

(Continued)

# TOKIO MARINE NEWA INSURANCE CO., LTD. AND SUBSIDIARY

## CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022 (In New Taiwan Dollars)

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	2023	2022
EARNINGS (LOSS) PER SHARE (Note 25)		
Basic	<u>\$5.04</u>	<u>\$(47,075,676,522.00)</u>
Diluted	<u>\$5.04</u>	<u>\$(47,075,676,522.00)</u>

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

(Concluded)

**TOKIO MARINE NEWA INSURANCE CO., LTD. AND SUBSIDIARY**

**CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY  
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022  
(In New Taiwan Dollars)**

	Equity Attributable to the Owners of the Company						Other Equity			Total Equity
	Shares	Capital Stock (Notes 4 and 21)	Capital Surplus from Merger (Notes 14 and 21)	Retained Earnings (Accumulated Deficit) (Note 22)			Exchange Differences on Translation of the Financial Statements of Foreign Operation (Note 4)	Unrealized Gain (Loss) on Financial Assets at Fair Value Through Other Comprehensive Income (Notes 4 and 22)	Non-controlling Interests (Note 4)	
				Legal Reserve	Special Reserve	Unappropriated Earnings (Accumulated Deficit)				
BALANCE AT JANUARY 1, 2022	\$ 299,009,900	\$ 2,990,099,000	\$ 221,493,925	\$ 2,074,433,343	\$ 3,606,505,841	\$ 1,087,311,958	\$ (4,356,414)	\$ 1,004,072,877	\$ 102,741,919	\$ 11,082,302,449
Appropriation of 2021 earnings										
Legal reserve	-	-	-	278,992,606	-	(278,992,606)	-	-	-	-
Reverse special reserve	-	-	-	-	(1,407,547)	1,407,547	-	-	-	-
Cash dividends distributed by the Company	-	-	-	-	-	(809,718,809)	-	-	-	(809,718,809)
Change in capital surplus from investments in associates and joint ventures for using the equity method	-	-	1,084,065	-	-	-	-	-	13,775,935	14,860,000
Cash capital increase	1,999,900,000	19,999,000,000	-	-	-	-	-	-	-	19,999,000,000
Capital reduction for cover accumulated deficit	(1,769,009,825)	(17,690,098,250)	-	-	-	17,690,098,250	-	-	-	-
Special reserve under Rule No. 10904939031 issued by the FSC	-	-	-	-	2,416,116	(2,416,116)	-	-	-	-
Special reserve under Rule No. 1110431535 issued by the FSC	-	-	-	-	(1,120,076,338)	1,120,076,338	-	-	-	-
Net loss for the year ended December 31, 2022	-	-	-	-	-	(47,075,676,522)	-	-	(2,980,031)	(47,078,656,553)
Other comprehensive income (loss) for the year ended December 31, 2022, net of income tax	-	-	-	-	-	54,613,601	9,061,955	(527,436,707)	11,724,592	(452,036,559)
Disposal of investments in equity instruments at fair value through other comprehensive income	-	-	-	-	-	362,680,952	-	(362,680,952)	-	-
Appropriation of special reserve	-	-	-	-	341,683,155	(341,683,155)	-	-	-	-
BALANCE AT DECEMBER 31, 2022	529,900,075	5,299,000,750	222,577,990	2,353,425,949	2,829,121,227	(28,192,298,562)	4,705,541	113,955,218	125,262,415	(17,244,249,472)
Appropriation of 2022 earnings										
Reverse special reserve	-	-	-	-	(1,297,533)	1,297,533	-	-	-	-
Legal reserve for cover accumulated deficit	-	-	-	(2,353,425,949)	-	2,353,425,949	-	-	-	-
Capital surplus for cover accumulated deficit	-	-	(221,493,925)	-	-	221,493,925	-	-	-	-
Cash capital increase	2,000,000,000	20,000,000,000	-	-	-	-	-	-	-	20,000,000,000
Capital reduction for cover accumulated deficit	(1,329,899,775)	(13,298,997,750)	-	-	-	13,298,997,750	-	-	-	-
Special reserve under Rule No. 10904939031 issued by the FSC	-	-	-	-	7,462,948	(7,462,948)	-	-	-	-
Net profit for the year ended December 31, 2023	-	-	-	-	-	3,231,464,232	-	-	1,809,500	3,233,273,732
Other comprehensive (loss) income for the year ended December 31, 2023, net of income tax	-	-	-	-	-	(35,051,034)	(34,182)	347,200,059	(46,530)	312,068,313
Disposal of investments in equity instruments at fair value through other comprehensive income	-	-	-	-	-	192,893,615	-	(192,893,615)	-	-
Appropriation of special reserve	-	-	-	-	423,955,830	(423,955,830)	-	-	-	-
BALANCE AT DECEMBER 31, 2023	<u>1,200,000,300</u>	<u>\$ 12,000,003,000</u>	<u>\$ 1,084,065</u>	<u>\$ -</u>	<u>\$ 3,259,242,472</u>	<u>\$ (9,359,195,370)</u>	<u>\$ 4,671,359</u>	<u>\$ 268,261,662</u>	<u>\$ 127,025,385</u>	<u>\$ 6,301,092,573</u>

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

# TOKIO MARINE NEWA INSURANCE CO., LTD. AND SUBSIDIARY

## CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022 (In New Taiwan Dollars)

	2023	2022
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Income (loss) before income tax	\$ 3,992,592,177	\$(49,892,358,055)
Adjustments for:		
Depreciation expenses	84,049,779	76,437,179
Amortization expenses	25,203,399	24,341,796
Net (gain) loss on valuation of financial assets and financial liabilities at fair value through profit or loss	(8,477,453)	229,835,015
Net loss arising from derecognition of financial assets measured at amortized cost	12,518,712	8,357,715
Finance costs	65,034,640	15,495,872
Net loss (gain) on disposal of debt instruments at fair value through other comprehensive income	5,621,220	355,628,265
Amortization of premiums of financial assets at fair value through other comprehensive income	10,853,719	11,746,844
Amortization of (discount) premiums of financial assets at amortized cost	(1,415,677)	58,047
Interest income	(106,551,771)	(96,140,148)
Dividend income	(88,787,605)	(192,064,044)
Net change in insurance liabilities	(14,066,472,034)	15,641,586,072
Reversal of loss on investment	(68,872)	(1,776,503)
(Reversal of) expected credit loss and reversal on non-investment	(7,270,444)	24,813,423
Loss on lease modification	1,813,949	227,807
Loss on disposal of property and equipment	1,070,950	233,559
Gain on disposal of assets held for sale	(75,318,348)	-
Unrealized loss (gain) on foreign currency exchange	-	(187,627,521)
Amortization of prepayments	3,748,159	612,277
	<u>(14,144,447,677)</u>	<u>15,911,765,655</u>
<b>Changes in operating assets and liabilities</b>		
Increase in notes receivable	(62,707,148)	(61,804,707)
(Increase) decrease in premiums receivable	(99,738,301)	154,880,053
(Increase) decrease in other receivables	(39,566,931)	269,788,903
(Increase) decrease in financial assets at fair value through profit or loss	(53,329,756)	91,689,780
Decrease in financial assets at fair value through other comprehensive income	699,697,216	5,598,256,768
Decrease in debt instruments at amortized cost	12,482,635	283,123,241
(Increase) decrease in other financial assets	(5,973,533,750)	1,480,958,500
(Increase) decrease in reinsurance contract asset	(60,166,061)	99,598,804
Increase in other assets	(175,392,910)	(172,764,383)
Increase (decrease) in notes payable	601,602	(1,568,545)
Decrease in claims payable	(2,652,632)	(150,118)
(Decrease) increase in commissions payable and fees	(5,939,933)	15,567,625
(Decrease) increase in due to reinsurers and ceding companies	(1,492,124)	75,761,551
(Decrease) increase in other payables	(121,753,830)	132,297,494

(Continued)

# TOKIO MARINE NEWA INSURANCE CO., LTD. AND SUBSIDIARY

## CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022 (In New Taiwan Dollars)

	2023	2022
Increase in net defined benefit liabilities	\$ 1,561,590	\$ 5,102,290
Increase in other liabilities	<u>359,871,196</u>	<u>216,827,589</u>
	<u>(5,522,059,137)</u>	<u>8,187,564,845</u>
Decrease in cash generated from operations	(15,673,914,637)	(25,793,027,555)
Interest received	102,192,160	107,936,777
Dividends received	88,787,605	201,667,716
Interest paid	(65,034,640)	(15,495,872)
Income tax paid	<u>(19,565,591)</u>	<u>(167,717,502)</u>
Net cash used in operating activities	<u>(15,567,535,103)</u>	<u>(25,666,636,436)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Disposal of assets held for sale	127,660,757	-
Payments for property and equipment	(71,522,558)	(70,240,388)
Refundable deposits	(191,028,209)	(1,097,551,116)
Payments for intangible assets	<u>(12,545,940)</u>	<u>(24,283,512)</u>
Net cash used in investing activities	<u>(147,435,950)</u>	<u>(1,192,075,016)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
(Repayments of) proceeds from short-term borrowings	(3,909,000,000)	3,909,000,000
Refund of guarantee deposits received	(740,000)	-
Repayment of the principal portion of lease liabilities	(36,431,101)	(32,333,325)
Cash dividends paid	-	(809,718,809)
Cash capital increase	<u>20,000,000,000</u>	<u>20,013,860,000</u>
Net cash generated from financing activities	<u>16,053,828,899</u>	<u>23,080,807,866</u>
<b>EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH HELD IN FOREIGN CURRENCIES</b>		
	<u>(5,807,953)</u>	<u>6,080,411</u>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>333,049,893</b>	<b>(3,771,823,175)</b>
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR</b>	<u>2,791,875,094</u>	<u>6,563,698,269</u>
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR</b>	<u>\$ 3,124,924,987</u>	<u>\$ 2,791,875,094</u>

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

(Concluded)

# **TOKIO MARINE NEWA INSURANCE CO., LTD. AND SUBSIDIARY**

## **NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022 (In New Taiwan Dollars)**

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### **1. ORGANIZATION AND OPERATIONS**

Newa Insurance Co., Ltd. (“Newa”) was incorporated on January 20, 1999. Newa merged with Alliance President General Insurance Co. with Newa as the surviving company. Newa changed its name to Tokio Marine Newa Insurance Co., Ltd. (the “Company”) effective April 1, 2005. Considering the investment strategy and business expansion, the Company obtained the approval of the Financial Supervisory Commission (FSC) to establish Newa Insurance (Cambodia) Plc. in Cambodia (hereinafter referred to as “Newa Company”) on January 22, 2018. Newa Company obtained its establishment license from the Ministry of Commerce of the local government on March 2, 2018 and obtained the concession for the insurance business on June 5, 2018. The Company and its subsidiary, collectively referred to as the “Group”, are engaged in the property and casualty insurance business.

After the cash capital increase record date of the Group on October 4, 2022, Tokio Marine & Nichido Fire Insurance Co., Ltd. has held more than 50% of the shares of the Group and has become the parent company of the Group.

As of December 31, 2023, the Group has its main office in Taipei and six branches in Taipei, New Taipei, Taoyuan, Taichung, Tainan and Kaohsiung.

The consolidated financial statements of the Group are presented in the Company’s functional currency, the New Taiwan dollar.

### **2. APPROVAL OF FINANCIAL STATEMENTS**

The consolidated financial statements were approved by the Company’s board of directors on February 23, 2024.

### **3. APPLICATION OF NEW, AMENDED AND REVISED STANDARDS AND INTERPRETATIONS**

- a. Initial application of the amendments to Regulations Governing the Preparation of Financial Reports by Insurance Enterprises and the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), Interpretations of IFRS (IFRIC), and Interpretations of IAS (SIC) (collectively, the “IFRS Accounting Standards”) endorsed and issued into effect by the Financial Supervisory Commission (FSC)

The applications of the amendments to Regulations Governing the Preparation of Financial Reports by Insurance Enterprises and IFRSs endorsed and issued into effect by the FSC will not cause any material changes to the accounting policies of the Group.

## 1) Amendments to IAS 1 “Disclosure of Accounting Policies”

When applying the amendments, the Group refers to the definition of material to determine its material accounting policy information to be disclosed. Accounting policy information is material if it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements. Moreover:

- Accounting policy information that relates to immaterial transactions, other events or conditions is immaterial and need not be disclosed;
- The Group may consider the accounting policy information as material because of the nature of the related transactions, other events or conditions, even if the amounts are immaterial; and
- Not all accounting policy information relating to material transactions, other events or conditions is itself material.

The accounting policy information is likely to be considered material to the financial statements if that information relates to material transactions, other events or conditions and:

- a) The Group changed its accounting policy during the reporting period and this change resulted in a material change to the information in the financial statements;
- b) The Group chose the accounting policy from options permitted by the standards;
- c) The accounting policy was developed in accordance with IAS 8 “Accounting Policies, Changes in Accounting Estimates and Errors” in the absence of an IFRS that specifically applies;
- d) The accounting policy relates to an area for which the Group is required to make significant judgements or assumptions in applying an accounting policy, and the Group discloses those judgements or assumptions; or
- e) The accounting is complex and users of the financial statements would otherwise not understand those material transactions, other events or conditions.

Refer to Note 4 for related accounting policy information.

## 2) Amendments to IAS 8 “Definition of Accounting Estimates”

The Group has applied the amendments since January 1, 2023, which defines accounting estimates as monetary amounts in financial statements that are subject to measurement uncertainty. In applying accounting policies, the Group may be required to measure items at monetary amounts that cannot be observed directly and must instead be estimated. In such a case, the Group uses measurement techniques and inputs to develop accounting estimates to achieve the objective. The effects on an accounting estimate of a change in a measurement technique or a change in an input are changes in accounting estimates unless they result from the correction of prior period errors.

3) Amendments to IAS 12 “International Tax Reform - Pillar Two Model Rules

The amendments introduce a temporary exception to the requirements in IAS 12 by stipulating that the Group should neither recognize nor disclose information about deferred tax assets and liabilities related to Pillar Two income taxes. The amendments also require the Group to disclose that it has applied the exception and separately disclose its current tax expense (income) related to Pillar Two income taxes. In addition, for periods in which Pillar Two legislation is enacted or substantively enacted but not yet in effect, the Group should disclose qualitative and quantitative information that helps users of financial statements understand the Group’s exposure to Pillar Two income taxes. The requirement that the Group apply the exception and the requirement to disclose that fact are applied immediately and retrospectively upon issuance of the amendments. The remaining disclosure requirements apply for annual reporting periods beginning on or after January 1, 2023, but not for any interim period ending on or before December 31, 2023.

b. The IFRSs endorsed by the FSC for application starting from 2024

<u>New, Amended and Revised Standards and Interpretations</u>	<u>Effective Date Announced by IASB (Note 1)</u>
Amendments to IFRS16 “Lease Liability in a Sale and Leaseback”	January 1, 2024 (Note 2)
Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”	January 1, 2024
Amendments to IAS 1 “Non-current Liabilities with Covenants”	January 1, 2024
Amendments to IAS 7 and IFRS 7 “Supplier Finance Arrangements”	January 1, 2024 (Note 3)

Note 1: Unless stated otherwise, the above IFRS Accounting Standards will be effective for annual reporting periods beginning on or after their respective effective dates.

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

Note 3: The amendments provide some transition relief regarding disclosure requirements.

1) Amendments to IFRS 16 “Leases Liability in a Sale and Leaseback”

The amendments clarify that the liability that arises from a sale and leaseback transaction - that satisfies the requirements in IFRS 15 to be accounted for as a sale - is a lease liability to which IFRS 16 applies. However, if the lease in a leaseback that includes variable lease payments that do not depend on an index or rate, the seller-lessee shall measure lease liabilities arising from a leaseback in a way that it does not recognize any amount of the gain or loss that relates to the right of use it retains. The seller-lessee subsequently recognizes in profit or loss the difference between the payments made for the lease and the lease payments that reduce the carrying amount of the lease liability.

2) Amendments to IAS 7 and IFRS 7 “Supplier financing arrangements”

Supplier finance arrangements are characterized by one or more finance providers offering to pay amounts an entity owes its suppliers and the entity agreeing to pay according to the terms and conditions of the arrangements at the same date as, or a date later than, the suppliers are paid. The amendments stipulate that the Group shall disclose the relevant information about its supplier finance arrangements that enables users of financial statements to assess the effects of those arrangements on the Group’s liabilities and cash flows and on the Group’s exposure to liquidity risk.

As of the date the consolidated financial statements were authorized for issue, the Group has been continuously assessing the possible impact that the application of other standards and interpretations will have on the Group's financial position and financial performance, and will disclose the relevant impact when the assessment is completed.

- c. New IFRSs in issue but not yet endorsed and issued into effect by the FSC

<u>New, Amended and Revised Standards and Interpretations</u>	<u>Effective Date Announced by IASB (Note 1)</u>
Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets between an Investor and its Associate or Joint Venture"	To be determined by IASB
IFRS 17 "Insurance Contracts"	January 1, 2023
Amendments to IFRS 17	January 1, 2023
Amendments to IFRS 17 "Initial Application of IFRS 17 and IFRS 9 - Comparative Information"	January 1, 2023
Amendments to IAS 21 "Lack of Exchangeability"	January 1, 2025 (Note 2)

Note 1: Unless stated otherwise, the above New IFRSs are effective for annual reporting periods beginning on or after their respective effective dates.

Note 2: An entity shall apply those amendments for annual reporting periods beginning on or after January 1, 2025. Upon initial application of the amendments, the entity recognizes any effect as an adjustment to the opening balance of retained earnings. When the entity uses a presentation currency other than its functional currency, it shall, at the date of initial application, recognize any effect as an adjustment to the cumulative amount of translation differences in equity.

- 1) Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets between an Investor and its Associate or Joint Venture"

The amendments stipulate that, when the Group sells or contributes assets that constitute a business (as defined in IFRS 3) to an associate or joint venture, the gain or loss resulting from the transaction is recognized in full. Also, when the Group loses control of a subsidiary that contains a business but retains significant influence or joint control, the gain or loss resulting from the transaction is recognized in full.

Conversely, when the Group sells or contributes assets that do not constitute a business to an associate or joint venture, the gain or loss resulting from the transaction is recognized only to the extent of the Group's interest as an unrelated investor in the associate or joint venture, i.e., the Group's share of the gain or loss is eliminated. Also, when the Group loses control of a subsidiary that does not contain a business but retains significant influence or joint control over an associate or a joint venture, the gain or loss resulting from the transaction is recognized only to the extent of the Group's interest as an unrelated investor in the associate or joint venture, i.e., the Group's share of the gain or loss is eliminated.

## 2) IFRS 17 “Insurance Contracts” and related amendments

IFRS 17 sets out the accounting standards for insurance contracts that will supersede IFRS 4. The key principles in IFRS 17 and related amendments are as follows:

### Level of aggregation of insurance contracts

The Group shall identify insurance contracts and aggregate the contracts into portfolios that comprise contracts that are subject to similar risks and managed together. Contracts within a product line subject to similar risks would be in the same portfolio if they are managed together. The Group shall divide each portfolio of insurance contracts issued into a minimum of:

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

The Group is not permitted to include contracts issued more than one year apart in the same group, and shall apply the recognition and measurement standards under IFRS 17 to the group of insurance contracts it issues.

### Recognition

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

- a) The beginning of the coverage period of 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

On initial recognition, the Group shall measure a group of insurance contracts at the total of the fulfillment cash flows (FCF) and the contractual service margin (CSM). The FCF comprises estimates of future cash flows, an adjustment to reflect the time value of money and the financial risks associated with the future cash flows, and a risk adjustment for non-financial risk. The CSM represents the unearned profit the Group will recognize as it provides services under the insurance contracts in the group.

The group of insurance contracts shall be measured at an amount that, unless the group of contracts is onerous, results in no income or expenses arising from:

- a) The initial recognition of an amount for the FCF;
- b) Any cash flows arising from the contracts in the group at that date;
- c) The derecognition at that date of the following:
  - i. The insurance acquisition cash flows assets;
  - ii. The asset or liability previously recognized for cash flows related to the group of insurance contracts held.

### Subsequent measurement

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

### Onerous contracts

On initial recognition, an insurance contract is onerous if the total of the FCF, any previously recognized acquisition cash flows and any cash flows arising from the contract at that date is a net outflow. The Group shall recognize a loss in profit or loss for the net outflow, resulting in the carrying amount of the liability for the group equal to the FCF, and the 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 Group may simplify the measurement of the liability for remaining coverage of a group of insurance contracts using the Premium Allocation Approach (PAA) on the condition that, at the inception of the group of contracts:

- a) The Group reasonably expects that the liability for remaining coverage of a group of insurance contracts using the PAA will be a reasonable approximation of the general model results, or
- b) The coverage period of each contract in the group is one year or less.

Where, at the inception of the group of contracts, the Group expects that significant variances in the FCF during the period before a claim is incurred would affect the measurement of the liability for remaining coverage of a group of insurance contracts, such circumstances are not eligible to condition 1) stated above.

Using the PAA, the liability for remaining coverage shall be initially recognized at:

- a) The premiums received at initial recognition;
- b) Minus any insurance acquisition cash flows;
- c) Plus or minus any amount arising from derecognition at that date of the following:
  - i. The insurance acquisition cash flows asset;
  - ii. The asset or liability previously recognized for cash flows related to the group of insurance contracts held.

Subsequently the carrying amount of the liability is the carrying amount at the start of the reporting period plus the premiums received in the period, plus amortization of acquisition cash flows, minus the amount recognized as insurance revenue for coverage provided in that period, and minus any investment component paid or transferred to the liability for incurred claims.

### Investment contracts with discretionary participation feature (DPF)

An investment contract with a DPF is a financial instrument and it does not include a transfer of significant insurance risk. It is in the scope of IFRS 17 only if the Group also issues insurance contracts.

### Modification and derecognition

If the terms of an insurance contract are modified and the modification is treated as a substantive modification which meets specified criteria, the Group shall derecognize the original contract and recognize the modified contract as a new contract. The Group shall derecognize an insurance contract when it is extinguished, or if there is a substantive modification of an insurance contract.

### Transition

The Group shall apply IFRS 17 retrospectively unless impracticable, in which case the Group has the option to use either the modified retrospective approach or the fair value approach.

Under the modified retrospective approach, the Group does not have to use all reasonable and supportable information required for a full retrospective approach, but only uses information obtained without undue cost or effort. The Group shall apply the fair value approach if obtaining reasonable and supportable information is impracticable.

Under the fair value approach, the Group determines the 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.

### Redesignation of financial assets

At the date of initial application of IFRS 17, an entity which applied IFRS 9 may redesignate and reclassify financial assets that comply with paragraph C29 of IFRS 17. The entity does not have to restate comparative information to reflect changes in the reclassification of these assets, so the difference between the previous carrying amount and their carrying amount at the date of initial application of these financial assets is recognized in retained earnings (or other equity, if appropriate) at the date of initial application. If an entity restates the comparative information, the restatement must reflect the requirements of these affected financial assets under IFRS 9.

In addition, for enterprises that have applied IFRS 9 before the initial application of IFRS 17, for financial assets that have been derecognized during the comparative period of the date of initial application of IFRS 17, the enterprise can choose to apply the classification overlay on the basis of individual financial assets, as if those financial assets had been reclassified in the comparative period in accordance with the redesignation requirements in paragraph C29 of IFRS 17.

### 3) Amendments to IAS 21 “Lack of convertibility”

The amendments stipulate that a currency is exchangeable into another currency when an entity is able to obtain the other currency within a time frame that allows for a normal administrative delay and through a market or exchange mechanism in which an exchange transaction would create enforceable rights and obligations. An entity shall estimate the spot exchange rate at a measurement date when a currency is not exchangeable into another currency to reflect the rate at which an orderly exchange transaction would take place at the measurement date between market participants under prevailing economic conditions. In this situation, the Group shall disclose information that enables users of its financial statements to understand how the currency not being exchangeable into the other currency affects, or is expected to affect, its financial performance, financial position and cash flows.

Except for the above impact, as of the date the financial statements were authorized for issue, the Group has been continuously assessing the possible impact of the application of other standards and interpretations on the Group's financial position and financial performance and will disclose the relevant impact when the assessment is completed.

#### 4. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION

##### a. Statement of compliance

The consolidated financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Insurance Enterprises and IFRSs as endorsed and issued into effect by the FSC.

##### b. Basis of preparation

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

The fair value measurements, which are grouped into Levels 1 to 3 based on the degree to which the fair value measurement inputs are observable and based on the significance of the inputs to the fair value measurement in its entirety, are described as follows:

- 1) Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities;
- 2) Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for an asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and
- 3) Level 3 inputs are unobservable inputs for an asset or liability.

##### c. Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and the entities controlled by the Company (i.e., its subsidiary, including structured entities).

Income and expenses of a subsidiary acquired or disposed of during the period are included in the consolidated statement of profit or loss and other comprehensive income from the effective dates of acquisitions up to the effective dates of disposals, as appropriate.

When necessary, adjustments are made to the financial statements of the subsidiary to bring their accounting policies into line with those used by the Group.

All intra-group transactions, balances, income and expenses are eliminated in full upon consolidation. Total comprehensive income of the subsidiary is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Changes in the Company's ownership interests in the subsidiary that do not result in the Company losing control over the subsidiary are accounted for as equity transactions. The carrying amounts of the interests of the Company and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognized directly in equity and attributed to the owners of the Company.

See Note 13 and Table 6 for detailed information on subsidiary (including percentages of ownership and main businesses).

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

Assets and liabilities presented in these consolidated financial statements are classified by nature and in the order of liquidity, instead of being classified as current or noncurrent.

e. Foreign currencies

In preparing the financial statements of each individual entity, transactions in currencies other than the entity's functional currency (i.e., foreign currencies) are recognized at the rates of exchange prevailing at the dates of the transactions.

At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Exchange differences on monetary items arising from settlement or translation are recognized in profit or loss in the period in which they arise.

Non-monetary items measured at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value is determined. Exchange differences arising from the retranslation of non-monetary items are included in profit or loss for the period except for exchange differences arising from the retranslation of non-monetary items in respect of which gains and losses are recognized directly in other comprehensive income, in which case, the exchange differences are also recognized directly in other comprehensive income.

Non-monetary items that are measured at historical cost in a foreign currency are not retranslated.

f. Property and equipment

Property and equipment are initially measured at cost and subsequently measured at cost less accumulated depreciation and accumulated impairment loss.

Freehold land is not depreciated.

The depreciation of property and equipment is recognized using the straight-line method. Each significant part is depreciated separately. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

On derecognition of an item of property and equipment, the difference between the sales proceeds and the carrying amount of the asset is recognized in profit or loss.

g. Investment properties

Investment properties are properties held to earn rental and/or for capital appreciation.

Investment properties are initially measured at cost, including transaction costs. Subsequent to initial recognition, investment properties are measured at cost less accumulated depreciation and accumulated impairment loss.

Depreciation is recognized using the straight-line method.

On derecognition of an investment property, the difference between the net disposal proceeds and the carrying amount of the asset is included in profit or loss.

h. Intangible assets

1) Intangible assets acquired separately

Intangible assets with finite useful lives that are acquired separately are initially measured at cost and subsequently measured at cost less accumulated amortization and accumulated impairment loss. Amortization is recognized on a straight-line basis. The estimated useful lives, residual values, and amortization methods are reviewed at the end of each reporting period, with the effect of any changes in the estimates accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are measured at cost less accumulated impairment loss.

2) Derecognition of intangible assets

On derecognition of an intangible asset, the difference between the net disposal proceeds and the carrying amount of the asset is recognized in profit or loss.

i. Impairment of property and equipment, right-of-use assets, investment properties and intangible assets

At the end of each reporting period, the Group reviews the carrying amounts of its property and equipment, right-of-use assets, investment properties and intangible assets, excluding goodwill, to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are allocated to the individual cash-generating units; otherwise they are allocated to the smallest group of cash-generating units.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually and whenever there is an indication that the assets may be impaired.

The recoverable amount is the higher of fair value less costs to sell and value in use. If the recoverable amount of an asset or cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash-generating unit is reduced to its recoverable amount, with the resulting impairment loss recognized in profit or loss.

When an impairment loss is subsequently reversed, the carrying amount of the corresponding asset, cash-generating unit or assets related to contract costs is increased to the revised estimate of its recoverable amount, but only to the extent of the carrying amount that would have been determined had no impairment loss been recognized on the asset, cash-generating unit or assets related to contract costs in prior years. A reversal of an impairment loss is recognized in profit or loss.

j. Financial instruments

Financial assets and financial liabilities are recognized when the Group becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issuance of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss (FVTPL)) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at FVTPL are recognized immediately in profit or loss.

## 1) Financial assets

All regular way purchases or sales of financial assets are recognized and derecognized on a trade date basis.

### a) Measurement categories

Financial assets are classified into the following categories: financial assets at FVTPL, financial assets at amortized cost and investments in debt instruments and equity instruments at fair value through other comprehensive income (FVTOCI).

#### i. Financial assets at FVTPL

A financial asset is classified as at FVTPL when such a financial asset is mandatorily classified or designated as at FVTPL. Financial assets mandatorily classified as at FVTPL include investments in equity instruments which are not designated as at FVTOCI and debt instruments that do not meet the amortized cost criteria or the FVTOCI criteria.

Financial assets at FVTPL are subsequently measured at fair value, with any gains or losses arising on remeasurement recognized in profit or loss. The net gain or loss recognized in profit or loss incorporates any dividends or interest earned on such a financial asset. Fair value is determined in the manner described in Note 26.

#### ii. Financial assets at amortized cost

Financial assets that meet the following conditions are subsequently measured at amortized cost:

- i) The financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- ii) The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Subsequent to initial recognition, financial assets at amortized cost, including cash and cash equivalents, notes receivable at amortized cost, premiums receivable and other receivables, investments in debt instruments and other financial assets, are measured at amortized cost, which equals the gross carrying amount determined using the effective interest method less any impairment loss. Exchange differences are recognized in profit or loss.

Interest income is calculated by applying the effective interest rate to the gross carrying amount of such a financial asset, except for:

- i) Purchased or originated credit-impaired financial asset, for which interest income is calculated by applying the credit-adjusted effective interest rate to the amortized cost of such financial assets; and
- ii) Financial asset that is not credit-impaired on purchase or origination but has subsequently become credit-impaired, for which interest income is calculated by applying the effective interest rate to the amortized cost of such financial asset in subsequent reporting periods.

A financial asset is credit-impaired when one or more of the following events have occurred:

- i) Significant financial difficulty of the issuer or the borrower;

- ii) Breach of contract, such as a default;
- iii) It is becoming probable that the borrower will enter bankruptcy or undergo a financial reorganization; or
- iv) The disappearance of an active market for that financial asset because of financial difficulties.

Cash equivalents include time deposits with original maturities within 3 months from the date of acquisition, which are highly liquid, readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. These cash equivalents are held for the purpose of meeting short-term cash commitments.

### iii. Investments in debt instruments at FVTOCI

Debt instruments that meet the following conditions are subsequently measured at FVTOCI:

- i) The debt instrument is held within a business model whose objective is achieved by both the collecting of contractual cash flows and the selling of such financial assets; and
- ii) The contractual terms of the debt instrument give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Investments in debt instruments at FVTOCI are subsequently measured at fair value. Changes in the carrying amounts of these debt instruments relating to changes in foreign currency exchange rates, interest income calculated using the effective interest method and impairment losses or reversals are recognized in profit or loss. Other changes in the carrying amount of these debt instruments are recognized in other comprehensive income and will be reclassified to profit or loss when the investment is disposed of.

### iv. Investments in equity instruments at FVTOCI

On initial recognition, the Group may make an irrevocable election to designate investments in equity instruments as at FVTOCI. Designation as at FVTOCI is not permitted if the equity investment is held for trading or if it is contingent consideration recognized by an acquirer in a business combination.

Investments in equity instruments at FVTOCI are subsequently measured at fair value with gains and losses arising from changes in fair value recognized in other comprehensive income and accumulated in other equity. The cumulative gain or loss will not be reclassified to profit or loss on disposal of the equity investments; instead, it will be transferred to retained earnings.

Dividends on these investments in equity instruments are recognized in profit or loss when the Group's right to receive the dividends is established, unless the dividends clearly represent a recovery of part of the cost of the investment.

## b) Impairment of financial assets

The Group recognizes a loss allowance for expected credit losses on financial assets at amortized cost (including trade receivables), investments in debt instruments that are measured at FVTOCI, as well as lease receivables.

The Group always recognizes lifetime expected credit losses (ECLs) for trade receivables and lease receivables. For all other financial instruments, the Group recognizes lifetime ECLs when there has been a significant increase in credit risk since initial recognition. If, on the other hand, the credit risk on a financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12-month ECLs.

Expected credit losses reflect the weighted average of credit losses with the respective risks of default occurring as the weights. Lifetime ECLs represent the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECLs represent the portion of lifetime ECLs that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

For internal credit risk management purposes, the Group determines the following situations as indication that a financial asset is in default (without taking into account any collateral held by the Group):

- i. Internal or external information show that the debtor is unlikely to pay its creditors.
- ii. When a financial asset is more than a certain amount of days past due unless the Group has reasonable and corroborative information to support a more lagged default criterion.

The impairment loss of all financial assets is recognized in profit or loss by a reduction in their carrying amounts through a loss allowance account, except for investments in debt instruments that are measured at FVTOCI, for which the loss allowance is recognized in other comprehensive income and the carrying amounts of such financial assets are not reduced.

c) Derecognition of financial assets

The Group derecognizes a financial asset only when the contractual rights to the cash flows from the asset expire or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party.

On derecognition of a financial asset at amortized cost in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss. On derecognition of an investment in a debt instrument at FVTOCI, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss which had been recognized in other comprehensive income is recognized in profit or loss. However, on derecognition of an investment in an equity instrument at FVTOCI, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss, and the cumulative gain or loss which had been recognized in other comprehensive income is transferred directly to retained earnings, without recycling through profit or loss.

2) Equity instruments

Debt and equity instruments issued by the Group are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments issued by the Group are recognized at the proceeds received, net of direct issue costs.

The repurchase of the Company's own equity instruments is recognized in and deducted directly from equity. No gain or loss is recognized in profit or loss on the purchase, sale, issuance or cancellation of the Company's own equity instruments.

### 3) Financial liabilities

#### a) Subsequent measurement

Except the following situations, all financial liabilities are measured at amortized cost using the effective interest method:

#### Financial liabilities at FVTPL

Financial liabilities are classified as at FVTPL when such financial liabilities are held for trading.

Financial liabilities held for trading are stated at fair value, with any gains or losses arising on remeasurement recognized in profit or loss. The net gain or loss recognized in profit or loss incorporates any interest or dividends paid on the financial liability.

Fair value is determined in the manner described in Note 26.

#### b) Derecognition of financial liabilities

The difference between the carrying amount of a financial liability derecognized and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognized in profit or loss.

### 4) Derivative financial instruments

The Group enters into a variety of derivative financial instruments to manage its exposure to foreign exchange rate risks, including foreign exchange forward contracts.

Derivatives are initially recognized at fair value at the date on which the derivative contracts are entered into and are subsequently remeasured to their fair value at the end of each reporting period. The resulting gain or loss is recognized in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event, the timing of the recognition in profit or loss depends on the nature of the hedging relationship. When the fair value of a derivative financial instrument is positive, the derivative is recognized as a financial asset; when the fair value of a derivative financial instrument is negative, the derivative is recognized as a financial liability.

Derivatives embedded in hybrid contracts that contain financial asset hosts that is within the scope of IFRS 9 are not separated; instead, the classification is determined in accordance with the entire hybrid contract. Derivatives embedded in non-derivative host contracts that are not financial assets within the scope of IFRS 9 (e.g., financial liabilities) are treated as separate derivatives when they meet the definition of a derivative, their risks and characteristics are not closely related to those of the host contracts, and the host contracts are not measured at FVTPL.

## 5) Modification of Financial Instruments

When contractual cash flows of a financial instrument is modified, the Group assesses whether the modification will result in derecognition. If modification of a financial instrument results in derecognition, it is accounted for as derecognition of financial assets or liabilities. If the modification does not result in derecognition, the Group recalculates the gross carrying amount of the financial asset or the amortized cost of the financial liability based on the modified cash flows discounted at the original effective interest rate with any modification gain or loss recognized in profit or loss. The cost incurred is adjusted to the carrying amount of the modified financial asset or financial liability and amortized over the modified remaining period.

### k. Other liabilities - reserve for operation loss

Under the regulations of the Ministry of Finance, 3% of the Group's operating revenue may be used to write off uncollectible loans and accounts receivable, if needed. If accounts need not be written off, the Group should recognize loss allowance for expected credit losses or set up reserve for operation loss. The reserve is intended to cover any material losses arising from decline in value of bonds and other investment instruments of companies under financial difficulties or having delinquent loans or bad debts.

### l. Reinsurance business

The reinsurance business refers to the provision of services to enable clients to limit possible loss due to risk events such as explosions and to meet their business needs and insurance regulations. For the ceding reinsurance, the Group may not refuse or delay fulfillment of its obligations to the insured on the grounds that a reinsurer has failed to fulfill its obligation.

For the ceding reinsurance, reinsurance premium outward is recognized based on the ceding reinsurance contract. According to matching principle, the reinsurance premium outward must be matched in the same accounting period as the reinsurance premium inward they helped to earn. Also, at the balance sheet date, the Group will accrue the related reinsurance revenue and expense for the billing statements that have not yet been received but are already considered likely to be received as shown by past experience. The related reinsurance profit and loss cannot be deferred.

Reinsurance assets on which the reinsurer has rights include ceding unearned premium reserve, ceding loss reserve, and ceding premium deficiency reserve under various insurance provisions and related reinsurance regulations.

### m. Reserves for liabilities

Insurance reserves provided for insurance contracts should be audited by the actuaries certified by the FSC and should also conform to these regulations: Regulations Governing the Setting Aside of Various Reserves 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 the Regulations for the Reserves for Nuclear Energy Insurance.

The descriptions of these reserves are as follows:

#### 1) Unearned premium reserve

For an in-force contract with a remaining policy period or an unterminated insured risk, the calculation and the provision of unearned premium reserve are based on the unexpired risk of each insurance.

Unearned premium reserve for the compulsory insurance contract is provided in conformity with the Regulations for the Management of the Various Reserves for Compulsory Automobile Liability Insurance.

Unearned premium reserve for the policy-related residential earthquake insurance contracts is provided in conformity with the Enforcement Rules for the Risk Spreading Mechanism of Residential Earthquake Insurance.

Unearned premium reserve for nuclear energy insurance contracts is provided in conformity with the Regulations for the Reserves of Nuclear Energy Insurance.

Except as otherwise provided by regulations, the manners of provisions for unearned premium reserve are decided by actuaries according to the characteristics of each insurance, which cannot be changed without permission by the authorities, and the year-end balance of unearned premium reserve should be audited by actuaries at the end of the year.

## 2) Loss reserve

Loss reserve is provided for losses filed but not yet paid and losses not yet filed by insurance type based on the past experiences of actual claims and expenses in line with the actuarial principles. The reserve for losses filed but not yet paid is assessed based on the actual relevant information of each case and provided by insurance type.

Loss reserve for the compulsory insurance contracts is provided in conformity with the Regulations for the Management of the Various Reserves for Compulsory Automobile Liability Insurance.

Loss reserve for policy-related residential earthquake insurance contracts is provided in conformity with the Enforcement Rules for the Risk Spreading Mechanism of Residential Earthquake Insurance.

Loss reserve for nuclear energy insurance contracts is provided in conformity with the Regulations for the Reserves for Nuclear Energy Insurance.

## 3) Special reserve

Special reserves are comprised of special reserves for catastrophic event, special reserves for fluctuation of risk and special reserves for other special purpose.

In accordance with the Regulations for the Management of the Various Reserves of Insurance Enterprises, the Company shall set aside special reserves as equity every year, net of tax according to IAS 12. The write off or recovery of special reserves for catastrophic event and fluctuation of risk that provided under liabilities should be in conformity with the regulation mentioned above. If the balance of special reserves under liabilities is insufficient to write off or recover, the insufficient amount net of tax according to IAS 12 should be written off or recovered by special reserves under equity.

Furthermore, according to the Notice for the Improvement of the Reserves for Natural Disaster Insurances (Commercial Earthquake Insurance and Typhoon and Flood Insurance,) of Insurance Enterprises issued by the FSC on November 9, 2012, except for those special reserves for compulsory automobile liability insurance, nuclear energy insurance, residential earthquake insurance, commercial earthquake insurance and typhoon and flood insurance, the special reserves recognized as liabilities before December 31, 2012 were preferentially used to compensate the deficiencies of special reserves for commercial earthquake insurance and typhoon and flood insurance to the required level and recognized as liabilities. The remaining special reserves were classified as equity, net of tax according to IAS 12 starting from January 1, 2013. The write off and recovery of special reserves for catastrophic event and fluctuation of risk that provided under liabilities should be in conformity with the notice mentioned above.

a) Special reserves for catastrophic event

Special reserves for catastrophic event is provided at the rates for each insurance type required by the authorities.

As a single event which meets the government's definition of major accident, special reserves for catastrophic event can be reversed if the total retained claims for each insurance type of an individual company reach \$30,000,000 and the total claims for each insurance type of all non-life insurance companies reach \$2,000,000,000.

Special reserves for catastrophic event that have been provided for more than 15 years may be reversed in the recovery manner prescribed by the appointed actuary, which should be filed with the authorities. In addition, such reserve for commercial-business earthquake insurance and typhoon and flood insurance may be reversed only if they have been provided for more than 30 years.

b) Special reserves for fluctuation of risk

For retained business of each insurance, when actual claims net of the debit amounts to special reserves for catastrophic events are lower than the expected claims, 15% of the difference should be provided as special reserves for fluctuation of risk. For commercial-business earthquake insurance and typhoon and flood insurance, the provision rate is 75% of the difference.

For retained business of each insurance, when actual claims net of the debit amounts to special reserves for catastrophic event are higher than the expected claims, the difference may be debited to the existing special reserves for fluctuation of risk. If the special reserves for fluctuation of risk for an insurance type are insufficient to cover the difference, the shortfall may be debited to the special reserves for fluctuation of risk of other insurance type. The insurance type and debit amounts for covering the shortfall should be filed with the authorities.

For each type of insurance, when the accumulated provisions of the special reserves for fluctuation of risk exceed 60% (30% for accident insurance and health insurance) of the retained earned premiums for the current year, the excess should be recovered. For commercial-business earthquake insurance and typhoon and flood insurance, if the accumulated provisions of special reserves for fluctuation of risk exceed 18 times and 8 times, respectively, of the retained earned premiums for the current year, the excess should be recovered as income.

4) Premium deficiency reserve

For unexpired in-force contracts or unterminated incurred risks of each insurance, if the estimated amounts of the future claims and expenses exceed the sum of the unearned premium reserves and the expected future premium income, the deficiency should be set aside as premium deficiency reserve.

#### 5) Liability adequacy reserve

When performing the liability adequacy test required by IFRS 4, the future cash flows are estimated based on current information on recognized liabilities as of each reporting date. If the test resulted in inadequate reserve, the shortfall should be recognized as addition to the liability adequacy reserve.

#### n. Premiums, commission expenses and processing fees

Direct premiums are recognized for all insurance policies underwritten and issued in current periods. Ceded reinsurance premiums are usually recognized as the billing statements are delivered, and, on the balance sheet date, reinsurance premiums not yet received are accrued in a reasonable and systematic manner. Related acquisition costs are recognized in the same periods, including commission expenses, agency fees, service fees and reinsurance commission expenses.

#### o. Insurance claims

Claims and payments (including claim expenses) filed and paid pertaining to the direct insurance business are recognized as paid claims in current period. For claims filed but not yet paid with determined amounts and those without determined amounts are recognized as net changes in loss reserve based on relevant information of each case by insurance type.

For direct insurance and ceding reinsurance, claims not yet filed are estimated based on past experience according to actuarial principles and recognized as net changes in loss reserve.

For claims to be recovered from the reinsurer under the reinsurance contract, claims and payments (including claim expenses) recoverable from reinsurers are recognized as claims recovered from reinsurers. For those claims filed but not yet paid and not yet filed, claims and payments (including claim expenses) are recognized as net changes in loss reserve.

Provision for loss reserve is undiscounted.

#### p. Liability adequacy test

At the end of each reporting period, each type of insurance is tested by the expected cost method to assess the adequacy of insurance liabilities. The expected cost method requires the Group to estimate future cash flows of insurance contracts in accordance with the requirements for actuaries issued by the Actuarial Institute of the Republic of China. If an assessment shows that the carrying amount of insurance liabilities (less related intangible assets) is not enough to cover the estimated future cash flows, the entire shortfall is recognized in profit or loss.

Liability adequacy test is calculated on the undiscounted basis.

#### q. Salvage and subrogation

Salvage legally acquired from the claim procedure under the direct written business shall be valued and recognized at its fair value. Subrogation of insured objects legally acquired shall be recognized when the actual recovery is definite (the inflow of economic benefits in the future is more likely than not), and its amount can be reliably measured.

r. Co-Insurance Organization, Co-Insurance, and the Agreement of Guarantee Fund

1) Contract of co-insurance and co-sharing for the compulsory automobile liability insurance

The Company has entered into the “Contract of Co-insurance and Co-sharing for the Compulsory Automobile Liability Insurance” with all member companies approved by the competent authorities to operate the compulsory automobile liability insurance business, to agree the compulsory automobile liability insurance covered shall be included in the co-insurance, the violation is subjected to fines, and the co-insurance panel may send auditors to audit. The undertaking of the co-insurance is calculated on the basis of pure premiums and allocated based on the agreed co-insurance percentage. Shall there be several (2 or more) co-insurers involve in the claims for the same car accident, the co-insurers shall proceed based on the regulations, and then share the liabilities based on the responsibilities of each party by case. Unless the company is being liquidated or has ceased operations, any member company joining the co-insurance must not withdraw on its own will. At the time of ceasing of the automobile liability insurance business, it is deemed a withdrawal from the co-insurance, and the unearned liability expires naturally.

2) Co-insurance contract for subcontracting residential earthquake insurance

The Company has entered into the “Co-insurance Contract for Subcontracting Residential Earthquake Insurance” with all member companies approved by the competent authorities to operate the residential fire insurance business, after the application to join the Taiwan Residential Earthquake Insurance Fund (“Residential Earthquake Insurance Fund”) to agree the residential earthquake insurance covered shall be included in the co-insurance, and the co-insurance panel may send auditors to audit. The undertaking of the co-insurance is calculated on the basis of pure premiums, and the individual member company assumes the co-insurance liabilities based on its share, without joint liabilities. The member company may notify the Residential Earthquake Insurance Fund three months prior to the next year that it will withdraw from the co-insurance from the next year. Its accepted share is accepted till the end of the year, and the unfinished liabilities from such accepted share is transferred to that member at the time. Shall any member company cease operations due to suspension for reconstruction, dissolution, or mergers, it shall immediately notify the Residential Earthquake Insurance Fund its withdrawal from the co-insurance. The remaining accepted share for that year shall be transferred to be accepted by other members of the coinsurance from the date of suspension for reconstruction and dissolution announced by the competent authorities. The transfer method is determined by the members in their meeting. For withdrawal due to mergers, the remaining accepted share for that year shall be succeeded by the surviving company.

s. Leases

At the inception of a contract, the Group assesses whether the contract is, or contains, a lease.

1) The Group as lessor

Leases are classified as finance leases whenever the terms of a lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Lease payments (less any lease incentives payable) from operating leases are recognized as income on a straight-line basis over the terms of the relevant leases. Initial direct costs incurred in obtaining operating leases are added to the carrying amounts of the underlying assets and recognized as expenses on a straight-line basis over the lease terms.

When a lease includes both land and building elements, the Group assesses the classification of each element separately as a finance or an operating lease based on the assessment as to whether substantially all the risks and rewards incidental to ownership of each element have been transferred to the lessee. The lease payments are allocated to the land and the building elements in proportion to

the relative fair values of the leasehold interests in the land element and building element of the lease at the inception of the contract. If the allocation of the lease payments can be made reliably, each element is accounted for separately in accordance with its lease classification. When the lease payments cannot be allocated reliably to the land and building elements, the entire lease is generally classified as a finance lease unless it is clear that both elements are operating leases; in which case, the entire lease is classified as an operating lease.

## 2) The Group as lessee

The Group recognizes right-of-use assets and lease liabilities for all leases at the commencement date of a lease, except for short-term leases and low-value asset leases accounted for applying a recognition exemption where lease payments are recognized as expenses on a straight-line basis over the lease terms.

Right-of-use assets are initially measured at cost, which comprises the initial measurement of lease liabilities adjusted for lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs needed to restore the underlying assets, and less any lease incentives received. Right-of-use assets are subsequently measured at cost less accumulated depreciation and impairment losses and adjusted for any remeasurement of the lease liabilities. Right-of-use assets are presented on a separate line in the consolidated balance sheets.

Right-of-use assets are depreciated using the straight-line method from the commencement dates to the earlier of the end of the useful lives of the right-of-use assets or the end of the lease terms.

Lease liabilities are initially measured at the present value of the lease payments. The lease payments are discounted using the interest rate implicit in a lease, if that rate can be readily determined. If that rate cannot be readily determined, the lessee's incremental borrowing rate will be used.

Subsequently, lease liabilities are measured at amortized cost using the effective interest method, with interest expense recognized over the lease terms. When there is a change in a lease term, the Group remeasures the lease liabilities with a corresponding adjustment to the right-of-use-assets. However, if the carrying amount of the right-of-use assets is reduced to zero, any remaining amount of the remeasurement is recognized in profit or loss. Lease liabilities are presented on a separate line in the consolidated balance sheets.

## t. Employee benefits

### 1) Short-term employee benefits

Liabilities recognized in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related services.

### 2) Retirement benefits

Payments to defined contribution retirement benefit plans are recognized as expenses when employees have rendered services entitling them to the contributions.

Defined benefit costs (including service cost, net interest and remeasurement) under defined benefit retirement benefit plans are determined using the projected unit credit method. Service cost (including current service cost and past service cost) and net interest on the net defined benefit liabilities are recognized as employee benefits expense in the period in which they occur. Remeasurement, comprising actuarial gains and losses and the return on plan assets (excluding interest), is recognized in other comprehensive income in the period in which it occurs. Remeasurement recognized in other comprehensive income is reflected immediately in retained earnings and will not be reclassified to profit or loss.

Net defined benefit liabilities represent the actual deficit in the Group's defined benefit plans. Any surplus resulting from this calculation is limited to the present value of any refunds from the plans or reductions in future contributions to the plans.

3) Termination benefits

A liability for a termination benefit is recognized at the earlier of when the Group can no longer withdraw the offer of the termination benefit and when the Group recognizes any related restructuring costs.

u. Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

1) Current tax

According to the Income Tax Act, an additional tax on unappropriated earnings is provided for as income tax in the year the shareholders approve to retain earnings.

Adjustments of prior years' tax liabilities are added to or deducted from the current year's tax provision.

2) Deferred tax

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit.

Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the assets to be recovered. A previously unrecognized deferred tax asset is also reviewed at the end of each reporting period and recognized to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liabilities are settled or the asset are realized, based on tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

3) Current and deferred taxes

Current and deferred taxes are recognized in profit or loss, except when they relate to items that are recognized in other comprehensive income or directly in equity, in which case, the current and deferred taxes are also recognized in other comprehensive income or directly in equity, respectively.

## 5. MATERIAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, management is required to make judgments, estimates, and assumptions on the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered relevant. Actual results may differ from these estimates.

When developing material accounting estimates, the Group considers the possible impact on the cash flow projection, growth rates, discount rates, profitabilities and other relevant material estimates. The estimates and underlying assumptions are reviewed on an ongoing basis.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised if the revisions affect only that period or in the period of the revisions and future periods if the revisions affect both current and future periods.

### Loss reserve

Loss reserves are estimated for possible claims, both filed but not yet paid and not yet filed, on all insurance contracts. Because the Group did not have past claim settlement experience and expenses, the incurred but not reported reserve of the epidemic prevention and isolation insurance was calculated under the actuarial principle method based on the national diagnosis data announced by the government and the company's actual underwriting and claim settlement experience data in the current period. The unreported claims reserve of the Group except for the epidemic prevention and isolation insurance were estimated based on historical data, actuarial analysis, financial models and other analytical techniques, and makes adjustments when necessary, but the actual results may differ from the expected result.

### Premium deficiency reserve

The Group's premium deficiency reserve has deposited and withdrawn by the difference of the exceeded amount of the unexpired premium reserve and the expected future premium income of all insurance contracts on the financial statement date, and the difference is deposited and withdrawn according to the type of insurance. Such estimates are made based on historical data, actuarial analysis, financial modeling and other analytical techniques and are adjusted when necessary; however, the actual results may differ from these estimates.

## 6. CASH AND CASH EQUIVALENTS

	<u>December 31</u>	
	<u>2023</u>	<u>2022</u>
Cash on hand	\$ 1,642,962	\$ 1,792,090
Checking accounts and demand deposits	944,414,236	2,486,615,004
Cash equivalents (investments with original maturities of 3 months or less)		
Time deposits	1,420,000,000	303,468,000
Reverse repurchase agreements collateralized by bonds	<u>758,867,789</u>	<u>-</u>
	<u>\$ 3,124,924,987</u>	<u>\$ 2,791,875,094</u>

The market rate intervals of time deposits and reverse repurchase agreements collateralized by bonds at the end of the reporting period were as follows:

	<u>December 31</u>	
	2023	2022
Time deposits	1.15%-5.40%	0.77%-4.00%
Reverse repurchase agreements collateralized by bonds	1.08%-1.12%	-

## 7. FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	<u>December 31</u>	
	2023	2022
<u>Financial assets at FVTPL</u>		
Financial assets mandatorily classified as at FVTPL		
Non-derivative financial assets		
Mutual funds	\$ 501,990,336	\$ 440,183,127
Futures margin receivable	<u>12,742</u>	<u>12,742</u>
	<u>\$ 502,003,078</u>	<u>\$ 440,195,869</u>

Unsettled futures contracts outstanding at the balance sheet date:

There were no unsettled futures contracts as of December 31, 2023 and 2022.

## 8. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	<u>December 31</u>	
	2023	2022
Investments in equity instruments at FVTOCI	\$ 1,817,115,830	\$ 1,766,984,553
Investments in debt instruments at FVTOCI	<u>154,887,150</u>	<u>-</u>
	<u>\$ 1,972,002,980</u>	<u>\$ 1,766,984,553</u>

### a. Investments in equity instruments at FVTOCI

	<u>December 31</u>	
	2023	2022
Domestic investments		
Listed shares and emerging market shares	\$ 1,365,036,900	\$ 1,306,394,600
Unlisted shares	<u>452,078,930</u>	<u>460,589,953</u>
	<u>\$ 1,817,115,830</u>	<u>\$ 1,766,984,553</u>

These investments in equity instruments are held for medium- to long-term strategic purposes. Accordingly, the management elected to designate these investments in equity instruments as at FVTOCI as they believe that recognizing short-term fluctuations in these investments' fair value in profit or loss would not be consistent with the Group's strategy of holding these investments for long-term purposes.

Refer to Note 28 for information relating to the investments in equity instruments at FVTOCI pledged as security.

b. Investments in debt instruments at FVTOCI

	<b>December 31</b>	
	<b>2023</b>	<b>2022</b>
Domestic investments		
Government bonds	\$ 701,865,500	\$ 1,194,466,950
Less: Statutory deposits - government bonds (Note 18)	<u>(546,978,350)</u>	<u>(1,194,466,950)</u>
	<u>\$ 154,887,150</u>	<u>\$ -</u>

Refer to Note 10 for information relating to the credit risk management and impairment of investments in debt instruments at FVTOCI.

**9. FINANCIAL ASSETS AT AMORTIZED COST**

	<b>December 31</b>	
	<b>2023</b>	<b>2022</b>
Domestic investments		
Government bonds	\$ 1,348,047,782	\$ 1,084,768,467
Corporate bonds	924,998,653	950,000,000
Financial bonds	601,364,110	601,446,952
Less: Statutory deposits - government bonds (Note 18)	<u>(1,348,047,782)</u>	<u>(1,084,768,467)</u>
	<u>1,526,362,763</u>	<u>1,551,446,952</u>
Less: Loss allowance	<u>(414,151)</u>	<u>(440,232)</u>
	<u>\$ 1,525,948,612</u>	<u>\$ 1,551,006,720</u>

Refer to Note 10 for information relating to the credit risk management and impairment of investments in financial assets at amortized cost.

Refer to Note 28 for information relating to pledged financial assets at amortized cost.

**10. CREDIT RISK MANAGEMENT FOR INVESTMENTS IN DEBT INSTRUMENTS**

Investments in debt instruments classified as at FVTOCI and as at amortized cost were as follows:

December 31, 2023

	<b>At FVTOCI (Including Statutory Deposits - Government Bonds)</b>	<b>At Amortized Cost (Including Statutory Deposits - Government Bonds)</b>
Gross carrying amount	\$ 750,119,597	\$ 2,874,410,545
Less: Loss allowance	<u>(99,421)</u>	<u>(414,151)</u>
Amortized cost	750,020,176	<u>\$ 2,873,996,394</u>
Adjustment to fair value	<u>(48,154,676)</u>	
	<u>\$ 701,865,500</u>	

December 31, 2022

	<b>At FVTOCI (Including Statutory Deposits - Government Bonds)</b>	<b>At Amortized Cost (Including Statutory Deposits - Government Bonds)</b>
Gross carrying amount	\$ 1,256,998,636	\$ 2,636,215,419
Less: Loss allowance	<u>(172,243)</u>	<u>(440,232)</u>
Amortized cost	1,256,826,393	<u>\$ 2,635,775,187</u>
Adjustment to fair value	<u>(62,359,443)</u>	
	<u>\$ 1,194,466,950</u>	

The Group only invests in debt instruments that are rated the equivalent of investment grade or higher and have low credit risk for the purpose of impairment assessment. The credit rating information is supplied by independent rating agencies. The Group's exposure and the external credit ratings are continuously monitored. The Group reviews changes in bond yields and other public information and makes an assessment whether there has been a significant increase in credit risk since the last period to the reporting date.

In determining the expected credit losses for debt instrument investments, the Group considers the historical default rates of each credit rating supplied by external rating agencies, the current financial condition of debtors, and the future prospects of the industries. The Group's current credit risk grading mechanism is as follows:

<b>Category</b>	<b>Description</b>	<b>Basis for Recognizing Expected Credit Losses (ECLs)</b>
Performing	The counterparty has a low risk of default and a strong capacity to meet contractual cash flows	12-month ECLs
Doubtful	There has been a significant increase in credit risk since initial recognition	Lifetime ECLs - not credit impaired
In default	There is evidence indicating the asset is credit impaired	Lifetime ECLs - credit impaired
Write-off	There is evidence indicating that the debtor is in severe financial difficulty and the Group has no realistic prospect of recovery	Amount is written off

The gross carrying amounts of investments in debt instruments classified by credit category and the corresponding expected loss rates were as follows:

December 31, 2023

<b>Category</b>	<b>Expected Loss Rate</b>	<b>Gross Carrying Amount</b>	
		<b>At FVTOCI</b>	<b>At Amortized Cost</b>
Performing	0.01%-0.11%	\$ 750,119,597	\$ 2,874,410,545

December 31, 2022

Category	Expected Loss Rate	Gross Carrying Amount	
		At FVTOCI	At Amortized Cost
Performing	0.01%-0.11%	\$ 1,256,998,636	\$ 2,636,215,419

a. The movements of the loss allowance of investments in debt instruments at FVTOCI were as follows:

	Performing (12-month ECLs)	Credit Rating	
		Doubtful (Lifetime ECLs - Not Credit Impaired)	In default (Lifetime ECLs - Credit Impaired)
Balance at January 1, 2023	\$ 172,243	\$ -	\$ -
New financial assets purchased	-	-	-
Derecognition	(67,948)	-	-
Change in risk parameters	<u>(4,874)</u>	<u>-</u>	<u>-</u>
Balance at December 31, 2023	<u>\$ 99,421</u>	<u>\$ -</u>	<u>\$ -</u>
Balance at January 1, 2022	\$ 1,460,283	\$ -	\$ -
New financial assets purchased	67,948	-	-
Derecognition	(1,160,889)	-	-
Change in risk parameters	<u>(195,099)</u>	<u>-</u>	<u>-</u>
Balance at December 31, 2022	<u>\$ 172,243</u>	<u>\$ -</u>	<u>\$ -</u>

b. The movements of the loss allowance of investments in debt instruments at amortized cost were as follows:

	Performing (12-month ECLs)	Credit Rating	
		Doubtful (Lifetime ECLs - Not Credit Impaired)	In default (Lifetime ECLs - Credit Impaired)
Balance at January 1, 2023	\$ 440,232	\$ -	\$ -
New financial assets purchased	-	-	-
Derecognition	-	-	-
Change in risk parameters	<u>(26,081)</u>	<u>-</u>	<u>-</u>
Balance at December 31, 2023	<u>\$ 414,151</u>	<u>\$ -</u>	<u>\$ -</u>
Balance at January 1, 2022	\$ 1,077,359	\$ -	\$ -
New financial assets purchased	27,207	-	-
Derecognition	(222,528)	-	-
Change in risk parameters	<u>(441,806)</u>	<u>-</u>	<u>-</u>
Balance at December 31, 2022	<u>\$ 440,232</u>	<u>\$ -</u>	<u>\$ -</u>

The impairment loss of statutory deposits - government bonds were \$30,031 and \$148,664 during the years ended December 31, 2023 and 2022, respectively.

## 11. OTHER FINANCIAL ASSETS

	<u>December 31</u>	
	<u>2023</u>	<u>2022</u>
Time deposits with original maturities of more than 3 months	<u>\$ 6,369,854,500</u>	<u>\$ 396,011,500</u>

The market rate intervals of other financial assets at the end of the reporting period were as follows:

	<u>December 31</u>	
	<u>2023</u>	<u>2022</u>
Time deposits with original maturities of more than 3 months	1.25%-7.5%	0.77%-6.25%

## 12. NOTES RECEIVABLE, PREMIUMS RECEIVABLE, CLAIMS RECOVERABLE FROM REINSURERS, AND DUE FROM REINSURERS AND CEDING COMPANIES

	<u>December 31</u>	
	<u>2023</u>	<u>2022</u>
<u>Notes receivable</u>		
At amortized cost		
Gross carrying amount	\$ 466,365,806	\$ 403,658,658
Less: Loss allowance	<u>(22,996,686)</u>	<u>(32,402,902)</u>
	<u>\$ 443,369,120</u>	<u>\$ 371,255,756</u>
<u>Premiums receivable</u>		
At amortized cost		
Gross carrying amount	\$ 191,214,830	\$ 91,505,988
Less: Loss allowance	<u>(5,050,726)</u>	<u>(2,212,650)</u>
	<u>\$ 186,164,104</u>	<u>\$ 89,293,338</u>
<u>Claims recoverable from reinsurers</u>		
At amortized cost		
Gross carrying amount	\$ 105,629,951	\$ 102,055,246
Less: Loss allowance	<u>-</u>	<u>-</u>
	<u>\$ 105,629,951</u>	<u>\$ 102,055,246</u>
<u>Due from reinsurers and ceding companies</u>		
At amortized cost		
Gross carrying amount	\$ 86,581,640	\$ 30,136,253
Less: Loss allowance	<u>(5,295,021)</u>	<u>(6,474,650)</u>
	<u>\$ 81,286,619</u>	<u>\$ 23,661,603</u>

a. Notes receivable

The Group's average credit period for notes receivable from sales of insurance policies is 90 days. No interest was charged on notes receivable. In order to mitigate credit risk, the Group assigns a dedicated team responsible for credit decisions, credit approvals and other monitoring procedures to ensure that appropriate actions are taken to the collection of overdue premiums. In addition, the Group reviews the recoverable amount of the notes receivable on the balance sheet date to ensure that the uncollectible notes have been properly deducted.

The Group measures the loss allowance for notes receivable at an amount equal to lifetime ECLs. The expected credit losses on trade receivables are estimated using a provision matrix prepared by reference to the past default records of the customer, the customer's current financial position, economic condition of the industry in which the customer operates, as well as the GDP forecasts and industry outlook. As the Group's historical credit loss experience does not show significantly different loss patterns for different customer segments, the provision for loss allowance based on past due status is not further distinguished according to the Group's different customer base.

The Group recognizes the loss allowance of 100% against all overdue notes receivable based on the historical experience. The Group continues to engage in enforcement activity to attempt to recover the receivables due. The recovery of the receivables due would be recognized in profit or loss.

The Group measures the loss allowance for notes receivable at the higher outcome of the Regulations Governing the Procedures for Insurance Companies to Evaluate Assets and Deal with Non-performing/Non-accrual Loans or provision matrix. The movements of the loss allowance for notes receivable were as follows:

For the Year Ended December 31, 2023						
	Stage 1 12-month Expected Credit Losses	Stage 2 Lifetime Expected Credit Losses	Stage 3 Lifetime Expected Credit Losses	Total of Impairment Recognized in Accordance with IFRS 9	Difference from Impairment Recognized in Accordance with the Regulations Governing the Procedures for Insurance Companies to Evaluate Assets and Deal with Non-performing/ Non-accrual Loans	Total
Beginning balance	\$ 7,362,518	\$ -	\$ -	\$ 7,362,518	\$ 25,040,384	\$ 32,402,902
Impairment loss recognized on receivables	<u>38,793,611</u>	<u>-</u>	<u>-</u>	<u>38,793,611</u>	<u>(48,199,827)</u>	<u>(9,406,216)</u>
Ending balance	<u>\$ 46,156,129</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 46,156,129</u>	<u>\$ (23,159,443)</u>	<u>\$ 22,996,686</u>
For the Year Ended December 31, 2022						
	Stage 1 12-month Expected Credit Losses	Stage 2 Lifetime Expected Credit Losses	Stage 3 Lifetime Expected Credit Losses	Total of Impairment Recognized in Accordance with IFRS 9	Difference from Impairment Recognized in Accordance with the Regulations Governing the Procedures for Insurance Companies to Evaluate Assets and Deal with Non-performing/ Non-accrual Loans	Total
Beginning balance	\$ 3,604,531	\$ -	\$ -	\$ 3,604,531	\$ 4,111,510	\$ 7,716,041
Impairment loss recognized on receivables	<u>3,757,987</u>	<u>-</u>	<u>-</u>	<u>3,757,987</u>	<u>20,928,874</u>	<u>24,686,861</u>
Ending balance	<u>\$ 7,362,518</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 7,362,518</u>	<u>\$ 25,040,384</u>	<u>\$ 32,402,902</u>

b. Premiums receivable

The Group's average credit period for premiums receivable from sales of insurance policies is 60 days. No interest was charged on premiums receivable. In order to mitigate credit risk, the Group assigns a dedicated team responsible for credit decisions, credit approvals and other monitoring procedures to ensure that appropriate actions are taken to the collection of overdue premiums. In addition, the Group reviews the recoverable amount of the premium receivable on the balance sheet date to ensure that the uncollectible premiums have been properly deducted.

The Group measures the loss allowance for premiums receivable at an amount equal to lifetime ECLs. The expected credit losses on premiums receivable are estimated using a provision matrix prepared by reference to the past default experience of the customer, the customer's current financial position, economic condition of the industry in which the customer operates, as well as the GDP forecasts and industry outlook. As the Group's historical credit loss experience does not show significantly different loss patterns for different customer segments, the provision for loss allowance based on past due status is not further distinguished according to the Group's different customer base.

The Group writes off premiums receivable when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g., the counterparty is liquidating or the debt has been overdue for more than 360 days. For premiums receivable that have been written off, the Group continues to engage in enforcement activity to attempt to recover the receivables due. The recovery of the receivables due would be recognized in profit or loss.

The Group measures the loss allowance for premiums receivable at the higher outcome of the Regulations Governing the Procedures for Insurance Companies to Evaluate Assets and Deal with Non-performing/Non-accrual Loans or provision matrix. The movements of the loss allowance for premiums receivable were as follows:

For the Year Ended December 31, 2023						
	Stage 1 12-month Expected Credit Losses	Stage 2 Lifetime Expected Credit Losses	Stage 3 Lifetime Expected Credit Losses	Total of Impairment Recognized in Accordance with IFRS 9	Difference from Impairment Recognized in Accordance with the Regulations Governing the Procedures for Insurance Companies to Evaluate Assets and Deal with Non-performing/ Non-accrual Loans	Total
Beginning balance	\$ -	\$ -	\$ -	\$ -	\$ 2,212,650	\$ 2,212,650
Impairment loss (reversed) recognized on receivables	<u>257,018</u>	<u>-</u>	<u>-</u>	<u>257,018</u>	<u>2,581,058</u>	<u>2,838,076</u>
Ending balance	<u>\$ 257,018</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 257,018</u>	<u>\$ 4,793,708</u>	<u>\$ 5,050,726</u>
For the Year Ended December 31, 2022						
	Stage 1 12-month Expected Credit Losses	Stage 2 Lifetime Expected Credit Losses	Stage 3 Lifetime Expected Credit Losses	Total of Impairment Recognized in Accordance with IFRS 9	Difference from Impairment Recognized in Accordance with the Regulations Governing the Procedures for Insurance Companies to Evaluate Assets and Deal with Non-performing/ Non-accrual Loans	Total
Beginning balance	\$ 2,955,771	\$ -	\$ -	\$ 2,955,771	\$ 2,022,267	\$ 4,978,038
Impairment loss (reversed) recognized on receivables	<u>(2,955,771)</u>	<u>-</u>	<u>-</u>	<u>(2,955,771)</u>	<u>190,383</u>	<u>(2,765,388)</u>
Ending balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,212,650</u>	<u>\$ 2,212,650</u>

The aging of premiums receivable was as follows:

	<b>December 31</b>	
	<b>2023</b>	<b>2022</b>
0-90 days	\$ 187,288,006	\$ 86,683,964
91-180 days	2,568,765	4,513,183
181-360 days	1,305,658	291,616
More than 360 days	<u>52,401</u>	<u>17,225</u>
	<u>\$ 191,214,830</u>	<u>\$ 91,505,988</u>

The above aging schedule was based on the past due days.

c. Claims recoverable from reinsurers

The Group's average credit period for claims recoverable from reinsurers is 180 days. In determining the recoverability of claims recoverable from reinsurers, the Group considered any changes in the credit quality of the claims recoverable from reinsurers since the date credit was initially granted to the end of the reporting period. For claims recoverable from reinsurers, the Group estimated the irrecoverable amount based on the default histories and the financial position of reinsurers.

The Group assessed the potential reinsurer's credit rating based on external credit rating system before ceding in or out insurance policies. The Group should assess the credit rating of reinsurers at least twice a year to determine if their credit ratings conformed to the requirements of the Insurance Bureau. If the rating results were not satisfactory, the Group will recognize additional reserve for unqualified ceded reinsurance.

There were no claims recoverable from reinsurers past due at the end of each reporting period without recognized loss allowance. Moreover, the Group had the legal right to offset the claims recoverable from reinsurers against due to reinsurers and ceding companies of the same reinsurer.

The aging of claims recoverable from reinsurers was as follows:

	<b>December 31</b>	
	<b>2023</b>	<b>2022</b>
0-180 days	\$ 105,629,951	\$ 102,055,246
181-270 days	-	-
More than 270 days	<u>-</u>	<u>-</u>
	<u>\$ 105,629,951</u>	<u>\$ 102,055,246</u>

The above aging schedule was based on the posted date.

The movements of the loss allowance for claims recoverable from reinsurer were as follows:

	<b>For the Year Ended December 31</b>	
	<b>2023</b>	<b>2022</b>
Beginning balance	\$ -	\$ -
Less: Impairment loss reversed on receivables	<u>-</u>	<u>-</u>
Ending balance	<u>\$ -</u>	<u>\$ -</u>

d. Due from reinsurers and ceding companies

The Group's average credit period for due from reinsurers and ceding companies is 180 days. In determining the recoverability of due from reinsurers and ceding companies, the Group considered any changes in the credit quality of the due from reinsurers and ceding companies since the date credit was initially granted to the end of the reporting period. For due from reinsurers and ceding companies, the Group estimated the irrecoverable amount based on the default histories and the financial position of reinsurers.

The Group assessed the potential reinsurer's credit rating based on external credit rating system before ceding in or out insurance policies. The Group should assess the credit rating of reinsurers at least twice a year to determine if their credit ratings conformed to the requirements of the Insurance Bureau. If the rating results were not satisfactory, the Group will recognize additional reserve for unqualified ceded reinsurance.

There were no due from reinsurers and ceding companies past due at the end of each reporting period without recognized loss allowance. Moreover, the Group had the legal right to offset the claims recoverable from reinsurers against due to reinsurers and ceding companies of the same reinsurer.

The aging of due from reinsurers and ceding companies was as follows:

	<b>December 31</b>	
	<b>2023</b>	<b>2022</b>
0-180 days	\$ 81,286,619	\$ 23,661,603
181-270 days	942,818	185,464
More than 270 days	<u>4,352,203</u>	<u>6,289,186</u>
	<u>\$ 86,581,640</u>	<u>\$ 30,136,253</u>

The above aging schedule was based on the posted date.

The movements of the loss allowance for due from reinsurers and ceding companies were as follows:

	<b>For the Year Ended December 31</b>	
	<b>2023</b>	<b>2022</b>
Beginning balance	\$ 6,474,650	\$ 3,428,272
Add: Impairment loss recognized on receivables	<u>(1,179,629)</u>	<u>3,046,378</u>
Ending balance	<u>\$ 5,295,021</u>	<u>\$ 6,474,650</u>

### 13. HELD FOR SALE ASSETS

	<b>December 31, 2022</b>
Cost	
Land and buildings	<u>\$ 50,389,480</u>

On August 26, 2022, the board of directors of the company approved to disposal of Zhubei investment property, so the investment property is reclassified as assets held for sale and presented separately in the balance sheet. The company has signed the real estate sales contract on January 17, 2023, and the sale price was \$130,370,000, the transfer is expected to be completed on February 24, 2023 with the disposal benefits are \$75,318,348 recognized in investment property profit.

## 14. SUBSIDIARY

### Subsidiary Included in the Consolidated Financial Statements

Investor	Investee	Nature of Activities	Proportion of Ownership (%)		Remark
			2023	2022	
Tokio Marine Nawa Insurance Co., Ltd.	Nawa Insurance (Cambodia) Plc.	Property insurance	42.35	42.35	a) and b)

#### Remarks:

- On June 30, 2022, Nawa Corporation processed a cash capital increase of US\$500,000 (approximately NT\$14,860,000), including 500 shares. The company did not participate in the subscription, which results in the shareholding ratio decrease from 45% to 42.35%; and the increase in net equity of \$1,084,065, because the Company did not subscribe according to the shareholding ratio was adjusted under the capital reserve. However, the Group had control over Nawa Company and deems it a subsidiary.
- Nawa Company is an immaterial subsidiary; as of the date the consolidated financial statements were authorized for issue, its financial statements have not been audited. Management believes there will be no material impact on the consolidated financial statements if they were to be audited.

## 15. PROPERTY AND EQUIPMENT

	Land	Buildings	Office Equipment	Transportation Equipment	Miscellaneous Equipment	Leasehold Improvements	Prepayments for Equipment	Total
<b>Cost</b>								
Balance at January 1, 2022	\$ 886,909,558	\$ 509,375,520	\$ 273,554,563	\$ 13,216,040	\$ 6,978,521	\$ 29,546,107	\$ 19,568,782	\$ 1,739,149,091
Additions	-	441,609	20,900,088	2,480,000	-	3,828,573	42,590,118	70,240,388
Reclassified	-	-	-	-	-	-	(4,121,854)	(4,121,854)
Disposals	-	-	(678,984)	-	-	(1,555,617)	-	(2,234,601)
Effect of foreign currency exchange differences	-	-	408,438	-	-	532,373	-	940,811
Balance at December 31, 2022	<u>\$ 886,909,558</u>	<u>\$ 509,817,129</u>	<u>\$ 294,184,105</u>	<u>\$ 15,696,040</u>	<u>\$ 6,978,521</u>	<u>\$ 32,351,436</u>	<u>\$ 58,037,046</u>	<u>\$ 1,803,973,835</u>
<b>Accumulated depreciation and impairment</b>								
Balance at January 1, 2022	\$ -	\$ 189,331,539	\$ 211,146,946	\$ 7,424,531	\$ 5,713,933	\$ 23,815,887	\$ -	\$ 437,432,836
Disposals	-	-	(678,984)	-	-	(1,322,058)	-	(2,001,042)
Depreciation expenses	-	13,352,265	19,925,900	2,803,909	192,737	1,732,699	-	38,007,510
Effect of foreign currency exchange differences	-	-	290,883	-	-	405,484	-	696,367
Balance at December 31, 2022	<u>\$ -</u>	<u>\$ 202,683,804</u>	<u>\$ 230,684,745</u>	<u>\$ 10,228,440</u>	<u>\$ 5,906,670</u>	<u>\$ 24,632,012</u>	<u>\$ -</u>	<u>\$ 474,135,671</u>
Carrying amount at December 31, 2022	<u>\$ 886,909,558</u>	<u>\$ 307,133,325</u>	<u>\$ 63,499,360</u>	<u>\$ 5,467,600</u>	<u>\$ 1,071,851</u>	<u>\$ 7,719,424</u>	<u>\$ 58,037,046</u>	<u>\$ 1,329,838,164</u>
<b>Cost</b>								
Balance at January 1, 2023	\$ 886,909,558	\$ 509,817,129	\$ 294,184,105	\$ 15,696,040	\$ 6,978,521	\$ 32,351,436	\$ 58,037,046	\$ 1,803,973,835
Additions	-	2,548,403	29,719,695	7,181,018	-	4,916,298	27,157,144	71,522,558
Reclassified	-	785,110	6,300,000	-	-	1,121,585	(29,230,183)	(21,023,488)
Disposals	-	-	(132,392)	(5,884,240)	-	-	-	(6,016,632)
Effect of foreign currency exchange differences	-	-	(242,843)	-	-	(156,273)	-	(399,116)
Balance at December 31, 2023	<u>\$ 886,909,558</u>	<u>\$ 513,150,642</u>	<u>\$ 329,828,565</u>	<u>\$ 16,992,818</u>	<u>\$ 6,978,521</u>	<u>\$ 38,233,046</u>	<u>\$ 55,964,007</u>	<u>\$ 1,848,057,157</u>
<b>Accumulated depreciation and impairment</b>								
Balance at January 1, 2023	\$ -	\$ 202,683,804	\$ 230,684,745	\$ 10,228,440	\$ 5,906,670	\$ 24,632,012	\$ -	\$ 474,135,671
Disposals	-	-	(131,573)	(4,814,109)	-	-	-	(4,945,682)
Depreciation expenses	-	13,100,496	22,703,341	2,410,922	165,630	1,418,626	-	39,799,015
Effect of foreign currency exchange differences	-	-	(219,723)	-	-	(5,386,580)	-	(5,606,303)
Balance at December 31, 2023	<u>\$ -</u>	<u>\$ 215,784,300</u>	<u>\$ 253,036,790</u>	<u>\$ 7,825,253</u>	<u>\$ 6,072,300</u>	<u>\$ 20,664,058</u>	<u>\$ -</u>	<u>\$ 503,382,701</u>
Carrying amount at December 31, 2023	<u>\$ 886,909,558</u>	<u>\$ 297,366,342</u>	<u>\$ 76,791,775</u>	<u>\$ 9,167,565</u>	<u>\$ 906,221</u>	<u>\$ 17,568,988</u>	<u>\$ 55,964,007</u>	<u>\$ 1,344,674,456</u>

The above items of property and equipment are depreciated on a straight-line basis over their estimated useful lives as follows:

Buildings	
Main office building	33 to 50 years
Building decoration construction	40 to 50 years
Other construction	5 to 15 years
Office equipment	3 to 15 years
Transportation equipment	5 years
Miscellaneous equipment	3 to 10 years
Leasehold improvements	3 to 15 years

Refer to Note 28 for the amount of the real estates that set as loan guarantee.

## 16. LEASE ARRANGEMENTS

### a. Right-of-use assets

	<b>December 31</b>	
	<b>2023</b>	<b>2022</b>
<u>Carrying amount</u>		
Buildings	\$ 33,837,055	\$ 29,678,472
Transportation equipment	<u>10,877,735</u>	<u>17,500,233</u>
	<u>\$ 44,714,790</u>	<u>\$ 47,178,705</u>
	<b>For the Year Ended December 31</b>	
	<b>2023</b>	<b>2022</b>
Additions to right-of-use assets	<u>\$ 34,205,088</u>	<u>\$ 26,735,123</u>
Depreciation charge for right-of-use assets		
Buildings	\$ 27,138,784	\$ 25,079,214
Transportation equipment	<u>6,786,609</u>	<u>2,201,792</u>
	<u>\$ 33,925,393</u>	<u>\$ 27,281,006</u>

Except for the aforementioned addition and recognized depreciation, the Group did not have significant sublease or impairment of right-of-use assets during the years ended December 31, 2023 and 2022.

### b. Lease liabilities

	<b>December 31</b>	
	<b>2023</b>	<b>2022</b>
Carrying amount	<u>\$ 28,325,849</u>	<u>\$ 31,495,674</u>

Range of discount rate for lease liabilities was as follows:

	<b>December 31</b>	
	<b>2023</b>	<b>2022</b>
Buildings	0.55%-4.50%	0.55%-4.50%
Transportation equipment	0.55%-4.50%	0.55%-4.50%

c. Other lease information

Lease arrangements under operating leases for the leasing out of investment properties are set out in Note 17.

	<b>For the Year Ended December 31</b>	
	<b>2023</b>	<b>2022</b>
Expenses relating to short-term leases	<u>\$ 20,891,043</u>	<u>\$ 8,892,083</u>
Expenses relating to low-value asset leases	<u>\$ 18,688,512</u>	<u>\$ 9,126,047</u>
Total cash outflow for leases	<u>\$ (78,483,600)</u>	<u>\$ (49,721,004)</u>

The Group's leases of certain buildings and transportation equipment qualified as short-term leases and leases of certain office equipment qualified as low-value asset leases. The Group has elected to apply the recognition exemption and thus, did not recognize right-of-use assets and lease liabilities for these leases.

## 17. INVESTMENT PROPERTIES

	<b>December 31</b>	
	<b>2023</b>	<b>2022</b>
Completed investment properties	<u>\$ 1,765,616,584</u>	<u>\$ 1,775,941,955</u>

Except for depreciation recognized and disclosed on Note 13, the Group did not have significant addition and disposal of investment properties during the year ended December 31, 2023 and 2022.

	<b>Land</b>	<b>Buildings</b>	<b>Total</b>
<u>Cost</u>			
Balance at January 1, 2022	\$ 1,521,266,728	\$ 417,598,322	\$ 1,938,865,050
Reclassified to held for sale	<u>(21,875,000)</u>	<u>(45,884,949)</u>	<u>(67,759,949)</u>
Balance at December 31, 2022	<u>\$ 1,499,391,728</u>	<u>\$ 371,713,373</u>	<u>\$ 1,871,105,101</u>
<u>Accumulated depreciation</u>			
Balance at January 1, 2022	\$ -	\$ 101,384,952	\$ 101,384,952
Depreciation expenses	-	(17,370,469)	(17,370,469)
Reclassified to held for sale	<u>-</u>	<u>11,148,663</u>	<u>11,148,663</u>
Balance at December 31, 2022	<u>\$ -</u>	<u>\$ 95,163,146</u>	<u>\$ 95,163,146</u>
Carrying amount at December 31, 2022	<u>\$ 1,499,391,728</u>	<u>\$ 276,550,227</u>	<u>\$ 1,775,941,955</u>

(Continued)

	<b>Land</b>	<b>Buildings</b>	<b>Total</b>
<u>Cost</u>			
Balance at January 1, 2023	<u>\$ 1,499,391,728</u>	<u>\$ 371,713,373</u>	<u>\$ 1,871,105,101</u>
Balance at December 31, 2023	<u>\$ 1,499,391,728</u>	<u>\$ 371,713,373</u>	<u>\$ 1,871,105,101</u>
<u>Accumulated depreciation</u>			
Balance at January 1, 2023	\$ -	\$ 95,163,146	\$ 95,163,146
Depreciation expenses	<u>-</u>	<u>10,325,371</u>	<u>10,325,371</u>
Balance at December 31, 2023	<u>\$ -</u>	<u>\$ 105,488,517</u>	<u>\$ 105,488,517</u>
Carrying amount at December 31, 2023	<u>\$ 1,499,391,728</u>	<u>\$ 266,224,856</u>	<u>\$ 1,765,616,584</u> (Concluded)

The investment properties are depreciated using straight-line method over 50 years.

The determination of fair value as of December 31, 2023 was performed by an independent, qualified professional valuer, Zhenxing Lin, and the fair value was measured using Level 3 inputs. The valuation model was established by reference to the comparative approach and income approach. The significant unobservable inputs used include discount rate and fair value as appraised. However, the fair value of investment real estate on December 31, 2022 has not been evaluated by an independent appraiser and was solely measured by the Company's management using an evaluation model commonly used by market participants, with Level 3 input values. The determination of fair value is as follows:

	<u>December 31</u>	
	<b>2023</b>	<b>2022</b>
Fair value	<u>\$ 1,901,200,000</u>	<u>\$ 1,803,948,820</u>
Discount rate	3.575%	3.05%

The management of the Group assessed that there was no material change in the fair value on December 31, 2023 and 2022, compared to December 31, 2022 and 2021.

The investment properties were leased out for periods ranging from 1 to 15 years. The lessees do not have bargain purchase options to acquire the investment properties at the expiry of the lease periods.

The lessee of the investment property operated a hotel, whose business shrank sharply due to the impact of the COVID-19. Considering the development of the pandemic, the Group agreed to reduce the monthly rent from May 2020 to September 2021 and from June 2022 to August 2023, and signed a supplementary agreement with the lessee.

If the annualized rate of return of investment property does not reach the legal minimum rate of return (such as continuous increase in the amount of rent reduction, etc.), the company will report to the Insurance Bureau, FSC according to the "Regulations Governing Real Estate Investment by Insurance Enterprises".

The maturity analysis of lease payments receivable under operating leases of investment properties as of December 31, 2023 and 2022 was as follows:

	<b>December 31</b>	
	<b>2023</b>	<b>2022</b>
Year 1	\$ 57,878,766	\$ 60,914,028
Year 2	58,449,156	57,038,766
Year 3	58,185,249	57,609,156
Year 4	58,767,102	58,185,249
Year 5	46,676,564	105,443,666
Year 6 onwards	<u>-</u>	<u>-</u>
	<u>\$ 279,956,837</u>	<u>\$ 339,190,865</u>

Refer to Note 28 for the amount of investment properties that set as loan guarantee.

#### 18. REFUNDABLE DEPOSITS

	<b>December 31</b>	
	<b>2023</b>	<b>2022</b>
Statutory deposits (Notes 8 and 9)	\$ 1,916,519,632	\$ 2,300,732,418
Guarantee deposits for golf club membership	62,600,000	66,600,000
Guarantee deposits for bid bonds	25,000,000	20,000,000
Guarantee deposits for leasing contract	7,554,558	6,537,241
Others	<u>1,920,629</u>	<u>1,146,164</u>
	<u>\$ 2,013,594,819</u>	<u>\$ 2,395,015,823</u>

The statutory deposits are government bonds deposited in government financial institutions in accordance with the Insurance Act (Note 8). The coupon rates ranged from 0.125%-3.875% and 0.500%-3.875% as of December 31, 2023 and 2022, respectively.

#### 19. OTHER PAYABLES

	<b>December 31</b>	
	<b>2023</b>	<b>2022</b>
Bonuses	\$ 503,623,966	\$ 388,649,238
Covid insurance deferred interest	14,745,421	219,547,875
Advertising	9,824,148	6,057,624
Various taxes	15,886,562	12,548,732
Others	<u>172,067,112</u>	<u>211,097,570</u>
	<u>\$ 716,147,209</u>	<u>\$ 837,901,039</u>

## 20. SHORT-TERM DEBTS

	<u>December 31</u>	
	<u>2023</u>	<u>2022</u>
<u>Secured borrowings</u>		
Bank loans	\$ _____ -	\$ <u>3,909,000,000</u>

In order to meet the demand for huge amount of the short-term claims, the Group borrowed NT\$5 billion from financial institutions on June 10, 2022 with the approval of the administration. However, considering that the domestic epidemic situation is still at a plateau, the Group also applied to the administration on November 18, 2022 in order to adjust the quota from the current NT\$5 billion to NT\$15 billion, and was approved on December 1, 2022.

The Group signed a short-term financing contract of \$2,500,000,000 each with Taiwan Business Bank Co., Ltd., Chang Hwa Commercial Bank, Ltd. and KGI Bank on July 11, 2022, July 26, 2022 and February 8, 2023, respectively, the total amount is \$75,000,000,000, and provided relevant assets as guarantee for these loans. As of September 30, 2023, the Group had fully repaid its bank loans, and the self-use real estate mortgage was canceled on July 6, 2023. Please refer to Note 28 and Note 29.

## 21. RETIREMENT BENEFIT PLANS

### a. Defined contribution plan

The Company adopted a pension plan under the Labor Pension Act (LPA), which is a state-managed defined contribution plan. Under the LPA, the Company makes monthly contributions to employees' individual pension accounts at 6% of monthly salaries and wages.

### b. Defined benefit plan

The defined benefit plan adopted by the Company in accordance with the Labor Standards Act is operated by the government of the ROC. Pension benefits are calculated on the basis of the length of service and average monthly salaries of the 6 months before retirement. The Company contributes amounts equal to 4% of total monthly salaries and wages to a pension fund administered by the pension fund monitoring committee. Pension contributions are deposited in the Bank of Taiwan in the committee's name. Before the end of each year, the Group assesses the balance in the pension fund. If the amount of the balance in the pension fund is inadequate to pay retirement benefits for employees who conform to retirement requirements in the next year, the Group is required to fund the difference in one appropriation that should be made before the end of March of the next year. The pension fund is managed by the Bureau of Labor Funds, Ministry of Labor; the Group has no right to influence the investment policy and strategy.

The amounts included in the consolidated balance sheets in respect of the Group's defined benefit plan were as follows:

	<u>December 31</u>	
	<u>2023</u>	<u>2022</u>
Present value of defined benefit obligation	\$ 532,590,447	\$ 504,765,886
Fair value of plan assets	<u>(167,667,018)</u>	<u>(176,455,081)</u>
Net defined benefit liabilities	<u>\$ 364,923,429</u>	<u>\$ 328,310,805</u>

Movements in net defined benefit liabilities were as follows:

	<b>Present Value of the Defined Benefit Obligation</b>	<b>Fair Value of the Plan Assets</b>	<b>Net Defined Benefit Liabilities</b>
Balance at January 1, 2022	<u>\$ 569,650,240</u>	<u>\$(178,174,724)</u>	<u>\$ 391,475,516</u>
Service cost			
Current service cost	5,971,013	-	5,971,013
Prior service cost	-	-	-
Net interest expense (income)	<u>3,208,148</u>	<u>(1,015,596)</u>	<u>2,192,552</u>
Recognized in profit or loss	<u>9,179,161</u>	<u>(1,015,596)</u>	<u>8,163,565</u>
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(13,811,578)	(13,811,578)
Actuarial profit - changes in demographic assumptions	(1,023,772)	-	(1,023,772)
Actuarial profit - changes in financial assumptions	(41,435,457)	-	(41,435,457)
Actuarial profit - experience adjustments	<u>(11,996,194)</u>	<u>-</u>	<u>(11,996,194)</u>
Recognized in other comprehensive income	<u>(54,455,423)</u>	<u>(13,811,578)</u>	<u>(68,267,001)</u>
Contributions from the employer	<u>-</u>	<u>(3,061,275)</u>	<u>(3,061,275)</u>
Benefits paid	<u>(19,608,092)</u>	<u>19,608,092</u>	<u>-</u>
Balance at December 31, 2022	<u>504,765,886</u>	<u>(176,455,081)</u>	<u>328,310,805</u>
Service cost			
Current service cost	5,413,560	-	5,413,560
Prior service cost	-	-	-
Net interest expense (income)	<u>6,477,788</u>	<u>(2,329,207)</u>	<u>4,148,581</u>
Recognized in profit or loss	<u>11,891,348</u>	<u>(2,329,207)</u>	<u>9,562,141</u>
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(810,580)	(810,580)
Actuarial profit - changes in demographic assumptions	(118,916)	-	(118,916)
Actuarial profit - changes in financial assumptions	51,059,641	-	51,059,641
Actuarial profit - experience adjustments	<u>(6,316,353)</u>	<u>-</u>	<u>(6,316,353)</u>
Recognized in other comprehensive income	<u>44,624,372</u>	<u>(810,580)</u>	<u>43,813,792</u>
Contributions from the employer	<u>-</u>	<u>(16,763,309)</u>	<u>(16,763,309)</u>
Benefits paid	<u>(28,691,159)</u>	<u>28,691,159</u>	<u>-</u>
Balance at December 31, 2023	<u>\$ 532,590,447</u>	<u>\$(167,667,018)</u>	<u>\$ 364,923,429</u>

Through the defined benefit plan under the Labor Standards Act, the Company is exposed to the following risks:

- 1) Investment risk: The plan assets are invested in domestic and foreign equity and debt securities, bank deposits, etc. The investment is conducted at the discretion of the Bureau of Labor Funds, Ministry of Labor or under the mandated management. However, in accordance with relevant regulations, the return generated by plan assets shall not be below the interest rate for a 2-year time deposit with local banks.
- 2) Interest risk: A increase in the government bond interest rate will decrease the present value of the defined benefit obligation; however, this will be partially offset by a decrease in the return on the plans' debt investments.

- 3) Salary risk: The present value of the defined benefit obligation is calculated using the future salaries of plan participants. As such, an increase in the salaries of the plan participants will increase the present value of the defined benefit obligation.

The actuarial valuations of the present value of the defined benefit obligation were carried out by qualified actuaries. The significant assumptions used for the purposes of the actuarial valuations were as follows:

	<u>December 31</u>	
	<u>2023</u>	<u>2022</u>
<u>Managers</u>		
Discount rate	1.25%	1.17%
Expected rate of salary increase	2.27%	2.27%
<u>Employees</u>		
Discount rate	1.29%	1.32%
Expected rate of salary increase	3.50%	2.28%

If possible reasonable changes in each of the significant actuarial assumptions occur and all other assumptions remain constant, the present value of the defined benefit obligation will increase (decrease) as follows:

	<u>December 31</u>	
	<u>2023</u>	<u>2022</u>
Discount rate		
1% increase	<u>\$ (53,920,000)</u>	<u>\$ (51,192,000)</u>
1% decrease	<u>\$ 57,804,000</u>	<u>\$ 56,362,000</u>
Expected rate of salary increase/decrease		
1% increase	<u>\$ 56,364,000</u>	<u>\$ 55,530,000</u>
1% decrease	<u>\$ (53,164,000)</u>	<u>\$ (50,958,000)</u>

The sensitivity analysis presented above may not be representative of the actual changes in the defined benefit obligation as it is unlikely that changes in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

	<u>December 31</u>	
	<u>2023</u>	<u>2022</u>
<u>Managers</u>		
Expected contributions to the plans for the next year	<u>\$ -</u>	<u>\$ -</u>
Average duration of the defined benefit obligation	8 years	8 years
<u>Employees</u>		
Expected contributions to the plans for the next year	<u>\$ 887,000</u>	<u>\$ 1,039,000</u>
Average duration of the defined benefit obligation	11 years	12 years

## 22. EQUITY

### a. Share capital

	<b>December 31</b>	
	<b>2023</b>	<b>2022</b>
Number of shares authorized	<u>2,000,000,000</u>	<u>2,000,000,000</u>
Shares authorized	<u>\$ 20,000,000,000</u>	<u>\$ 20,000,000,000</u>
Number of shares issued and fully paid	<u>1,200,000,300</u>	<u>529,000,075</u>
Shares issued	<u>\$ 12,000,003,000</u>	<u>\$ 5,299,000,750</u>

On August 19, 2022, the special shareholders' meeting approved to revise the total capital to \$20,000,000,000 divided into 2,000,000,000 shares with a face value of \$10 per share.

On August 3, 2022, the Group's board of directors approved the reduction of paid-in capital of \$2,990,098,250 in accordance with Article 168-1 of the Corporation law to offset the accumulated deficit and eliminated 299,009,825 issued shares, with a par value of \$10 per share, and the capital reduction ratio was 99.99 %. The shareholders and their shares which were recorded in the shareholder list on the record date of the capital reduction will be eliminated in proportion to the shares, and about 999.99 shares will be reduced for every thousand shares, and was approved by the special shareholders' meeting on August 19, 2022. In addition, it has been approved by the Insurance Bureau, FSC on August 22, 2022, and the record date for capital reduction is on September 29, 2022.

On August 3, 2022, the Group's special directors' meeting approved to handle cash capital increase \$14,700,000,000, an increase 1,470,000,000 of issued shares, which was approved by the Insurance Bureau, FSC on August 22, 2022. The above-mentioned capital increase in cash were the issuance of new shares of NT\$12,081,000,000 in cash and the payment of NT\$2,619,000,000 in currency obligation claims. The record date for capital increase is on October 4, 2022, and the change registration was completed on November 7, 2022.

On November 18, 2022, the Group's special directors' meeting approved to increase capital in cash of \$5,299,000,000 and an increase 529,900,000 of issued shares, which was approved by the Insurance Bureau, FSC on November 23, 2022, and the record date for capital increase is on December 27, 2022.

On December 30, 2022, the Group's board of directors approved the reduction of paid-in capital of \$14,700,000,000 in accordance with Article 168-1 of the Corporation law to offset the accumulated deficit and eliminated 1,470,000,000 of issued shares, with a par value of \$10 per share, and the capital reduction ratio was 73.5%. The shareholders and their shares which were recorded in the shareholder list on the record date of the capital reduction will be eliminated in proportion to the shares. It was approved by the special shareholders' meeting on December 30, 2022, and the record date for capital reduction is on December 30, 2022.

On December 21, December 28 and December 30, 2022, the Group's board of directors and the special directors' meeting approved to increase capital in cash of \$8,000,000,000,000 and an increase 800,000,000 of issued shares, and the record date for capital increase is on March 25, 2023.

On April 28, 2023, the shareholders' meeting of the Group approved the reduction of the paid-in capital of \$13,298,997,750 to offset the accumulated deficit and eliminated 1,329,899,775,000 of issued shares in order to improve financial structure, with a par value of \$10, and the capital reduction ratio was 99.99%. The shareholders and their shares which were recorded in the shareholder list on the record date of the capital reduction will be eliminated in proportion to the shares, and the record date for capital reduction is on June 19, 2023.

On April 28, 2023, the Group's board of directors approved to increase capital in cash of \$12,000,000,000,000 and an increase 1,200,000,000 of issued shares, and the record date for capital increase is on June 20, 2023.

b. Capital surplus

	<u>December 31</u>	
	<u>2023</u>	<u>2022</u>
May be used to offset a deficit, distributed as <u>cash dividends or transferred to share capital</u>		
Excess of merger	\$ -	\$ 221,493,925
<u>May only be used to offset a deficit</u>		
Share of change in capital surplus of associates or joint venture	<u>1,084,065</u>	<u>1,084,065</u>
	<u>\$ 1,084,065</u>	<u>\$ 222,577,990</u>

Such capital surplus may be used to offset a deficit; in addition, when the Corporation has no deficit, such capital surplus may be distributed as cash dividends or transferred to share capital (limited to a certain percentage of the Corporation's capital surplus).

c. Retained earnings and dividend policy

Under the dividends policy as set forth in the amended Articles, where the Group made a profit in a fiscal year, the profit shall be first utilized for paying taxes, offsetting losses of previous years, setting aside as legal reserve 20% of the remaining profit, setting aside or reversing a special reserve in accordance with the laws and regulations, and then any remaining profit together with any undistributed retained earnings shall be used by the Group's board of directors as the basis for the proposing a distribution plan, which should be resolved in the shareholders' meeting for the distribution of dividends and bonuses to shareholders. In formulating its dividend policy, the Group considers both operating needs and the shareholders' interests. Thus, dividends are distributed only after the Group has reserved the cash requirement for future capital expenditures. For the policies on the distribution of compensation of employees and remuneration to directors, please refer to Note 23, e.

Appropriation of earnings to the legal reserve shall be made until the legal reserve equals the Group's paid-in capital. The legal reserve may be used to offset deficit. If the Group has no deficit and the legal reserve has exceeded 25% of the Group's paid-in capital, the excess may be transferred to capital or distributed in cash. However, under Rule No. 10202501991 issued by the FSC, the Group's legal reserve should exceed its paid-in capital and the Group should also satisfy other conditions required under the Rule before the Group can distribute its legal reserve by cash, and distribution shall be made only after the authority's approval under the Group Act Article 241.

Under Rule No. 10102508861, Rule No. 10402501001, Rule No. 10804932431 and Rule No. 10904939031 issued by the FSC and the directive titled "Questions and Answers for Special Reserves Appropriated Following Adoption of IFRSs", the Group should appropriate or reverse to a special reserve.

The offsetting of loss for 2023 had been proposed by the Group's board of directors on February 23, 2024. The offsetting of loss for 2023 were as follows:

	<b>For the Year Ended December 31, 2023</b>
Balance at January 1	\$ (25,616,081,155)
Net profit after tax for the current period	3,231,464,232
Remeasurement on defined benefit plan recognized in retained earnings	(35,051,034)
Gain on disposal in equity instruments at FVTOCI	192,893,615
Capital reduction to cover accumulated in 2023	13,298,997,750
Provision of legal reserve	-
Provision of special reserve (according to the Regulation Governing Insurance Enterprises on the Provision of Reserves)	(423,955,830)
Provision of Special reserve (Accidental Death and Disability Insurance for Travelers Insurance)	(7,462,948)
Reverse of special reserve (FinTech development)	<u>2,695,376</u>
Balance at December 31	<u>\$ (9,356,499,994)</u>

The offsetting of deficit for 2023 are subject to the resolution of the shareholders in their meeting to be held on May 2024.

The offsetting of loss for 2022 had been proposed by the Group's board of directors on February 23, 2023. The offsetting of loss for 2022 were as follows:

	<b>For the Year Ended December 31, 2022</b>
Balance at January 1	\$ 8,090
Net loss after tax for the current period	(47,075,676,522)
Remeasurement on defined benefit plan recognized in retained Earnings	54,613,601
Gain on disposal in equity instruments at FVTOCI	362,680,952
Capital reduction to cover accumulated deficit first in 2022	2,990,098,250
Capital reduction to cover accumulated deficit second in 2022	14,700,000,000
Provision of special reserve (according to the Regulation Governing Insurance Enterprises on the Provision of Reserves)	(341,683,155)
Provision of Special reserve (Accidental Death and Disability Insurance for Travelers Insurance)	(2,416,116)
Reverse of special reserve (FinTech development)	1,297,533
Reverse of special reserve (special reserve for major accidents)	1,120,076,338
Legal reserve to cover accumulated deficit	2,353,425,949
Capital surplus (consolidation surplus to cover accumulated deficit)	<u>221,493,925</u>
Balance at December 31	<u>\$ (25,616,081,155)</u>

The offsetting of deficit for 2022 had been proposed by shareholders' meeting on April 28, 2023.

The appropriation of earnings for 2021 approved in the shareholders' meetings on May 11, 2022 was as follows:

	<b>For the Year Ended December 31, 2021</b>
Legal reserve	<u>\$ 278,992,606</u>
Special reserve (according to the Regulation Governing Insurance Enterprises on the Provision of Reserves)	\$ 306,796,211
Special reserve (FinTech development)	(1,407,547)
Special reserve under Rule No. 10904939031 issued by the FSC	<u>868,215</u>
	<u>\$ 306,256,879</u>
Cash dividends	<u>\$ 809,718,809</u>
Cash dividends per share (NT\$)	<u>\$ 2.7080</u>

d. Special reserve

	<b>For the Year Ended December 31, 2023</b>				
	<b>Special Reserve</b>				
	<b>Catastrophic Event</b>	<b>Fluctuation of Risk</b>	<b>Others</b>	<b>Others</b>	<b>Total</b>
Beginning balance	\$ 136,283,232	\$ 2,683,834,940	\$ -	\$ 9,003,055	\$ 2,829,121,227
Provision	139,384,298	289,985,407	-	7,462,948	436,832,653
Recovery	-	(5,413,875)	-	(1,297,533)	(6,711,408)
Ending balance	<u>\$ 275,667,530</u>	<u>\$ 2,968,406,472</u>	<u>\$ -</u>	<u>\$ 15,168,470</u>	<u>\$ 3,259,242,472</u>

	<b>For the Year Ended December 31, 2022</b>				
	<b>Special Reserve</b>				
	<b>Catastrophic Event</b>	<b>Fluctuation of Risk</b>	<b>Others</b>	<b>Others</b>	<b>Total</b>
Beginning balance	\$ 1,120,076,338	\$ 2,478,435,017	\$ -	\$ 7,994,486	\$ 3,606,505,841
Provision	136,283,232	246,571,938	-	2,416,116	385,271,286
Recovery	(1,120,076,338)	(41,172,015)	-	(1,407,547)	(1,162,655,900)
Ending balance	<u>\$ 136,283,232</u>	<u>\$ 2,683,834,940</u>	<u>\$ -</u>	<u>\$ 9,003,055</u>	<u>\$ 2,829,121,227</u>

The newly recognized special reserve for catastrophic event and the special reserve for fluctuation of risk began to be reported as part of the special reserve under shareholders' equity at year-end. This portion of retained earnings cannot be used for any purpose. The net recognized amount as of December 31, 2023 and 2022 was \$423,955,830 and \$341,683,155, respectively.

According to Financial Supervisory Commission letter No. 1110431535, the self-retained indemnity for epidemic prevention-related commodities caused by severe special infectious pneumonia in 2022 complied with the significant accident regulations of various reserve deposit and withdrawal methods of the insurance industry, and the special reserves for major accidents were written off \$1,120,076,338 from the equity items according to the law.

e. Other equity items

Unrealized gain (loss) on financial assets at FVTOCI

	<b>Amount Before Tax</b>	<b>Related Income Tax</b>	<b>Amount After Tax</b>
Balance at January 1, 2022	\$ 993,170,287	\$ 10,902,590	\$ 1,004,072,877
Recognized for the year			
Unrealized gain (loss)			
Debt instruments	(475,747,271)	81,374,151	(394,373,120)
Equity instruments	(442,590,846)	23,114,714	(419,476,132)
Adjustments of loss allowance in debt instruments	(1,288,040)	-	(1,288,040)
Reclassification adjustment			
Disposal of investments in debt instruments	<u>355,628,265</u>	<u>(67,927,680)</u>	<u>287,700,585</u>
Other comprehensive income recognized for the year	<u>(563,997,892)</u>	<u>36,561,185</u>	<u>(527,436,707)</u>
Cumulative unrealized gain (loss) of equity instruments transferred to retained earnings due to disposal	<u>(315,217,177)</u>	<u>(47,463,775)</u>	<u>(362,680,952)</u>
Balance at December 31, 2022	<u>\$ 113,955,218</u>	<u>\$ -</u>	<u>\$ 113,955,218</u>
Balance at January 1, 2023	<u>\$ 113,955,218</u>	<u>\$ -</u>	<u>\$ 113,955,218</u>
Recognized for the year			
Unrealized gain (loss)			
Debt instruments	8,656,369	-	8,656,369
Equity instruments	332,995,292	-	332,995,292
Adjustments of loss allowance in debt instruments	(72,822)	-	(72,822)
Reclassification adjustment			
Disposal of investments in debt instruments	<u>5,621,220</u>	<u>-</u>	<u>5,621,220</u>
Other comprehensive income recognized for the year	<u>347,200,059</u>	<u>-</u>	<u>347,200,059</u>
Cumulative unrealized gain (loss) of equity instruments transferred to retained earnings due to disposal	<u>(192,893,615)</u>	<u>-</u>	<u>(192,893,615)</u>
Balance at December 31, 2023	<u>\$ 268,261,662</u>	<u>\$ -</u>	<u>\$ 268,261,662</u>

## 23. NET PROFIT (LOSS) BEFORE INCOME TAX

Net profit (loss) before income tax included the following:

### a. Interest income

	<b>For the Year Ended December 31</b>	
	<b>2023</b>	<b>2022</b>
Bank deposits	\$ 23,276,212	\$ 9,280,887
Reverse repurchase agreements collateralized by bonds	4,596,752	6,584,489
Investments in debt instruments at FVTOCI	3,720,908	43,658,219
Financial assets at amortized cost	26,870,018	25,171,962
Other financial assets	<u>48,087,881</u>	<u>11,444,591</u>
	<u>\$ 106,551,771</u>	<u>\$ 96,140,148</u>

### b. Finance costs

	<b>For the Year Ended December 31</b>	
	<b>2023</b>	<b>2022</b>
Other operating costs		
Bank loan interest	\$ 51,063,468	\$ 15,093,228
Loan interest from related parties	-	10,244,595
Interest from issuance of commercial paper	<u>12,906,200</u>	<u>-</u>
	<u>63,969,668</u>	<u>25,337,823</u>
Other non-operating expenses		
Interest on lease liabilities	<u>1,064,972</u>	<u>402,644</u>
	<u>\$ 65,034,640</u>	<u>\$ 25,740,467</u>

### c. Operating expenses directly related to investment properties

	<b>For the Year Ended December 31</b>	
	<b>2023</b>	<b>2022</b>
Direct operating expenses of investment properties generating rental income	\$ 20,656,485	\$ 17,355,167
Direct operating expenses of investment properties not generating rental income	<u>-</u>	<u>-</u>
	<u>\$ 20,656,485</u>	<u>\$ 17,355,167</u>

### d. Summary statement of employee benefit, depreciation and amortization expenses by function

	<b>For the Year Ended December 31</b>					
	<b>2023</b>			<b>2022</b>		
	<b>Operating Costs</b>	<b>Operating Expenses</b>	<b>Total</b>	<b>Operating Costs</b>	<b>Operating Expenses</b>	<b>Total</b>
Employee benefit expenses						
Salary and wages	\$ 447,620,956	\$ 1,356,820,421	\$ 1,804,441,377	\$ 427,916,923	\$ 1,243,434,273	\$ 1,671,351,196
Labor and health insurance	-	124,519,863	124,519,863	-	122,668,155	122,668,155
Pension expenses	-	61,503,883	61,503,883	-	59,481,105	59,481,105
Remuneration of directors	-	9,847,930	9,847,930	-	11,640,000	11,640,000
Other employee benefits	<u>-</u>	<u>50,970,703</u>	<u>50,970,703</u>	<u>-</u>	<u>56,737,157</u>	<u>56,737,157</u>
	<u>\$ 447,620,956</u>	<u>\$ 1,603,662,800</u>	<u>\$ 2,051,283,756</u>	<u>\$ 427,916,923</u>	<u>\$ 1,493,960,690</u>	<u>\$ 1,921,877,613</u>
Depreciation expenses	<u>\$ 10,325,371</u>	<u>\$ 73,724,408</u>	<u>\$ 84,049,779</u>	<u>\$ 11,148,663</u>	<u>\$ 65,288,516</u>	<u>\$ 76,437,179</u>
Amortization expenses	<u>\$ -</u>	<u>\$ 25,203,399</u>	<u>\$ 25,203,399</u>	<u>\$ -</u>	<u>\$ 24,341,796</u>	<u>\$ 24,341,796</u>

The salary structure of the Group adheres to the principle of internal balance and external fairness for overall planning. Refer to Note 23, d. of the parent company only financial statements.

e. Compensation of employees and remuneration of directors

According to the Company's Articles, the Company accrues compensation of employees and remuneration of directors at rates of no less than 0.1% and no higher than 0.5%, respectively, of net profit before income tax, compensation of employees, and remuneration of directors. If the company still has accumulated losses, it should reserve the compensation amount in advance and then allocate employee remuneration and director remuneration in accordance with the proportion mentioned above. There were accumulated losses as of December 31, 2023 and 2022, so the remuneration of employees and directors was not estimated.

If there is a change in the amounts after the annual consolidated financial statements are authorized for issue, the differences are recorded as a change in the accounting estimate.

f. (Losses) gains on foreign currency exchange

	<b>For the Year Ended December 31</b>	
	<b>2023</b>	<b>2022</b>
Exchange gain (loss) on investment	\$ -	\$ 220,459,846
Other exchange (loss) gain	<u>2,239,968</u>	<u>(4,706,157)</u>
	<u>\$ 2,239,968</u>	<u>\$ 215,753,689</u>

g. Disbursements to the Industry Stability Fund

The disbursement of voluntary insurance is made to "Property Insurance Stabilization Fund Committees" in accordance with Rule No. 1110000482 and Rule No. 1100000503 and Standard of Life and Property Insurance Industry Stabilization Fund issued by the FSC.

The disbursement of compulsory automobile liability insurance is made in accordance with Rule No. 10602526851 and Premium Table of Compulsory Automobile Liability Insurance issued by the FSC.

## 24. INCOME TAX

a. Income tax recognized in profit or loss

Major components of tax expense (benefit) are as follows:

	<b>For the Year Ended December 31</b>	
	<b>2023</b>	<b>2022</b>
Current tax		
In respect of the current year	\$ 29,187,581	\$ 1,920,105
Adjustments for prior years	<u>263,888</u>	<u>3,620,788</u>
	<u>29,451,469</u>	<u>5,540,893</u>
Deferred tax		
In respect of the current year	729,866,976	(2,819,242,395)
Adjustments for prior years	<u>-</u>	<u>-</u>
	<u>729,866,976</u>	<u>(2,819,242,395)</u>
Income tax (benefit) expense recognized in profit or loss	<u>\$ 759,318,445</u>	<u>\$ (2,813,701,502)</u>

A reconciliation of accounting profit and tax expense (benefit) is as follows:

	<b>For the Year Ended December 31</b>	
	<b>2023</b>	<b>2022</b>
(Loss) profit before tax from continuing operations	<u>\$ 3,992,592,177</u>	<u>\$ (49,892,358,055)</u>
Income tax (benefit) expense calculated at the statutory rate	\$ 798,518,435	\$ (9,978,471,611)
Tax-exempt income	(34,443,291)	-
Nondeductible expenses in determining taxable income	(1,381,277)	(17,076,643)
Unrecognized deductible temporary differences	(32,000,272)	7,176,093,874
Land value increment tax	1,952,929	-
Income Basic Tax	24,911,057	-
Effect of different tax rates of group entities operating in other jurisdictions	1,496,976	2,132,090
Adjustments for prior years' tax	<u>263,888</u>	<u>3,620,788</u>
Income tax (benefit) expense recognized in profit or loss	<u>\$ 759,318,445</u>	<u>\$ (2,813,701,502)</u>

b. Income tax recognized in other comprehensive income

	<b>For the Year Ended December 31</b>	
	<b>2023</b>	<b>2022</b>
<u>Deferred tax</u>		
In respect of the current year		
Remeasurement of defined benefit plans	\$ 8,762,758	\$ (13,653,400)
Fair value changes of financial assets at FVTOCI	<u>-</u>	<u>36,561,185</u>
Total income tax expense (benefit) recognized in other comprehensive income	<u>\$ 8,762,758</u>	<u>\$ 22,907,785</u>

c. Deferred tax assets and liabilities

The movements of deferred tax assets and deferred tax liabilities were as follows:

For the year ended December 31, 2023

	Opening Balance	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Recognized Directly in Equity	Others	Closing Balance
<u>Deferred tax assets</u>						
Temporary differences						
Defined benefit obligations	\$ 26,887,012	\$ -	\$ 8,762,758	\$ -	\$ -	\$ 35,649,770
Loss carryforwards	<u>2,953,000,000</u>	<u>(729,866,976)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,223,133,024</u>
	<u>\$ 2,979,887,012</u>	<u>\$ (729,866,976)</u>	<u>\$ 8,762,758</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,258,782,794</u>
<u>Deferred tax liabilities</u>						
Temporary differences						
FVTPL financial assets	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

For the year ended December 31, 2022

	Opening Balance	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Recognized Directly in Equity	Others	Closing Balance
<u>Deferred tax assets</u>						
Temporary differences						
Unrealized exchange gain or loss	\$ 37,525,504	\$ (37,525,504)	\$ -	\$ -	\$ -	\$ -
Investment accounted for using the equity method	3,394,404	(3,394,404)	-	-	-	-
Deferred golf card fees	1,400,000	(1,400,000)	-	-	-	-
FVTOCI financial assets	11,410,119	(47,971,304)	36,561,185	-	-	-
Provisions	1,390,652	(1,390,652)	-	-	-	-
Defined benefit obligations	86,614,558	(46,074,146)	(13,653,400)	-	-	26,887,012
Unrealized impairment loss	2,200,000	(2,200,000)	-	-	-	-
Loss carryforwards	-	2,953,000,000	-	-	-	2,953,000,000
	<u>\$ 143,935,237</u>	<u>\$ 2,813,043,990</u>	<u>\$ 22,907,785</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,979,887,012</u>
<u>Deferred tax liabilities</u>						
Temporary differences						
FVTPL financial assets	<u>\$ 6,198,405</u>	<u>\$ (6,198,405)</u>	<u>\$ (11,921,134)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

- d. Deductible temporary differences for which no deferred tax assets have been recognized in the consolidated balance sheets

	<u>December 31</u>	
	<u>2023</u>	<u>2022</u>
Loss carryforwards	\$ 35,163,231,663	\$ 35,578,367,305
Others	279,380,170	275,461,293
Reserve for operating loss	101,904,733	101,904,733
Loss allowance of receivables	<u>23,724,295</u>	<u>34,669,309</u>
	<u>\$ 35,568,240,861</u>	<u>\$ 35,990,402,640</u>

- e. Income tax assessments

The income tax returns through 2021 of the Company have been assessed by the tax authorities.

## 25. EARNINGS PER SHARE

	<u>For the Year Ended December 31</u>	
	<u>2023</u>	<u>2022</u>
Basic earnings (loss) per share	<u>\$ 5.04</u>	<u>\$ (47,075,676,522.00)</u>
Diluted earnings (loss) per share	<u>\$ 5.04</u>	<u>\$ (47,075,676,522.00)</u>

For the calculation of earnings (losses) per share, the impact of capital reduction to cover the deficit has been adjusted retrospectively, with the capital reduction base date set on September 29, 2022 and December 30, 2022 and June 19, 2023. The changes in basic and diluted EPS due to retroactive adjustment for 2022 were as follow:

	<u>2022</u>	
	<u>Retrospective Adjustment Before</u>	<u>Retrospective Adjustment After</u>
Basic loss per share	<u>\$ (6,484.31)</u>	<u>\$ (47,075,676,522.00)</u>
Diluted loss per share	<u>\$ (6,484.31)</u>	<u>\$ (47,075,676,522.00)</u>

	<b>For the Year Ended December 31</b>	
	<b>2023</b>	<b>2022</b>
Profit (loss) for the period attributable to owners of the Company	\$ 3,231,464,232	\$(47,075,676,522)
Effect of potentially dilutive ordinary shares		
Compensation of employees	-	-
Earnings (loss) used in the computation of diluted earnings per share	<u>\$ 3,231,464,232</u>	<u>\$(47,075,676,522)</u>

The weighted average number of ordinary shares outstanding used in the computation of earnings per share was as follows:

	<b>For the Year Ended December 31</b>	
	<b>2023</b>	<b>2022</b>
Weighted average number of ordinary shares used in the computation of basic earnings per share	641,096,351	1
Effect of potentially dilutive ordinary shares		
Compensation of employees (Note)	-	-
Weighted average number of ordinary shares used in the computation of diluted earnings per share	<u>641,096,351</u>	<u>1</u>

Note: Basic loss per share is consistent with diluted loss per share for the year ended December 31, 2022 because of the losses incurred.

## 26. FINANCIAL INSTRUMENTS

### a. Fair value of financial instruments not measured at fair value

December 31, 2023

	Carrying Amount	Fair Value			Total
		Level 1	Level 2	Level 3	
<u>Financial assets</u>					
Financial assets at amortized cost					
Domestic corporate bonds	\$ 924,768,508	\$ -	\$ 920,770,875	\$ -	\$ 920,770,875
Domestic financial bonds	601,180,104	-	599,462,150	-	599,462,150
Refundable deposits-statutory deposits					
Investments in debt instruments					
Domestic government bonds	1,348,047,782	-	1,349,961,600	-	1,349,961,600

December 31, 2022

	Carrying Amount	Fair Value			Total
		Level 1	Level 2	Level 3	
<u>Financial assets</u>					
Financial assets at amortized cost					
Domestic corporate bonds	\$ 949,758,239	\$ -	\$ 945,132,150	\$ -	\$ 945,132,150
Domestic financial bonds	601,248,481	-	599,086,300	-	599,086,300
Refundable deposits-statutory deposits					
Investments in debt instruments					
Domestic government bonds	1,084,768,467	-	1,089,703,200	-	1,089,703,200

b. Fair value of financial instruments measured at fair value on a recurring basis

1) Fair value hierarchy

December 31, 2023

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Mutual funds	\$ -	\$ -	\$ 501,990,336	\$ 501,990,336
Others	-	12,742	-	12,742
	<u>\$ -</u>	<u>\$ 12,742</u>	<u>\$ 501,990,336</u>	<u>\$ 502,003,078</u>
Financial assets at FVTOCI				
Investments in equity instruments				
Domestic listed shares	\$ 1,365,036,900	\$ -	\$ -	\$ 1,365,036,900
Domestic unlisted shares	-	-	452,078,930	452,078,930
	<u>\$ 1,365,036,900</u>	<u>\$ -</u>	<u>\$ 452,078,930</u>	<u>\$ 1,817,115,830</u>
Investments in debt instruments				
Domestic government bonds	\$ -	\$ 154,887,150	\$ -	\$ 154,887,150
Refundable deposits-statutory deposits				
Investments in debt instruments				
Domestic government bonds	<u>\$ -</u>	<u>\$ 546,978,350</u>	<u>\$ -</u>	<u>\$ 546,978,350</u>

December 31, 2022

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Mutual funds	\$ -	\$ -	\$ 440,183,127	\$ 440,183,127
Others	-	12,742	-	12,742
	<u>\$ -</u>	<u>\$ 12,742</u>	<u>\$ 440,183,127</u>	<u>\$ 440,195,869</u>
Financial assets at FVTOCI				
Investments in equity instruments				
Domestic listed shares	\$ 1,306,394,600	\$ -	\$ -	\$ 1,306,394,600
Domestic unlisted shares	-	-	460,589,953	460,589,953
	<u>\$ 1,306,394,600</u>	<u>\$ -</u>	<u>\$ 460,589,953</u>	<u>\$ 1,766,984,553</u>
Refundable deposits-statutory deposits				
Investments in debt instruments				
Domestic government bonds	<u>\$ -</u>	<u>\$ 1,194,465,950</u>	<u>\$ -</u>	<u>\$ 1,194,465,950</u>

There were no transfers between Levels 1 and 2 in the current and prior period.

2) Reconciliation of Level 3 fair value measurements of financial instruments

For the year ended December 31, 2023

<b>Financial Assets</b>	<b>Financial Assets at FVTPL</b>	<b>Financial Assets at FVTOCI</b>	<b>Total</b>
Beginning balance	\$ 440,183,127	\$ 460,589,953	\$ 900,773,080
Recognized in profit or loss (included in gain (loss) on financial assets and liabilities at FVTPL)			
Realized	-	-	-
Unrealized	8,477,453	-	8,477,453
Recognized in other comprehensive income (included in unrealized gain (loss) on financial assets at FVTOCI)	-	(8,511,023)	(8,511,023)
Purchase	67,920,000	-	67,920,000
Return of shares	<u>(14,590,244)</u>	<u>-</u>	<u>(14,590,244)</u>
Ending balance	<u>\$ 501,990,336</u>	<u>\$ 452,078,930</u>	<u>\$ 954,069,266</u>

For the year ended December 31, 2022

<b>Financial Assets</b>	<b>Financial Assets at FVTPL</b>	<b>Financial Assets at FVTOCI</b>	<b>Total</b>
Beginning balance	\$ 245,018,511	\$ 460,770,006	\$ 705,788,517
Recognized in profit or loss (included in gain (loss) on financial assets and liabilities at FVTPL)			
Realized	(118,103,410)	-	(118,103,410)
Unrealized	20,374,412	-	20,374,412
Recognized in other comprehensive income (included in unrealized gain (loss) on financial assets at FVTOCI)	-	(180,053)	(180,053)
Purchase	<u>292,893,614</u>	<u>-</u>	<u>292,893,614</u>
Ending balance	<u>\$ 440,183,127</u>	<u>\$ 460,589,953</u>	<u>\$ 900,773,080</u>

<b>Financial Liabilities</b>	<b>Financial Liabilities at FVTPL</b>	<b>Financial Liabilities at FVTOCI</b>	<b>Total</b>
Beginning balance	\$ (981,555)	\$ -	\$ (981,555)
Recognized in profit or loss (included in gain (loss) on financial assets and liabilities at FVTPL)			
Realized	(84,407,440)	-	(84,407,440)
Unrealized	-	-	-
Purchase	<u>85,388,995</u>	<u>-</u>	<u>85,388,995</u>
Ending balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

3) Valuation techniques and inputs applied for Level 2 fair value measurement

<u>Financial Instruments</u>	<u>Valuation Techniques and Inputs</u>
Domestic convertible bonds	Quotation by Taipei Exchange
Domestic futures margin receivable	Settlement price of clearing margin provided by Taiwan Futures Exchange
Domestic government bonds	Quotation by Taipei Exchange
Domestic corporate bonds	Quotation by Taipei Exchange
Foreign corporate bonds	Reference to quotation by the investment systems

4) Valuation techniques and inputs applied for Level 3 fair value measurement

- a) Derivative instruments: The fair values of foreign exchange forward contracts are measured using quoted prices of swap point by counterparty at the end of the reporting period. There will be a reduction of fair value of the derivative instruments when the exchange rate appreciates. The Group enters into derivative instruments for hedging purposes (not under hedge accounting) but not for speculative purposes. Therefore, the Group does not perform sensitivity analysis for derivatives. For the sensitivity analysis of exchange rate risk, refer to Note 26, d.
- b) The fair values of mutual funds in a venture capital company were determined using the asset approach. In this approach, the net asset values were determined by assessing the total value of the individual assets and liabilities held by the investee under the going concern basis.
- c) The fair values of unlisted equity securities - ROC were determined using the income approach. In this approach, the discounted cash flow method was used to capture the present value of the expected future economic benefits to be derived from the ownership of these investees.

c. Categories of financial instruments

	<u>December 31</u>	
	<u>2023</u>	<u>2022</u>
<u>Financial assets</u>		
Financial assets at FVTPL		
Mandatorily classified as at FVTPL	\$ 502,003,078	\$ 440,195,869
Financial assets at amortized cost (1)	1,312,760,769	7,624,077,339
Financial assets at FVTOCI		
Equity instruments	1,817,115,830	1,766,984,553
Debt instruments	154,887,150	-
<u>Financial liabilities</u>		
Financial liabilities at amortized cost (2)	1,298,333,151	5,341,331,058

- 1) The balances include financial assets at amortized cost, which comprise cash and cash equivalents, investments in debt instruments, receivables, other financial assets, and refundable deposits.
- 2) The balances include financial liabilities at amortized cost, which comprise notes payable, claims payable, commissions and fees payable, due to reinsurers and ceding companies, and other payables (taxes are not included), short-term liabilities, refundable deposits and commercial paper.

d. Financial risk management objectives and policies

The Group's major financial instruments include investments in debt and equity instruments, receivables and claims payable. The Group's corporate investment department is responsible to coordinate access to domestic and international financial markets, monitor and manage the financial risks relating to the operations of the Group according to the procedures for risk identification, measurement, response, monitoring and control. These risks include market risk (including foreign currency risk, interest rate risk and price risk), credit risk and liquidity risk.

The Group seeks to minimize the effects of these risks by using derivative financial instruments to hedge risk exposures. The use of financial derivatives is governed by the Group's policies approved by the board of directors. Compliance with policies and exposure limits is reviewed by the internal auditors on a continuous basis. The Group did not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

The risk management committee, as appointed by the board of directors of the Company, assisted the board in monitoring, measuring, and evaluating the Group's financial risk at operational level. The committee is independent from the Group's investment department.

1) Market risk

The Group's activities exposed it primarily to the financial risks of changes in foreign currency exchange rates, interest rates and price.

a) Foreign currency risk

The Group has foreign currency assets and liabilities, which expose the Group to foreign currency risk. Exchange rate exposures are managed within approved policy parameters utilizing foreign exchange forward contracts. The value of hedging instruments does not exceed the value of hedged item.

Sensitivity analysis

This section assesses risk impact regarding the net portion of foreign currency assets and liabilities that have major impact on the Group. The net portion of foreign currency assets and liabilities includes the consideration of the impact of outstanding foreign exchange forward contracts.

The Group is mainly affected by the fluctuation of USD, EUR, GBP, NZD, JPY, HKD, AUD, SGD, CNY, and CAD.

The following table details the Group's sensitivity to a 1% increase and decrease in the New Taiwan dollar (the functional currency) against the relevant foreign currencies. The sensitivity rate of 1% is used when reporting foreign currency risk internally to key management personnel, as well as represents the evaluation for the reasonably possible extent of changes of foreign exchange by the management. The sensitivity analysis included only outstanding foreign currency denominated monetary items and foreign exchange forward contracts at the end of the reporting period tested for a 1% change in foreign currency rates. A positive (negative) number below indicates an increase (decrease) in pre-tax profit and other equity associated with New Taiwan dollars strengthening (weakening) 1% against the relevant currency.

	<b>For the Year Ended December 31</b>	
	<b>2023</b>	<b>2022</b>
Profit or loss for a 1% change		
USD	\$ (5,961,187)	\$ (2,150,669)
EUR	25,410	25,936
GBP	(3,971)	740
NZD	(7,798)	(6,177)
JPY	56,613	28,430
HKD	(2)	(3)
AUD	(27)	(1,069)
CNY	-	(533)
	<u>\$ (4,131,586)</u>	<u>\$ (2,103,345)</u>

b) Interest rate risk

The Group is exposed to fair value interest rate risk and cash flow interest rate risk because the Group holds assets and liabilities at both fixed and floating interest rates.

	<b>December 31</b>	
	<b>2023</b>	<b>2022</b>
Fair value interest rate risk		
Financial assets	\$ 12,147,838,308	\$ 4,552,236,367
Financial liabilities	28,325,849	31,495,674
Cash flow interest rate risk		
Financial assets	862,368,622	2,363,996,534

Sensitivity analysis

This section assesses the risk regarding the Group's financial assets and liabilities at both fixed and floating interest rates. The sensitivity analysis below was determined based on the Group's exposure to interest rates at the end of the reporting period. 1% change of the market interest rate is the reasonably possible extent of changes that the management considered relevant.

If interest rates had been 1% higher/lower, the fair value of the financial assets at fixed rates as of December 31, 2023 and 2022 would have decreased by \$25,407,531 and \$107,579,912, respectively.

c) Price risk

The Group was exposed to equity price risk through its investments in listed shares and mutual funds. Equity price exposures are managed within approved policy parameters utilizing futures contracts. The value of hedging instruments does not exceed the value of hedged item.

Sensitivity analysis

The sensitivity analysis below was determined based on the exposure to equity price risks at the end of the reporting period.

If equity prices had been 1% lower/higher, financial assets at FVTPL and FVTOCI as of December 31, 2023 and 2022 would have decreased by \$18,670,272 and \$17,465,777, respectively.

2) Credit risk

a) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Group. As at the end of the reporting period, the Group's maximum exposure to credit risk, which would cause a financial loss to the Group due to the failure of the counterparty to discharge its obligation and due to the financial guarantees provided by the Group, would be the carrying amount of the recognized financial assets as stated in the balance sheets.

The Group manages credit risk by carefully evaluating and periodically inspecting the credit level of counterparties, issuers, and guarantee agencies to ensure they are in accordance with the laws and regulations before the trades are made. After the trades, the Group manages credit risk by periodically inspecting the credit level of counterparties, issuers, guarantee agencies and risk exposure, to disclose the estimates of the credit level, expected credit loss and concentration of credit risk.

In addition, at the end of the reporting period, the Group checks the recoverable amount of the premiums receivable to ensure that credit losses of non-recoverable receivables are recognized appropriately and inspects the credit risk exposure status of the sales department.

After reviewing the credit profile of the credit section, the Group considers that the credit risk for the year is within an acceptable range.

The Group transacts with a large number of unrelated customers and thus, credit risk is not highly concentrated.

b) The movement of loss allowance

Reconciliation of loss allowance is summarized below:

i. Investments in debt instruments at FVTOCI

For the Year Ended December 31, 2023						
	Stage 1 12-month Expected Credit Losses	Stage 2 Lifetime Expected Credit Losses	Stage 3 Lifetime Expected Credit Losses	Total of Impairment Recognized in Accordance with IFRS 9	Difference from Impairment Recognized in Accordance with the Regulations Governing the Procedures for Insurance Companies to Evaluate Assets and Deal with Non-performing/ Non-accrual Loans	Total
Beginning balance	\$ 172,243	\$ -	\$ -	\$ 172,243	\$ -	\$ 172,243
New financial assets purchased	-	-	-	-	-	-
Derecognition	(67,948)	-	-	(67,948)	-	(67,948)
Change in risk parameters	(4,874)	-	-	(4,874)	-	(4,874)
Ending balance	<u>\$ 99,421</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 99,421</u>	<u>\$ -</u>	<u>\$ 99,421</u>

For the Year Ended December 31, 2022						
	Stage 1 12-month Expected Credit Losses	Stage 2 Lifetime Expected Credit Losses	Stage 3 Lifetime Expected Credit Losses	Total of Impairment Recognized in Accordance with IFRS 9	Difference from Impairment Recognized in Accordance with the Regulations Governing the Procedures for Insurance Companies to Evaluate Assets and Deal with Non-performing/ Non-accrual Loans	Total
Beginning balance	\$ 1,460,283	\$ -	\$ -	\$ 1,460,283	\$ -	\$ 1,460,283
New financial assets purchased	67,948	-	-	67,948	-	67,948
Derecognition	(1,160,889)	-	-	(1,160,889)	-	(1,160,889)
Change in risk parameters	(195,099)	-	-	(195,099)	-	(195,099)
Ending balance	<u>\$ 172,243</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 172,243</u>	<u>\$ -</u>	<u>\$ 172,243</u>

ii. Financial assets at amortized cost

For the Year Ended December 31, 2023						
	Stage 1 12-month Expected Credit Losses	Stage 2 Lifetime Expected Credit Losses	Stage 3 Lifetime Expected Credit Losses	Total of Impairment Recognized in Accordance with IFRS 9	Difference from Impairment Recognized in Accordance with the Regulations Governing the Procedures for Insurance Companies to Evaluate Assets and Deal with Non-performing/ Non-accrual Loans	Total
Beginning balance	\$ 440,232	\$ -	\$ -	\$ 440,232	\$ -	\$ 440,232
New financial assets purchased	-	-	-	-	-	-
Derecognition	-	-	-	-	-	-
Change in risk parameters	(26,081)	-	-	(26,081)	-	(26,081)
Ending balance	<u>\$ 414,151</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 414,151</u>	<u>\$ -</u>	<u>\$ 414,151</u>

For the Year Ended December 31, 2022

	Stage 1 12-month Expected Credit Losses	Stage 2 Lifetime Expected Credit Losses	Stage 3 Lifetime Expected Credit Losses	Total of Impairment Recognized in Accordance with IFRS 9	Difference from Impairment Recognized in Accordance with the Regulations Governing the Procedures for Insurance Companies to Evaluate Assets and Deal with Non-performing/ Non-accrual Loans	Total
Beginning balance	\$ 1,077,359	\$ -	\$ -	\$ 1,077,359	\$ -	\$ 1,077,359
New financial assets purchased	27,207	-	-	27,207	-	27,207
Derecognition	(222,528)	-	-	(222,528)	-	(222,528)
Change in risk parameters	(441,806)	-	-	(441,806)	-	(441,806)
Ending balance	<u>\$ 440,232</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 440,232</u>	<u>\$ -</u>	<u>\$ 440,232</u>

### 3) Liquidity risk

The Group manages liquidity risk by monitoring and maintaining a level of cash and cash equivalents deemed adequate to finance the Group's operations and mitigate the effects of fluctuations in cash flows. To cope with the liquidity needs of cases of epidemic prevention insurance, the Group had finished the fourth capital increase to maintain the company's liquidity before the end of June 2023. For the financial improvement and capital increase plan, please refer to Note 29.

As of December 31, 2023 and 2022, the Group had daily fund position (which include time deposits and investments in short-term bonds, less reserves for compulsory automobile liability insurance) of \$7,790,027,289 and \$200,079,500, respectively.

#### a) Liquidity and interest rate risk table for non-derivative financial liabilities

The following table details the Group's remaining contractual maturities for its non-derivative financial liabilities with agreed upon repayment periods. The table has been drawn up based on the undiscounted cash flows of financial liabilities from the earliest date on which the Group can be required to pay.

#### December 31, 2023

	On Demand or Less than 3 Months	3 Months to 1 Year	1-5 Years	More than 5 Years
<u>Non-derivative financial liabilities</u>				
Non-interest bearing	\$ 999,385,462	\$ 294,269,014	\$ 8,598,222	\$ -
Lease liabilities	1,678,864	6,670,517	28,051,453	-
	<u>\$ 1,001,064,326</u>	<u>\$ 300,939,531</u>	<u>\$ 36,649,675</u>	<u>\$ -</u>

#### December 31, 2022

	On Demand or Less than 3 Months	3 Months to 1 Year	1-5 Years	More than 5 Years
<u>Non-derivative financial liabilities</u>				
Non-interest bearing	\$ 1,195,103,478	\$ 212,086,804	\$ 8,482,910	\$ -
Lease liabilities	2,946,441	17,169,425	14,239,670	-
Short term debt	-	3,909,000,000	-	-
	<u>\$ 1,198,049,919</u>	<u>\$ 4,138,256,229</u>	<u>\$ 22,722,580</u>	<u>\$ -</u>

b) Liquidity and interest rate risk table for derivative financial liabilities

The following table details the Group's liquidity analysis for its derivative financial instruments. The table is based on the undiscounted contractual net cash inflows and outflows on derivative instruments that settle on a net basis, and the undiscounted gross inflows and outflows on those derivatives that require gross settlement. When the amount payable or receivable is not fixed, the amount disclosed is determined by reference to the projected interest rates as illustrated by the yield curves at the end of the reporting period.

There were no non-derivative commodity position for the years ended December 31, 2023 and 2022.

## 27. TRANSACTIONS WITH RELATED PARTIES

Details of transactions between the Group and related parties are as follows:

a. The Group's related parties and their relationships

<u>Related Party</u>	<u>Relationship with the Group</u>
Tokio Marine & Nichido Fire Insurance Co., Ltd. (Note)	Parent company
China Motor Corporation	Investors with significant influence over the Group
Yulon Motor Co., Ltd.	Investors with significant influence over the Group
Taiwan Acceptance Corporation	Investors with significant influence over the Group
Tokio Millennium Re AG, UK Branch	Sister company
Tokio Marine Insurance Singapore Ltd. (Note)	Sister company
Houston Casualty Company (Note)	Sister company
HCC International Insurance Company Plc (Note)	Sister company
Tokio Marine Kiln Insurance Ltd. (Note)	Sister company
Tokio Marine Asia Pte. Ltd.	Sister company
Fu Lun Motors Co., Ltd.	Other related party
Yuea Ching Business Co., Ltd.	Other related party
Shung Ye Motors Co., Ltd.	Other related party
Fortune Motors Co., Ltd.	Other related party
Shan-Li Co., Ltd.	Other related party
Sunlit Motors Company Ltd.	Other related party
Luxgen Taichung Motor Co., Ltd.	Other related party
Roc-Spicer Ltd.	Other related party
Diamond Leasing Service Co., Ltd.	Other related party
Y.M.Hi-Tech Industry Ltd.	Other related party
Yuan Jyh Motor Co., Ltd.	Other related party
Yuan Lon Motor Co., Ltd.	Other related party
Uni-Calsonic Corp.	Other related party
Uni Auto Parts Manufacture Co., Ltd.	Other related party
Wen-Sheng Co., Ltd.	Other related party
Luxgen Taipei Motor Co., Ltd.	Other related party
Tai Yuen Textile Co., Ltd.	Other related party
Diamond Hosiery & Thread Co., Ltd.	Other related party
Taiway Ltd.	Other related party

(Continued)

<b>Related Party</b>	<b>Relationship with the Group</b>
Roc-Keeper Industrial Ltd.	Other related party
Yulon It Solutions Inc.	Other related party
Advance Power Machinery Co., Ltd.	Other related party
Kian Shen Corporation	Other related party
Sin Chi Co., Ltd.	Other related party
Sinqual Technology Co., Ltd.	Other related party
Singan Co., Ltd.	Other related party
Sinjang Co., Ltd.	Other related party
Hong Shuo Cultural Enterprises, Co., Ltd.	Other related party
Coc Tooling & Stamping Co., Ltd.	Other related party
H. K. Manpower Co., Ltd.	Other related party
Shye Shyang Mechanical Industrial Co., Ltd.	Other related party
Hsieh-Chin Property Insurance Agency Co., Ltd.	Other related party
Fortune HS Leasing CO., LTD.	Other related party
Luxgen Tainan Motor Co., Ltd.	Other related party
Tang Li Enterprise Co., Ltd.	Other related party
Carplus Auto Leasing Corporation	Other related party
Luxgen Taoyuan Motor Co., Ltd.	Other related party
Luxgen Motor Co., Ltd.	Other related party
Yen-Tjing-Ling Foundation	Other related party
Luxgen Kaohsiung Motor Co., Ltd.	Other related party
Chang Yue Plastics Industrial Co., Ltd.	Other related party
Tian Wang Co., Ltd.	Other related party
Hsiang Shou Enterprise Co., Ltd.	Other related party
Lian Cheng Motor Co., Ltd.	Other related party
Hua-Chung Insurance Agency Co., Ltd.	Other related party
Hua-Chuang Automobile Information Technical Center Co., Ltd.	Other related party
Sino Diamond Motors Corporation	Other related party
China Engine Corporation	Other related party
Lin Wei Co., Ltd.	Other related party
Shunxin Automobile Co., Ltd.	Other related party
Hui-Lian Motor Co., Ltd.	Other related party
Shinshin Credit Corporation	Other related party
Empower Motors Co., Ltd.	Other related party
Yu-Min Property Insurance Agency Co., Ltd.	Other related party
Yu Chang Co., Ltd.	Other related party
Yu Sing Co., Ltd.	Other related party
Yu Tang Motor Co., Ltd.	Other related party
Yue Sheng Industrial Co., Ltd.	Other related party
Yu Rich Financial Services Co., Ltd.	Other related party
Yulon Nissan Motor Co., Ltd.	Other related party
Yulon Development Corp.	Other related party
Yulon Group Headquarters (Yulon Management)	Other related party
YES-Energy Service Co., Ltd.	Other related party
Yushin-Motor Co., Ltd.	Other related party
Yue Ki Industrial Co., Ltd.	Other related party
Chen Long Co., Ltd.	Other related party
CI Skylite Trading Co., Ltd.	Other related party
Ding Long Motor Co., Ltd.	Other related party
Carnival Industrial Corporation	Other related party

(Continued)

<b>Related Party</b>	<b>Relationship with the Group</b>
Brilliant Insight International Consultancy Service Co., Ltd.	Other related party
Greentrans Corporation	Other related party
Ching-Tong Motor Co., Ltd.	Other related party
Y-Teks Co., Ltd.	Other related party
Feng-Chan Motor Co., Ltd.	Other related party
Huei-sin Motor Co., Ltd.	Other related party
Kuen You Trading Co., Ltd.	Other related party
Yufong Property Management Co., Ltd.	Other related party
Da-Teng Traffic Co., Ltd.	Other related party
Fan-De Investment Co., Ltd.	Other related party
Da-Chuan Traffic Co., Ltd.	Other related party
Da-Jun Traffic Co., Ltd.	Other related party
Chung-Hsing Motor Co., Ltd	Other related party
Tianyang Transportation Co., Ltd	Other related party
Guoma Transportation Co., Ltd	Other related party
Fusion Motors Co., Ltd	Other related party
Jinyu Transportation Co., Ltd	Other related party
Liyang Automobile Co., Ltd	Other related party
Victory Motors Co., Ltd.	Other related party
He-Yang Transportation Co., Ltd	Other related party
Chia-Yu Transportation Enterprise Co., Ltd	Other related party
Yung-Hsiang Transportation Co., Ltd	Other related party
Myson Century, Inc.	Other related party
Foxtron Vehicle Technologies Co., Ltd.	Other related party
Vivian Wu Journalism Award Foundation	Other related party
Raising Motors Co., Ltd.	Other related party
Harmony Transportation Co., Ltd.	Other related party
Jinlian Co., Ltd.	Other related party
Foresight Motors Co., Ltd.	Other related party
Kai-sing Property Insurance Agency Co., Ltd.	Other related party
Others (including directors, supervisors, key management personnel and their spouses and relatives within the second degree)	Other related party
MG Motor Taiwan Co., Ltd.	Other related party
Yes charging service co., ltd.	Other related party
Xiangwei Investment Co., Ltd.	Other related party
Yuee Pong Business Co., Ltd.	Other related party
LER VIAN ENTERPRISE CO., LTD.	Other related party
LOOPLUS SERVICE TECHNOLOGY INC.	Other related party
Shi Mu CO., LTD.	Other related party
Bing Yu Co., Ltd.	Other related party
Toro Biotech Co., Ltd	Other related party
ADVANCISION CORPORATION	Other related party

(Concluded)

Note: After the capital increase record date of the Corporation on October 4, 2022, Tokio Marine New Insurance Co., Ltd. has held more than 50% of the shares of the Corporation, so it is listed as the parent company of the Corporation. In addition, Tokio Marine Insurance Singapore Ltd., Houston Casualty Company, HCC International Insurance Company Plc. and Tokio Marine Kiln Insurance Limited became sister companies of the Corporation.

b. Trading transactions

	<b>For the Year Ended December 31</b>	
	<b>2023</b>	<b>2022</b>
Premium revenues		
Parent company	\$ 36,418	\$ 36,530
Investors with significant influence over the Group	35,871,200	39,857,691
Key management personnel	2,358,946	2,526,732
Other related parties	<u>741,152,922</u>	<u>537,388,860</u>
	<u>\$ 779,419,486</u>	<u>\$ 579,809,813</u>
Reinsurance commission income		
Parent company	\$ 155,957,599	\$ 132,763,197
Sister company	<u>547,423</u>	<u>196,654</u>
	<u>\$ 156,505,022</u>	<u>\$ 132,959,851</u>
Claims recovered from reinsurers		
Parent company	\$ 539,749,845	\$ 121,790,611
Sister company	<u>11,077</u>	<u>2,924</u>
	<u>\$ 539,760,922</u>	<u>\$ 121,793,535</u>
Reinsurance premium outward		
Parent company	\$ 724,506,192	\$ 562,461,631
Sister company	<u>7,552,199</u>	<u>2,025,452</u>
	<u>\$ 732,058,391</u>	<u>\$ 564,487,083</u>
Claims incurred		
Investors with significant influence over the Group	\$ 1,126,164	\$ 500,307,821
Key management personnel	1,374,815	1,621,774
Other related parties	<u>1,389,116,816</u>	<u>674,481,611</u>
	<u>\$ 1,391,617,795</u>	<u>\$ 1,176,411,206</u>
Commission expenses		
Other related parties		
Hsieh-Chin Property Insurance Agency Co., Ltd.	\$ 252,162,892	\$ 256,005,953
Others	<u>88,921,555</u>	<u>79,291,673</u>
	<u>\$ 341,084,447</u>	<u>\$ 335,297,626</u>

(Continued)

	<b>For the Year Ended December 31</b>	
	<b>2023</b>	<b>2022</b>
Operating expenses		
Service expenses		
Other related parties	<u>\$ 9,852,450</u>	<u>\$ 9,787,354</u>
Roadside assistance expenses		
Other related parties		
Hsiang Shou Enterprise Co., Ltd.	<u>\$ 27,890,264</u>	<u>\$ 70,973,129</u>
Advertising expenses		
Investors with significant influence over the Group	\$ -	\$ 4,510,500
Other related parties		
Yulon Nissan Motor Co., Ltd.	52,088,856	41,857,036
Sino Diamond Motors Corporation	40,000,000	46,035,583
Others	<u>111,468,134</u>	<u>24,828,764</u>
	<u>\$ 123,556,990</u>	<u>\$ 117,231,883</u>
Rental expense		
Investors with significant influence over the Group	\$ -	\$ 393,120
Other related parties		
Fu-Lun Motors Co., Ltd.	3,495,744	\$ 3,284,064
Others	<u>399,574</u>	<u>49,950</u>
	<u>\$ 3,895,318</u>	<u>\$ 3,727,134</u>
Sponsorship fee		
Investors with significant influence over the Group	\$ 396,442	\$ 856,886
Key management personnel	-	2,704
Other related parties	<u>3,727,879</u>	<u>1,671,759</u>
	<u>\$ 4,124,321</u>	<u>\$ 2,531,349</u>
Labor fee		
Parent company	13,729,356	-
Other related parties	<u>560,000</u>	<u>-</u>
	<u>\$ 14,289,356</u>	<u>\$ -</u>
Non-operating income and expenses		
Revenue on the assistance in handling clients		
Parent company	<u>\$ 1,723,597</u>	<u>\$ 1,057,827</u>

(Concluded)

The following balances of receivables from related parties were outstanding at the end of the reporting period:

	<b>December 31</b>	
	<b>2023</b>	<b>2022</b>
Premiums receivable		
Investors that have significant influence over the Group	\$ 2,291,387	\$ 2,619,791
Key management personnel	59,932	30,675
Other related parties	<u>15,004,288</u>	<u>11,721,209</u>
	<u>\$ 17,355,607</u>	<u>\$ 14,371,675</u>
Claims recoverable from reinsurers		
Parent company	<u>\$ 16,887,243</u>	<u>\$ 17,256,313</u>
Ceded loss reserve		
Parent company	\$ 530,916,407	\$ 840,556,584
Sister company	<u>240,000</u>	<u>315,000</u>
	<u>\$ 531,156,407</u>	<u>\$ 840,871,584</u>
Payment on behalf of others (included in other assets)		
Parent company	<u>\$ 6,171,362</u>	<u>\$ 4,969,580</u>

The following balances of payables to related parties were outstanding at the end of the reporting period:

	<b>December 31</b>	
	<b>2023</b>	<b>2022</b>
Commissions and fees payable		
Other related parties		
Hsieh-Chin Property Insurance Agency Co., Ltd.	\$ 8,894,156	\$ 16,180,733
Others	<u>4,880,051</u>	<u>5,854,429</u>
	<u>\$ 13,774,207</u>	<u>\$ 22,035,162</u>
Due to reinsurers and ceding companies		
Parent company	\$ 64,303,083	\$ 152,935,357
Sister company	<u>4,131,926</u>	<u>1,730,606</u>
	<u>\$ 68,445,009</u>	<u>\$ 154,665,963</u>

The outstanding payables to related parties are unsecured and will be settled in cash. The outstanding receivables from related parties are unsecured. For the years ended December 31, 2023 and 2022, no impairment losses were recognized for the outstanding receivables from related parties.

c. Lease arrangement

<b>Related Party Category/Name</b>	<b>December 31</b>	
	<b>2023</b>	<b>2022</b>
<u>Acquisition of right-to-use assets</u>		
Other related parties		
Tian Wang Co., Ltd.	\$ 1,060,527	\$ 3,213,954
Shung Ye Motors Co., Ltd.	1,707,196	2,646,734
Hui-Hsin Motors Co., Ltd.	<u>9,331,570</u>	<u>14,825,230</u>
	<u>\$ 12,099,293</u>	<u>\$ 20,685,918</u>
<u>Lease liabilities</u>		
Other related parties		
Tian Wang Co., Ltd.	\$ 1,072,062	\$ 2,148,564
Shung Ye Motors Co., Ltd.	1,732,145	2,300,024
Hui-Hsin Motors Co., Ltd.	<u>9,408,780</u>	<u>14,416,740</u>
	<u>\$ 12,212,987</u>	<u>\$ 18,865,328</u>
	<b>For the Year Ended December 31</b>	
<b>Related Party Category/Name</b>	<b>2023</b>	<b>2022</b>
<u>Interest expense</u>		
Other related parties		
Tian Wang Co., Ltd.	\$ 25,077	\$ 14,610
Shung Ye Motors Co., Ltd.	46,603	13,290
Hui-Hsin Motors Co., Ltd.	<u>187,050</u>	<u>6,660</u>
	<u>\$ 258,730</u>	<u>\$ 34,560</u>

d. Remuneration of key management personnel

The remuneration of directors and key executives for the years ended December 31, 2023 and 2022 were as follows:

	<b>For the Year Ended December 31</b>	
	<b>2023</b>	<b>2022</b>
Short-term employee benefits	\$ 231,465,272	\$ 176,034,507
Post-employment benefits	8,774,827	7,880,534
Termination benefits	<u>12,819,600</u>	<u>1,238,400</u>
	<u>\$ 253,059,699</u>	<u>\$ 185,153,441</u>

The remuneration of directors and key executives, as determined by the remuneration committee, is based on the performance of individuals and market trends.

e. Borrowings from related parties

Interest expense

<b>Related Party Category/Name</b>	<b>December 31, 2022</b>
Parent Company	\$ 5,769,675
Investors that have significant influence over the Group	
China Motor Corporation	2,425,219
Yulon Motor Co., Ltd.	<u>2,049,701</u>
	<u>\$ 10,244,595</u>

Interest expenses are calculated based on the balance of outstanding loans multiplied by the one-year fixed interest rate of Chunghwa Post Co, with an annual interest rate of 3.3% to 3.4%. The interest rate that the Corporation borrowing from related parties is equivalent to the market interest rate. All loans from related parties are unsecured loans.

**28. PLEDGED ASSETS**

The following assets have been provided as collateral for financial borrowing:

	<b>December 31, 2022</b>
Pledge securities (financial assets at fair value through profit or loss)	\$ 972,665,600
Pledge securities (financial assets at amortized cost)	1,551,006,720
Self-used property	809,062,439
Investment property	<u>1,775,941,955</u>
	<u>\$ 5,108,676,714</u>

As of December 31, 2023, the Group had fully repaid the bank loans, and the self-use real estate mortgage was canceled on July 6, 2023.

**29. THE IMPACT OF SEVERE SPECIFIC INFECTIONS PNEUMONIA AND SUBSEQUENT MATTERS**

From January 1, 2023 to December 31, 2023, the insurance product “Statutory Infectious Disease Comprehensive Insurance” issued by the company due to severe special infectious pneumonia, and has an amount of direct insurance premium revenue of \$9,577, amount of claims incurred of \$13,202 million. As of December 31, 2023, the amount of loss reserves was \$42 million and the premium deficiency reserves was \$0 million. In addition, amount of claims incurred of this insurance product from January 1, 2024 to February 23, 2024 is \$18 million.

As of December 31, 2023, the financial improvement and capital increase plan of the Group to improve the financial structure and enrich the working capital in response to the requirements of laws and regulations and the competent authorities were as follows:

- a. On December 21, December 28 and December 30, 2022, the Group's board of directors and the special directors' meeting approved to increase capital in cash of \$8,000,000,000,000 and an increase 800,000,000 of issued shares, and the record date for capital increase is on March 25, 2023.
- b. On March 24, 2023, the Group's board of directors approved the reduction of the paid-in capital of \$13,298,997,750 to offset the accumulated deficit and eliminated 1,329,899,775,000 of issued shares in order to improve financial structure, and the capital reduction ratio was 99.99%. The reduction of the paid-in capital was approved in the shareholders' meetings on April 28, 2023, and the record date for capital reduction was determined by the board of directors on June 19, 2023 on the same day.
- c. On April 28, 2023, the shareholders' meeting of the Group approved an increase 1,200,000,000 of issued shares, with a par value of \$10, and total amount was \$12,000,000,000, and the record date for cash capital increase was determined by the board of directors on June 20, 2023 on the same day.

As of December 31, 2023, the Group had completed the above-mentioned capital reduction and capital increase, and the Group complied with the requirements of the property insurance industry in accordance with the Insurance Law (the ratio of self-owned capital to risk capital shall not be less than 200%, and the net value ratio of the last two periods shall reach at least 3% in one period).

### 30. SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

The Group's significant financial assets and liabilities denominated in foreign currencies aggregated by the foreign currencies other than functional currencies of the entities in the Group and the related exchange rates between the foreign currencies and the respective functional currencies were as follows:

December 31, 2023

	Foreign Currency	Exchange Rate	Carrying Amount
<u>Financial assets</u>			
Monetary items			
USD	\$ 21,155,965.91	30.705 (USD:NTD)	\$ 646,820,462
NZD	40,033.26	19.48 (NZD:NTD)	779,848
GBP	12,073.72	39.15 (GBP:NTD)	472,686
JPY	389,095.00	0.2172 (JPY:NTD)	84,511
EUR	1,555.21	33.98 (EUR:NTD)	52,846
AUD	126.45	20.98 (AUD:NTD)	2,653
<u>Financial liabilities</u>			
Monetary items			
USD	1,741,579.11	30.705 (USD:NTD)	50,701,716
EUR	969,351.55	33.98 (EUR:NTD)	32,938,566
JPY	16,055,480.149	0.2172 (JPY:NTD)	3,487,250
GBP	3,361.88	39.15 (GBP:NTD)	131,618

December 31, 2022

	<b>Foreign Currency</b>	<b>Exchange Rate</b>	<b>Carrying Amount</b>
<u>Financial assets</u>			
Monetary items			
USD	\$ 8,242,978.69	30.710 (USD:NTD)	\$ 253,141,876
JPY	12,490,480.00	0.2324 (JPY:NTD)	2,902,788
NZD	31,776.29	19.44 (NZD:NTD)	617,731
AUD	5,133.19	20.830 (AUD:NTD)	106,924
CNY	12,087.89	4.408 (CNY:NTD)	53,283
GBP	43.67	37.090 (GBP:NTD)	1,620

Financial liabilities

Monetary items			
USD	1,239,824.26	30.710 (USD:NTD)	38,075,003
JPY	24,723,702.71	0.2324 (JPY:NTD)	5,745,789
EUR	79,274.09	32.720 (EUR:NTD)	2,593,848
GBP	2,038.55	37.090 (GBP:NTD)	75,610

For the years ended December 31, 2023 and 2022, (realized and unrealized) net foreign exchange losses were gain \$2,239,968 and gain \$215,753,689, respectively. It is impractical to disclose net foreign exchange gains (losses) by each significant foreign currency due to the variety of the foreign currency transactions.

### 31. SEPARATELY DISCLOSED ITEMS

a. Information about significant transactions and investees

- 1) Acquisition of individual real estate at costs of at least NT\$100 million or 20% of the paid-in capital: None.
- 2) Disposal of individual real estate at prices of at least NT\$100 million or 20% of the paid-in capital: Table 4.
- 3) Transactions with related parties involving main business items amounting to at least NT\$100 million or 20% of the paid-in capital: Table 5.
- 4) Receivables from related parties amounting to at least NT\$100 million or 20% of the paid-in capital: None.
- 5) Trading in derivative instruments: None.
- 6) Intercompany relationships and significant intercompany transactions: Table 6.
- 7) Information on investees: Table 7.

b. Information on investments in mainland China: None.

### 32. SEGMENT INFORMATION

The Group did not need to disclose the segment information because the Group engaged in a single industry and the management made operation decisions on an overall Group information basis.

### 33. INSURANCE CONTRACT RESERVES

#### 1) Unearned premium reserve

Insurance by Type	December 31, 2023			
	Unearned Premium Reserve		Ceded Unearned Premium Reserve	
	Direct	Reinsurance	Ceded	Retained Business
	Underwriting Business (1)	Inward Business (2)	Reinsurance Business (3)	
Voluntary auto insurance	\$ 6,142,739,815	\$ 101	\$ 328,034,299	\$ 5,814,705,617
Residential fire insurance	188,916,808	13,007,883	110,598,389	91,326,302
Commercial fire insurance	580,668,322	28,338,600	369,759,090	239,247,832
Marine insurance	104,609,370	3,285,546	65,238,861	42,656,055
Miscellaneous insurance	638,994,417	14,365,813	359,463,455	293,896,775
Accident and health insurance	396,585,040	663,247	9,739,277	387,509,010
Compulsory auto liability insurance	<u>590,529,870</u>	<u>213,572,078</u>	<u>354,323,457</u>	<u>449,778,491</u>
	<u>\$ 8,643,043,642</u>	<u>\$ 273,233,268</u>	<u>\$ 1,597,156,828</u>	<u>\$ 7,319,120,082</u>

Insurance by Type	December 31, 2022			
	Unearned Premium Reserve		Ceded Unearned Premium Reserve	
	Direct	Reinsurance	Ceded	Retained Business
	Underwriting Business (1)	Inward Business (2)	Reinsurance Business (3)	
Voluntary auto insurance	\$ 5,556,641,676	\$ -	\$ 234,264,105	\$ 5,322,377,571
Residential fire insurance	179,728,832	13,419,823	105,005,267	88,143,388
Commercial fire insurance	446,184,872	42,624,831	270,861,181	217,948,522
Marine insurance	101,749,954	3,982,806	67,254,800	38,477,960
Miscellaneous insurance	513,198,269	19,129,238	287,496,775	244,830,732
Accident and health insurance	409,897,309	-	3,640,787	406,256,522
Compulsory auto liability insurance	<u>546,704,933</u>	<u>202,965,356</u>	<u>328,028,022</u>	<u>421,642,267</u>
	<u>\$ 7,754,105,845</u>	<u>\$ 282,122,054</u>	<u>\$ 1,296,550,937</u>	<u>\$ 6,739,676,962</u>

	For the Year Ended December 31, 2023	
	Unearned Premium Reserve	Ceded Unearned Premium Reserve
Beginning balance	\$ 8,036,227,899	\$ 1,296,550,937
Provision	8,917,062,916	1,597,879,423
Recovery	8,036,985,861	1,297,243,935
Effect of foreign currency exchange differences	<u>(28,044)</u>	<u>(29,597)</u>
Ending balance	<u>\$ 8,916,276,910</u>	<u>\$ 1,597,156,828</u>

	<b>For the Year Ended December 31, 2022</b>	
	<b>Unearned Premium Reserve</b>	<b>Ceded Unearned Premium Reserve</b>
Beginning balance	\$ 7,407,768,326	\$ 1,318,290,656
Provision	8,034,686,425	1,295,141,582
Recovery	7,410,620,485	1,320,881,680
Effect of foreign currency exchange differences	<u>4,393,633</u>	<u>4,000,379</u>
Ending balance	<u>\$ 8,036,227,899</u>	<u>\$ 1,296,550,937</u>

2) Special reserve

Special reserve for compulsory automobile liability insurance

	<b>For the Year Ended December 31</b>	
	<b>2023</b>	<b>2022</b>
Beginning balance	\$ 226,588,690	\$ 116,519,542
Provision (Note)	122,266,956	110,069,148
Recovery	<u>-</u>	<u>-</u>
Ending balance	<u>\$ 348,855,646</u>	<u>\$ 226,588,690</u>

Note: Pursuant to Instruction Jin-Guan-Bao-Chan-Zi No. 11004107771, property insurance 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.

Special reserve for all insurance other than compulsory automobile liability insurance

	<b>For the Year Ended December 31, 2023</b>			
	<b>Liability</b>			
	<b>Catastrophic Event</b>	<b>Fluctuation of Risk</b>	<b>Others</b>	<b>Total</b>
Beginning balance	\$ 121,435,145	\$ -	\$ 122,205,340	\$ 243,640,485
Provision	-	-	-	-
Recovery	<u>6,071,758</u>	<u>-</u>	<u>-</u>	<u>6,071,758</u>
Ending balance	<u>\$ 115,363,387</u>	<u>\$ -</u>	<u>\$ 122,205,340</u>	<u>\$ 237,568,727</u>

	<b>For the Year Ended December 31, 2022</b>			
	<b>Liability</b>			
	<b>Catastrophic Event</b>	<b>Fluctuation of Risk</b>	<b>Others</b>	<b>Total</b>
Beginning balance	\$ 127,506,903	\$ 1,065,883,300	\$ 122,205,340	\$ 1,315,595,543
Provision	-	-	-	-
Recovery	<u>6,071,758</u>	<u>1,065,883,300</u>	<u>-</u>	<u>1,071,955,058</u>
Ending balance	<u>\$ 121,435,145</u>	<u>\$ -</u>	<u>\$ 122,205,340</u>	<u>\$ 243,640,485</u>

From January 1, 2022 to December 31, 2022, according to the “Directions on Strengthening Catastrophe Reserves in the Property Insurance Industry”, the actual self-retained compensation due to catastrophes exceeded the amount after deducting the special reserve for significant accidents. For the expected compensation, the special reserve for risk changes of \$1,065,883,300 shall be recovered according to law.

3) Premium deficiency reserves

December 31, 2023				
Insurance by Type	Premium Deficiency Reserve		Ceded Premium Deficiency Reserve	
	Direct	Reinsurance	Ceded	Retained Business
	Underwriting Business (1)	Inward Business (2)	Reinsurance Business (3)	
Voluntary auto insurance	\$ -	\$ -	\$ -	\$ -
Residential fire insurance	-	-	-	-
Commercial fire insurance	-	-	-	-
Marine insurance	-	-	-	-
Miscellaneous insurance	-	-	-	-
Accident and health insurance	-	-	-	-
Compulsory auto liability insurance	-	-	-	-
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

December 31, 2022				
Insurance by Type	Premium Deficiency Reserve		Ceded Premium Deficiency Reserve	
	Direct	Reinsurance	Ceded	Retained Business
	Underwriting Business (1)	Inward Business (2)	Reinsurance Business (3)	
Voluntary auto insurance	\$ -	\$ -	\$ -	\$ -
Residential fire insurance	-	-	-	-
Commercial fire insurance	-	-	-	-
Marine insurance	-	-	-	-
Miscellaneous insurance	-	-	-	-
Accident and health insurance	4,376,085,191	-	-	4,376,085,191
Compulsory auto liability insurance	-	-	-	-
	<u>\$ 4,376,085,191</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,376,085,191</u>

For the Year Ended December 31, 2023			
	Premium Deficiency Reserve	Ceded Premium Deficiency Reserve	
Beginning balance	\$ 4,376,085,191	\$	-
Provision	-	-	-
Recovery	<u>4,376,085,191</u>	-	-
Ending balance	<u>\$ -</u>	<u>\$</u>	<u>-</u>

For the Year Ended December 31, 2022			
	Premium Deficiency Reserve	Ceded Premium Deficiency Reserve	
Beginning balance	\$ 3,072,629	\$	2,214,777
Provision	4,376,085,191	-	-
Recovery	<u>3,072,629</u>	-	<u>2,214,777</u>
Ending balance	<u>\$ 4,376,085,191</u>	<u>\$</u>	<u>-</u>

4) Loss reserve

<b>December 31, 2023</b>				
Items	<b>Loss Reserve</b>		<b>Ceded Loss Reserve</b>	
	<b>Direct Underwriting Business (1)</b>	<b>Reinsurance Inward Business (2)</b>	<b>Ceded Reinsurance Business (3)</b>	<b>Retained Business (4)=(1)+(2)-(3)</b>
	Filed but not yet paid	\$ 4,907,570,003	\$ 420,730,564	\$ 1,536,744,730
Not yet filed	<u>1,547,312,487</u>	<u>207,267,722</u>	<u>419,259,227</u>	<u>1,335,320,982</u>
	<u>\$ 6,454,882,490</u>	<u>\$ 627,998,286</u>	<u>\$ 1,956,003,957</u>	<u>\$ 5,126,876,819</u>

<b>December 31, 2022</b>				
Items	<b>Loss Reserve</b>		<b>Ceded Loss Reserve</b>	
	<b>Direct Underwriting Business (1)</b>	<b>Reinsurance Inward Business (2)</b>	<b>Ceded Reinsurance Business (3)</b>	<b>Retained Business (4)=(1)+(2)-(3)</b>
	Filed but not yet paid	\$ 13,792,019,607	\$ 607,039,088	\$ 1,901,379,681
Not yet filed	<u>3,244,860,264</u>	<u>197,982,310</u>	<u>427,628,995</u>	<u>3,015,213,579</u>
	<u>\$ 17,036,879,871</u>	<u>\$ 805,021,398</u>	<u>\$ 2,329,008,676</u>	<u>\$ 15,512,892,593</u>

For the year ended December 31, 2023

Items	<b>Direct Underwriting Business</b>		<b>Reinsurance Inward Business</b>		<b>Net Changes in Loss Reserve (5)=(1)-(2)+(3)-(4)</b>
	<b>Provision (1)</b>	<b>Recovery (2)</b>	<b>Provision (3)</b>	<b>Recovery (4)</b>	
Filed but not yet paid	\$ 4,907,675,586	\$ 13,792,564,258	\$ 420,730,564	\$ 607,039,088	(\$ 9,071,197,196)
Not yet filed	<u>1,547,334,358</u>	<u>3,244,877,464</u>	<u>207,267,722</u>	<u>197,982,310</u>	<u>( 1,688,257,694)</u>
	<u>\$ 6,455,009,944</u>	<u>\$ 17,037,441,722</u>	<u>\$ 627,998,286</u>	<u>\$ 805,021,398</u>	<u>(\$ 10,759,454,890)</u>

Items	<b>Ceded Reinsurance Business</b>		<b>Net Changes in Ceded Loss Reserve (8)=(6)-(7)</b>
	<b>Provision (6)</b>	<b>Recovery (7)</b>	
Filed but not yet paid	\$ 1,536,845,243	\$ 1,901,911,123	\$ (365,065,880)
Not yet filed	<u>419,279,018</u>	<u>427,644,420</u>	<u>(8,365,402)</u>
	<u>\$ 1,956,124,261</u>	<u>\$ 2,329,555,543</u>	<u>\$ (373,431,282)</u>

For the year ended December 31, 2022

Items	<b>Direct Underwriting Business</b>		<b>Reinsurance Inward Business</b>		<b>Net Changes in Loss Reserve (5)=(1)-(2)+(3)-(4)</b>
	<b>Provision (1)</b>	<b>Recovery (2)</b>	<b>Provision (3)</b>	<b>Recovery (4)</b>	
Filed but not yet paid	\$ 13,790,911,947	\$ 4,266,016,272	\$ 607,039,088	\$ 185,253,554	\$ 9,946,681,209
Not yet filed	<u>3,244,825,285</u>	<u>1,213,478,526</u>	<u>197,982,310</u>	<u>207,086,244</u>	<u>2,022,242,825</u>
	<u>\$ 17,035,737,232</u>	<u>\$ 5,479,494,798</u>	<u>\$ 805,021,398</u>	<u>\$ 392,339,798</u>	<u>\$ 11,968,924,034</u>

Items	Ceded Reinsurance Business		Net Changes in Ceded Loss Reserve
	Provision (6)	Recovery (7)	(8)=(6)-(7)
Filed but not yet paid	\$ 1,900,298,881	\$ 1,533,784,487	\$ 366,514,394
Not yet filed	<u>427,597,628</u>	<u>403,074,509</u>	<u>24,523,119</u>
	<u>\$ 2,327,896,509</u>	<u>\$ 1,936,858,996</u>	<u>\$ 391,037,513</u>

	For the Year Ended December 31, 2023	
	Loss Reserve	Ceded Loss Reserve
Beginning balance (Note)	\$ 17,841,901,269	\$ 2,329,008,676
Provision	7,083,008,230	1,956,124,261
Recovery	17,842,463,120	2,329,555,543
Effect of foreign currency exchange differences	<u>434,397</u>	<u>426,563</u>
Ending balance	<u>\$ 7,082,880,776</u>	<u>\$ 1,956,003,957</u>

	For the Year Ended December 31, 2022	
	Loss Reserve	Ceded Loss Reserve
Beginning balance (Note)	\$ 5,871,208,506	\$ 1,936,247,174
Provision	17,840,758,630	2,327,896,509
Recovery	5,871,834,596	1,936,858,996
Effect of foreign currency exchange differences	<u>1,768,729</u>	<u>1,723,989</u>
Ending balance	<u>\$ 17,841,901,269</u>	<u>\$ 2,329,008,676</u>

Note: Including the adjustment of the subsidiary.

#### 5) Earned retained premium

For the year ended December 31, 2023

Insurance by Type	Gross Premium Income (1)	Reinsurance Premium Inward (2)	Reinsurance Premium Outward (3)	Retained Premium (4)=(1)+(2)-(3)
Compulsory insurance	\$ 1,400,998,304	\$ 384,283,243	\$ 634,638,689	\$ 1,150,642,858
Non-compulsory insurance	<u>17,247,121,588</u>	<u>205,318,447</u>	<u>3,741,685,473</u>	<u>13,710,754,562</u>
	<u>\$ 18,648,119,892</u>	<u>\$ 589,601,690</u>	<u>\$ 4,376,324,162</u>	<u>\$ 14,861,397,420</u>

Insurance by Type	Unearned Premium Reserve under Direct Business		Unearned Premium Reserve under Reinsurance Inward Business		Net Changes in Unearned Premium Reserve
	Provision (5)	Recovery (6)	Provision (7)	Recovery (8)	(9)=(5)-(6)+(7)-(8)
Compulsory insurance	\$ 590,529,870	\$ 546,704,933	\$ 213,572,078	\$ 202,965,356	\$ 54,431,659
Non-compulsory insurance	<u>8,053,299,778</u>	<u>7,208,158,874</u>	<u>59,661,190</u>	<u>79,156,698</u>	<u>825,645,396</u>
	<u>\$ 8,643,829,648</u>	<u>\$ 7,754,863,807</u>	<u>\$ 273,233,268</u>	<u>\$ 282,122,054</u>	<u>\$ 880,077,055</u>

Insurance by Type	Unearned Premium Reserve under Ceded Reinsurance Business		Net Changes in for Unearned Ceded Premium Reserve (12)=(10)-(11)	Retained Premium (13)=(4)-(9)+(12)
	Provision (10)	Recovery (11)		
Compulsory insurance	\$ 354,323,457	\$ 328,028,022	\$ 26,295,435	\$ 1,122,506,634
Non-compulsory insurance	<u>1,243,555,966</u>	<u>969,215,913</u>	<u>274,340,053</u>	<u>13,159,449,219</u>
	<u>\$ 1,597,879,423</u>	<u>\$ 1,297,243,935</u>	<u>\$ 300,635,488</u>	<u>\$ 14,281,955,853</u>

For the year ended December 31, 2022

Insurance by Type	Gross Premium Income (1)	Reinsurance Premium Inward (2)	Reinsurance Premium Outward (3)	Retained Premium (4)=(1)+(2)-(3)
Compulsory insurance	\$ 1,312,609,541	\$ 368,958,871	\$ 590,178,496	\$ 1,091,389,916
Non-compulsory insurance	<u>15,416,347,687</u>	<u>238,759,914</u>	<u>2,892,092,272</u>	<u>12,763,015,329</u>
	<u>\$ 16,728,957,228</u>	<u>\$ 607,718,785</u>	<u>\$ 3,482,270,768</u>	<u>\$ 13,854,405,245</u>

Insurance by Type	Unearned Premium Reserve under Direct Business		Unearned Premium Reserve under Reinsurance Inward Business		Net Changes in Unearned Premium Reserve (9)=(5)-(6)+(7)-(8)
	Provision (5)	Recovery (6)	Provision (7)	Recovery (8)	
Compulsory insurance	\$ 546,704,933	\$ 519,388,187	\$ 202,965,356	\$ 196,234,411	\$ 34,047,691
Non-compulsory insurance	<u>7,205,859,438</u>	<u>6,626,217,418</u>	<u>79,156,698</u>	<u>68,780,469</u>	<u>590,018,249</u>
	<u>\$ 7,752,564,371</u>	<u>\$ 7,145,605,605</u>	<u>\$ 282,122,054</u>	<u>\$ 265,014,880</u>	<u>\$ 624,065,940</u>

Insurance by Type	Unearned Premium Reserve under Ceded Reinsurance Business		Net Changes in for Unearned Ceded Premium Reserve (12)=(10)-(11)	Retained Premium (13)=(4)-(9)+(12)
	Provision (10)	Recovery (11)		
Compulsory insurance	\$ 328,028,022	\$ 311,636,956	\$ 16,391,066	\$ 1,073,733,291
Non-compulsory insurance	<u>967,113,560</u>	<u>1,009,244,724</u>	<u>(42,131,164)</u>	<u>12,130,865,916</u>
	<u>\$ 1,295,141,582</u>	<u>\$ 1,320,881,680</u>	<u>\$ (25,740,098)</u>	<u>\$ 13,204,599,207</u>

6) Retained claims

Insurance by Type	For the Year Ended December 31, 2023			
	Loss Incurred (Claims Expense Included) (1)	Reinsurance Claims (2)	Claims Recovered from Reinsurances (3)	Retained Claims (4)=(1)+(2)-(3)
Compulsory insurance	\$ 804,400,865	\$ 345,081,009	\$ 476,448,104	\$ 673,033,770
Non-compulsory insurance	<u>21,320,115,252</u>	<u>215,465,091</u>	<u>1,423,070,316</u>	<u>20,112,510,027</u>
	<u>\$ 22,124,516,117</u>	<u>\$ 560,546,100</u>	<u>\$ 1,899,518,420</u>	<u>\$ 20,785,543,797</u>

Insurance by Type	For the Year Ended December 31, 2022			
	Loss Incurred (Claims Expense Included) (1)	Reinsurance Claims (2)	Claims Recovered from Reinsurances (3)	Retained Claims (4)=(1)+(2)-(3)
Compulsory insurance	\$ 799,074,348	\$ 333,166,991	\$ 475,860,082	\$ 656,381,257
Non-compulsory insurance	<u>43,129,240,912</u>	<u>32,936,701</u>	<u>589,823,041</u>	<u>42,572,354,572</u>
	<u>\$ 43,928,315,260</u>	<u>\$ 366,103,692</u>	<u>\$ 1,065,683,123</u>	<u>\$ 43,228,735,829</u>

7) Liability on policyholders' claims filed and losses not yet filed

Liability on policyholders' claims filed and losses not yet filed

Insurance by Type	Claims Filed and Paid		December 31, 2023		
	Notes Payable (Claims)	Claims Payable	Filed But Not Yet Paid	Loss Reserve	
				Not Yet Filed	Total
Voluntary auto insurance	\$ -	\$ -	\$ 2,924,482,564	\$ 685,985,634	\$ 3,610,468,198
Residential fire insurance	-	-	17,573,920	337,167	17,911,087
Commercial fire insurance	-	-	1,032,933,436	1,563,559	1,034,496,995
Marine insurance	-	-	162,548,723	12,552,756	175,101,479
Miscellaneous insurance	-	-	886,390,166	155,140,499	1,041,530,665
Accident and health insurance	134,205	-	69,827,450	189,632,909	259,460,359
Compulsory auto liability insurance	-	-	234,544,308	709,367,685	943,911,993
	<u>\$ 134,205</u>	<u>\$ -</u>	<u>\$ 5,328,300,567</u>	<u>\$ 1,754,580,209</u>	<u>\$ 7,082,880,776</u>

Insurance by Type	Claims Filed and Paid		December 31, 2022		
	Notes Payable (Claims)	Claims Payable	Filed But Not Yet Paid	Loss Reserve	
				Not Yet Filed	Total
Voluntary auto insurance	\$ -	\$ 2,648,346	\$ 2,618,619,463	\$ 560,914,964	\$ 3,179,534,427
Residential fire insurance	-	-	17,367,783	350,333	17,718,116
Commercial fire insurance	-	-	1,377,226,704	1,868,924	1,379,095,628
Marine insurance	-	-	127,946,021	9,192,797	137,138,818
Miscellaneous insurance	-	-	918,780,626	178,219,026	1,096,999,652
Accident and health insurance	259,657	1,000	9,135,075,999	2,009,366,855	11,144,442,854
Compulsory auto liability insurance	-	3,286	204,042,098	682,929,676	886,971,774
	<u>\$ 259,657</u>	<u>\$ 2,652,632</u>	<u>\$14,399,058,694</u>	<u>\$ 3,442,842,575</u>	<u>\$17,841,901,269</u>

Claims and payments recoverable for policyholders' claims filed and paid

Insurance by Type	December 31, 2023		
	Claims Paid	Claims Filed	Total
Voluntary auto insurance	\$ 105,577	\$ 4,981,263	\$ 5,086,840
Residential fire insurance	-	-	-
Commercial fire insurance	(14,462,859)	18,718,864	4,256,005
Marine insurance	(1,068,322)	16,228,317	15,159,995
Miscellaneous insurance	10,204,621	5,286,306	15,490,927
Accident and health insurance	57,606	111,006	168,612
Compulsory auto liability insurance	-	65,467,572	65,467,572
	<u>(5,163,377)</u>	<u>110,793,328</u>	<u>105,629,951</u>
Less: Loss allowance	-	-	-
	<u>\$ (5,163,377)</u>	<u>\$ 110,793,328</u>	<u>\$ 105,629,951</u>

<b>Insurance by Type</b>	<b>December 31, 2022</b>		
	<b>Claims Paid</b>	<b>Claims Filed</b>	<b>Total</b>
Voluntary auto insurance	\$ 234,762	\$ 19,877	\$ 254,639
Residential fire insurance	-	-	-
Commercial fire insurance	2,557,419	-	2,557,419
Marine insurance	21,170,091	-	21,170,091
Miscellaneous insurance	6,848,872	45,505	6,894,377
Accident and health insurance	917,650	-	917,650
Compulsory auto liability insurance	-	<u>70,261,070</u>	<u>70,261,070</u>
	<u>31,728,794</u>	<u>70,326,452</u>	<u>102,055,246</u>
Less: Loss allowance	-	-	-
	<u>\$ 31,728,794</u>	<u>\$ 70,326,452</u>	<u>\$ 102,055,246</u>

Reinsurance assets - ceded loss reserves for policyholders' claims filed  
but not yet paid and claims not yet filed

<b>Insurance by Type</b>	<b>December 31, 2023</b>		
	<b>Claims Filed But Not Yet Paid</b>	<b>Claims Not Yet Filed</b>	<b>Total</b>
Voluntary auto insurance	\$ 10,334,460	\$ 1,394,617	\$ 11,729,077
Residential fire insurance	-	-	-
Commercial fire insurance	751,905,063	1,247,701	753,152,764
Marine insurance	129,145,767	8,285,841	137,431,608
Miscellaneous insurance	558,665,388	103,885,982	662,551,370
Accident and health insurance	420,757	83,573	504,330
Compulsory auto liability insurance	<u>86,273,295</u>	<u>304,361,513</u>	<u>390,634,808</u>
	<u>\$ 1,536,744,730</u>	<u>\$ 419,259,227</u>	<u>\$ 1,956,003,957</u>

<b>Insurance by Type</b>	<b>December 31, 2022</b>		
	<b>Claims Filed But Not Yet Paid</b>	<b>Claims Not Yet Filed</b>	<b>Total</b>
Voluntary auto insurance	\$ 755,268	\$ 3,492,672	\$ 4,247,940
Residential fire insurance	-	-	-
Commercial fire insurance	1,097,624,695	1,197,578	1,098,822,273
Marine insurance	92,828,609	4,781,666	97,610,275
Miscellaneous insurance	642,687,798	125,073,886	767,761,684
Accident and health insurance	645	206,068	206,713
Compulsory auto liability insurance	<u>67,482,666</u>	<u>292,877,125</u>	<u>360,359,791</u>
	<u>\$ 1,901,379,681</u>	<u>\$ 427,628,995</u>	<u>\$ 2,329,008,676</u>

8) Receivables and payables of insurance contracts

Receivables

<b>December 31, 2023</b>				
<b>Insurance by Type</b>	<b>Notes Receivable</b>	<b>Premiums Receivable</b>	<b>Other Receivables</b>	<b>Total</b>
Voluntary auto insurance	\$ 414,819,540	\$ 24,188,040	\$ -	\$ 439,007,580
Residential fire insurance	75,320	7,252,243	-	7,327,563
Commercial fire insurance	16,543,770	56,622,553	-	73,166,323
Marine insurance	6,315,478	15,077,475	-	21,392,953
Miscellaneous insurance	12,237,883	25,622,023	-	37,859,906
Accident and health insurance	2,506,655	21,194,222	-	23,700,877
Compulsory auto liability insurance	13,867,160	41,258,274	-	55,125,434
Others	-	-	47,768	47,768
	<u>466,365,806</u>	<u>191,214,830</u>	<u>47,768</u>	<u>657,628,404</u>
Less: Loss allowance	<u>(22,996,686)</u>	<u>(5,050,726)</u>	<u>(3)</u>	<u>(28,047,415)</u>
	<u>\$ 443,369,120</u>	<u>\$ 186,164,104</u>	<u>\$ 47,765</u>	<u>\$ 629,580,989</u>

<b>December 31, 2022</b>				
<b>Insurance by Type</b>	<b>Notes Receivable</b>	<b>Premiums Receivable</b>	<b>Other Receivables</b>	<b>Total</b>
Voluntary auto insurance	\$ 361,209,757	\$ 5,649,853	\$ -	\$ 366,859,610
Residential fire insurance	5,304,336	2,289,009	-	7,593,345
Commercial fire insurance	10,179,065	19,355,997	-	29,535,062
Marine insurance	9,618,108	4,499,715	-	14,117,823
Miscellaneous insurance	2,338,978	9,842,624	-	12,181,602
Accident and health insurance	-	5,997,687	-	5,997,687
Compulsory auto liability insurance	14,040,258	43,871,103	-	57,911,361
Others	968,156	-	47,768	1,015,924
	<u>403,658,658</u>	<u>91,505,988</u>	<u>47,768</u>	<u>495,212,414</u>
Less: Loss allowance	<u>(32,402,902)</u>	<u>(2,212,650)</u>	<u>(3)</u>	<u>(34,615,555)</u>
	<u>\$ 371,255,756</u>	<u>\$ 89,293,338</u>	<u>\$ 47,765</u>	<u>\$ 460,596,859</u>

The overdue amounts as of December 31, 2023 in the above notes receivable, premiums receivable and other receivables were \$17,057,260, \$499,091 and \$2, respectively, and their loss allowance was \$17,057,260, \$50,660 and \$2, respectively.

The overdue amounts as of December 31, 2022 in the above notes receivable, premiums receivable and other receivables were \$28,855,135, \$3,454,691 and \$3, respectively, and their loss allowance was \$28,855,135, \$392,784 and \$3, respectively.

Accounts payable

<b>December 31, 2023</b>				
<b>Insurance by Type</b>	<b>Notes Payable</b>	<b>Commission and Fee Payable</b>	<b>Accrued Expense</b>	<b>Total</b>
Voluntary auto insurance	\$ 85,215	\$ 80,681,535	\$ 9,419,229	\$ 90,185,979
Residential fire insurance	155,152	1,748,102	35,079	1,938,333
Commercial fire insurance	3,954	12,628,581	56,905,656	69,538,191
Marine insurance	-	5,162,214	54,041	5,216,255
Miscellaneous insurance	2,867	23,536,957	2,804,671	26,344,495
Accident and health insurance	134,205	11,670,286	6,940,738	18,745,229
Compulsory auto liability insurance	33,472	14,699,986	2,271,763	17,005,221
Others	630,643	4,730	3,469,823	4,105,196
	<u>\$ 1,045,508</u>	<u>\$ 150,132,391</u>	<u>\$ 81,901,000</u>	<u>\$ 233,078,899</u>

<b>December 31, 2022</b>				
<b>Insurance by Type</b>	<b>Notes Payable</b>	<b>Commission and Fee Payable</b>	<b>Accrued Expense</b>	<b>Total</b>
Voluntary auto insurance	\$ -	\$ 84,603,062	\$ 8,568,941	\$ 93,172,003
Residential fire insurance	-	1,666,471	45,111	1,711,582
Commercial fire insurance	-	12,038,783	39,396,674	51,435,457
Marine insurance	-	6,226,004	142,805	6,368,809
Miscellaneous insurance	-	22,277,767	1,593,903	23,871,670
Accident and health insurance	259,657	14,201,303	6,624,321	21,085,281
Compulsory auto liability insurance	-	15,060,691	2,074,869	17,135,560
Others	<u>186,985</u>	<u>-</u>	<u>1,912,938</u>	<u>2,099,923</u>
	<u>\$ 446,642</u>	<u>\$ 156,074,081</u>	<u>\$ 60,359,562</u>	<u>\$ 216,880,285</u>

The above notes payable were mostly due to insurance sales, insurance agents, insurance brokers and policyholders.

Due from (to) reinsurers and ceding companies - reinsurance

<b>December 31, 2023</b>		
	<b>Due from Reinsurers and Ceding Companies</b>	<b>Due to Reinsurers and Ceding Companies</b>
Swiss Re International SE (UK Branch)	\$ 14,190,521	\$ -
Allianz Global Corporate & Specialty SE	12,821,584	-
Liberty Mutual Insurance Company	12,163,365	-
Transatlantic Reinsurance Company	3,976,507	-
Tokio Marine & Nichido Fire Insurance Co., Ltd.	-	64,313,083
Non-Life Insurance Association of the R.O.C.	-	49,582,497
Swiss Re Asia Pte. Ltd., Hong Kong Branch	-	43,275,906
Allianz Global Corporate & Specialty SE	-	24,638,956
Others	34,134,817	203,531,739
	<u>86,581,640</u>	<u>385,342,181</u>
Less: Loss allowance	<u>(5,295,021)</u>	<u>-</u>
	<u>\$ 81,286,619</u>	<u>\$ 385,342,181</u>

	<b>December 31, 2022</b>	
	<b>Due from Reinsurers and Ceding Companies</b>	<b>Due to Reinsurers and Ceding Companies</b>
Taian Insurance Co., Ltd.	\$ 5,823,338	\$ -
Nan Shan General Insurance Company, Ltd. (ex AIG Taiwan)	4,842,779	-
Chung Kuo Insurance Co., Ltd.	3,396,697	-
Allianz Global Corporate & Specialty SE	3,009,319	-
South China Insurance Co., Ltd.	2,991,352	-
Catlin Re Switzerland Ltd. (ex: XL Bermuda Ltd.)	1,595,260	-
Syndicate 4444-CNP-CANOPIUS	1,252,631	-
Tokio Marine & Nichido Fire Insurance Co., Ltd.	-	152,935,357
Non-Life Insurance Association of the R.O.C.	-	51,789,901
Swiss Re Asia Pte. Ltd., Hong Kong Branch	-	29,569,000
Others	7,224,877	184,304,540
Less: Loss allowance	<u>(6,474,650)</u>	<u>-</u>
	<u>\$ 23,661,603</u>	<u>\$ 418,598,798</u>

The due from the reinsurers and ceding companies and the due to the reinsurers and ceding companies cannot be offset against each other, except for those receivables and payables that are subject to the provisions of IAS 32 - Note 42.

#### 9) Reserve required for specific assets

The accounting of the compulsory auto liability insurance held by the Group is based on the Regulations for the Accounting Treatment and the Financial Information Reported of Compulsory Automobile Liability Insurance, which was legislated according to the Compulsory Automobile Liability Insurance Act.

Under Article 5 of the Regulations for the Management of the Various Reserves for Compulsory Automobile Liability Insurance (“CAL Insurance”), special reserve held by an insurer should be deposited in a financial institution in the form of time deposits. However, upon approval by the competent authority, the following domestic securities may be purchased:

- a) Government bonds but not exchangeable government bonds;
- b) Financial bonds (ordinary type only), negotiable certificates of deposit, banker’s acceptances, and commercial paper guaranteed by a financial institution.

The amount of the foregoing Article 5 treasury bills invested and time deposits to be placed in financial institutions should not be less than 30% of the total amount of the Group’s retained earned pure premiums for this insurance in the most recent period, as audited or reviewed by a certified public accountant. The authorities may raise this percentage to a level it deems appropriate on the basis of the Group’s operating status.

If the balance of the Group’s special reserve becomes less than the 30% of its most recent retained earned pure premiums, as audited or reviewed by an independent certified public accountant, the full amount of the special reserve should be invested in treasury bills or placed in a financial institution.

Under Article 6 of the Regulations for the Management of the Various Reserves for Compulsory Automobile Liability Insurance, funds, except for special reserve mentioned above, held by an insurer for this insurance (various reserve, payables and temporary receivable) should be deposited in a financial institution as special reserve in the form of demand deposits and time deposits.

Under the approval of relevant authorities, the Group may buy the following domestic securities as funds for this insurance:

- a) Treasury bills.
- b) Negotiable certificates of deposit, banker's acceptances, and commercial paper guaranteed by a financial institution.
- c) Government bonds under repurchase agreement

The term "funds" in the preceding paragraph refers to all types of reserves, payables, temporary credits and amounts to be carried forward.

The amount of demand deposits placed in financial institutions, which are mentioned in the above paragraph, should not be less than (a) 45% of the remaining balance of the funds after subtracting the special reserves from the funds held by the Group due to the operation of CAL Insurance, or less than (b) 30% of the retained earned pure premiums for the most recent period as audited or reviewed by an independent certified public accountant. The relevant authorities may raise the percentage of demand deposits required for the Group to a level they deem appropriate on the basis of the Group's operating status.

If the total amount of unearned premium reserve and loss reserve of the Group for the CAL Insurance is less than 30% of the retained earned pure premiums of this insurance for the most recent period as audited or reviewed by an independent certified public accountant, the funds held by the Group through its provision of this insurance should be deposited in full in a financial institution in the form of demand deposits.

Under Article 11 of the Regulations for the Management of the Various Reserves for Compulsory Automobile Liability Insurance, the various reserves for this insurance should be transferred to the various reserves set aside for handling of this insurance by other insurer or other property and casualty insurance company if the Group suspends its business operations or ceases to provide this type of insurance.

The various reserves for this insurance should be transferred to the Motor Vehicle Accident Compensation Fund if (a) the Group has been duly ordered to suspend business and undergo rehabilitation or ordered to dissolve, or (b) its permission to operate this insurance business has been revoked, and no other insurance company can sustain this insurance business.

#### 10) Acquisition cost of insurance contracts

Insurance by Type	For the Year Ended December 31, 2023				
	Commission Expenses	Agency Fees	Service and Handling Charge	Reinsurance Commission Expenses	Total
Voluntary auto insurance	\$ 1,336,201,007	(\$ 3,318)	\$ -	\$ 19	\$ 1,336,197,708
Residential fire insurance	19,157,052	-	10,502,555	184,383	29,843,990
Commercial fire insurance	65,918,809	-	-	7,545,371	73,464,180
Marine insurance	30,240,568	-	-	1,604,005	31,844,573
Miscellaneous insurance	598,361,290	-	-	2,311,837	600,673,127
Accident and health insurance	239,120,231	-	-	289,495	239,409,726
Compulsory auto liability insurance	-	-	162,300,026	-	162,300,026
	<u>\$ 2,288,998,957</u>	<u>(\$ 3,318)</u>	<u>\$ 172,802,581</u>	<u>\$ 11,935,110</u>	<u>\$ 2,473,733,330</u>

**For the Year Ended December 31, 2022**

<b>Insurance by Type</b>	<b>Commission Expenses</b>	<b>Agency Fees</b>	<b>Service and Handling Charge</b>	<b>Reinsurance Commission Expenses</b>	<b>Total</b>
Voluntary auto insurance	\$ 1,220,935,583	\$ -	\$ -	\$ -	\$ 1,220,935,583
Residential fire insurance	17,411,223	-	9,927,004	510,995	27,849,222
Commercial fire insurance	55,649,311	-	-	8,412,675	64,061,986
Marine insurance	30,482,917	-	-	1,837,564	32,320,481
Miscellaneous insurance	495,753,130	-	-	3,661,599	499,414,729
Accident and health insurance	278,749,047	-	-	250,758	278,999,805
Compulsory auto liability insurance	-	-	155,899,529	-	155,899,529
	<u>\$ 2,098,981,211</u>	<u>\$ -</u>	<u>\$ 165,826,533</u>	<u>\$ 14,673,591</u>	<u>\$ 2,279,481,335</u>

Acquisition costs of the insurance contracts were recognized as incurred.

11) Effects of changes in estimates and assumptions

a) The claims not yet filed of significant events of marine insurance as of December 31, 2023 and 2022 are estimated at \$91,083,114 and \$59,977,867, which are the neutral estimation for the current forecast of future amount of claim, based on the inspection of the insurance accidents. However, the estimation and assumption are uncertain, and may not be consistent to the actual claims in the future. The said estimation may be revised due to re-evaluation of the case by the insurance notary after inspection and collection of information. If the amount of claims not yet filed changes from adjustments of estimates and assumptions, the changing amount would be below \$4,550,000, and would directly affect the profit/loss of the period.

The claims not yet filed of significant events of fire insurance as of December 31, 2023 and 2022 are estimated at \$823,584,352 and \$1,176,967,359, which are the neutral estimation for the current forecast of future amount of claim, based on the inspection of the insurance accidents. However, the estimation and assumption are uncertain, and may not be consistent to the actual claims in the future. The said estimation may be revised due to re-evaluation of the case after inspection and collection of information. If the amount of claims not yet filed changes from adjustments of estimates and assumptions, the changing amount would be between \$12,000,000 to \$24,000,000 and \$19,000,000 to \$38,000,000, respectively, and would directly affect the profit/loss of the period. The resulting effect mentioned above includes the ceded reinsurance contracts.

The claims not yet filed of significant events of miscellaneous insurance as of December 31, 2023 and 2022 are estimated at \$235,518,129 and \$200,000,000, which are the neutral estimation for the current forecast of future amount of claim, based on the inspection of the insurance accidents. However, the estimation and assumption are uncertain, and may not be consistent to the actual claims in the future. The said estimation may be revised due to re-evaluation of the case after inspection and collection of information or the results of lawsuits. If the amount of claims not yet filed changes, the changing amount would be between \$4,250,000 to \$8,510,000, and would directly affect the profit/loss of the period. The resulting effect mentioned above includes the ceded reinsurance contracts.

The claims not yet filed of significant events of personal accident and health insurance as of December 31, 2022 are estimated at \$1,700,000 and \$9,075,687,123, which are the neutral estimation for the current forecast of future amount of claim, based on the inspection of the insurance accidents. Payments for these reports are known amounts in claims, there was no difference between actual claims and the claims not yet filed on a case-by-case basis.

b) The premium deficiency reserve is estimated using the expected cost method. The expected loss ratio used for estimating future cash flows is based on the most neutral estimation for the current forecast. However, the estimation and assumption are uncertain, and may not be consistent with the actual loss ratio in the future. The said estimation may be revised due to the change in the future economy, which leads to a change in the premium deficiency reserve. Currently, the premium deficiency reserve as of December 31, 2023 and 2022 is \$0 and \$4,376,085,191, respectively, and the premium deficiency reserve on the retained business basis as of December 31, 2023 and 2022 is \$0 and \$4,376,085,191, respectively. If the expected loss ratio for each insurance type had increased by 5%, the premium deficiency reserve would have increased by \$15,388,010 and \$4,379,911,414 at December 31, 2023 and 2022, respectively, and the premium deficiency reserve on the retained business basis would have increased to \$15,359,473 and \$4,379,908,777 at December 31, 2023 and 2022, respectively. These increases will directly affect the profit/loss of the period.

12) Net loss recognized for premium deficiency reserve, net changes in premium deficiency reserve and ceded premium deficiency reserve

For the year ended December 31, 2023

Insurance by Type	Direct Underwriting Business		Reinsurance Inward Business		Net Changes in Premium Deficiency Reserve (5)=(1)-(2)+(3)-(4)
	Provision (1)	Recovery (2)	Provision (3)	Recovery (4)	
Voluntary auto insurance	\$ -	\$ -	\$ -	\$ -	\$ -
Residential fire insurance	-	-	-	-	-
Commercial fire insurance	-	-	-	-	-
Marine insurance	-	-	-	-	-
Miscellaneous insurance	-	-	-	-	-
Accident and health insurance	-	4,376,085,191	-	-	(4,376,085,191)
Compulsory auto liability insurance	-	-	-	-	-
	<u>\$ -</u>	<u>\$ 4,376,085,191</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (4,376,085,191)</u>

Insurance by Type	Ceded Reinsurance Business		Net Changes in Ceded Premium Deficiency Reserve (8)=(6)-(7)	Net Loss Recognized for Premium Deficiency Reserve (9)=(5)-(8)
	Provision (6)	Recovery (7)		
Voluntary auto insurance	\$ -	\$ -	\$ -	\$ -
Residential fire insurance	-	-	-	-
Commercial fire insurance	-	-	-	-
Marine insurance	-	-	-	-
Miscellaneous insurance	-	-	-	-
Accident and health insurance	-	-	-	(4,376,085,191)
Compulsory auto liability insurance	-	-	-	-
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (4,376,085,191)</u>

For the year ended December 31, 2022

Insurance by Type	Direct Underwriting Business		Reinsurance Inward Business		Net Changes in Premium Deficiency Reserve (5)=(1)-(2)+(3)-(4)
	Provision (1)	Recovery (2)	Provision (3)	Recovery (4)	
Voluntary auto insurance	\$ -	\$ -	\$ -	\$ -	\$ -
Residential fire insurance	-	-	-	-	-
Commercial fire insurance	-	-	-	-	-
Marine insurance	-	3,072,629	-	-	(3,072,629)
Miscellaneous insurance	-	-	-	-	-
Accident and health insurance	4,376,085,191	-	-	-	4,376,085,191
Compulsory auto liability insurance	-	-	-	-	-
	<u>\$ 4,376,085,191</u>	<u>\$ 3,072,629</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,373,012,562</u>

Insurance by Type	Ceded Reinsurance Business		Net Changes in	Net Loss
	Provision (6)	Recovery (7)	Ceded Premium Deficiency Reserve (8)=(6)-(7)	Recognized for Premium Deficiency Reserve (9)=(5)-(8)
Voluntary auto insurance	\$ -	\$ -	\$ -	\$ -
Residential fire insurance	-	-	-	-
Commercial fire insurance	-	-	-	-
Marine insurance	-	2,214,777	(2,214,777)	(857,852)
Miscellaneous insurance	-	-	-	-
Accident and health insurance	-	-	-	4,376,085,191
Compulsory auto liability insurance	-	-	-	-
	<u>\$ -</u>	<u>\$ 2,214,777</u>	<u>\$ (2,214,777)</u>	<u>\$ 4,375,227,339</u>

The deficiency premium reserve is undiscounted.

### 13) Profit and loss analysis of the insurance business

#### Direct underwriting business

Insurance by Type	For the Year Ended December 31, 2023					
	Direct Insurance Premium Revenue (Net of Premium Allowance)	Net Changes in Unearned Premium Reserve	Acquisition Costs of Insurance Contracts	Claims and Payments (Including Claim Expense)	Net Changes in Loss Reserve	Profit (Loss)
Voluntary auto insurance	\$ 11,400,677,997	\$ 586,096,998	\$ 1,336,197,689	\$ 6,061,233,086	\$ 431,816,996	\$ 2,985,333,228
Residential fire insurance	316,545,531	9,187,976	29,659,607	7,249,251	257,970	270,190,727
Commercial fire insurance	1,578,296,778	134,527,050	65,918,808	258,111,660	( 159,851,320)	1,279,590,580
Marine insurance	354,278,091	2,857,799	30,240,568	116,621,485	36,765,141	167,793,098
Miscellaneous insurance	2,661,978,022	125,784,294	598,361,290	1,241,817,676	( 57,044,735)	753,059,497
Accident and health insurance	935,345,169	( 13,313,213)	239,120,232	13,635,082,094	( 10,885,093,373)	( 2,040,450,571)
Compulsory auto liability insurance	1,400,998,304	43,824,937	162,300,026	804,400,865	50,717,543	339,754,933
	<u>\$ 18,648,119,892</u>	<u>\$ 888,965,841</u>	<u>\$ 2,461,798,220</u>	<u>\$ 22,124,516,117</u>	<u>(\$ 10,582,431,778)</u>	<u>\$ 3,755,271,492</u>

Insurance by Type	For the Year Ended December 31, 2022					
	Direct Insurance Premium Revenue (Net of Premium Allowance)	Net Changes in Unearned Premium Reserve	Acquisition Costs of Insurance Contracts	Claims and Payments (Including Claim Expense)	Net Changes in Loss Reserve	Profit (Loss)
Voluntary auto insurance	\$ 10,159,091,040	\$ 540,621,905	\$ 1,220,935,583	\$ 5,174,426,612	\$ 539,559,654	\$ 2,683,547,286
Residential fire insurance	298,182,459	12,922,746	27,338,227	12,033,666	(898,240)	246,786,060
Commercial fire insurance	1,173,715,893	2,722,463	55,649,311	431,290,084	(208,038,762)	892,092,797
Marine insurance	355,136,965	9,844,124	30,482,917	108,930,518	45,457,766	160,421,640
Miscellaneous insurance	2,085,252,447	(55,749,002)	495,753,130	436,395,539	131,918,518	1,076,934,262
Accident and health insurance	1,344,968,883	69,279,784	278,749,047	36,966,164,493	10,999,875,894	(46,969,100,335)
Compulsory auto liability insurance	1,312,609,541	27,316,746	155,899,529	799,074,348	48,367,604	281,951,314
	<u>\$ 16,728,957,228</u>	<u>\$ 606,958,766</u>	<u>\$ 2,264,807,744</u>	<u>\$ 43,928,315,260</u>	<u>\$ 11,556,242,434</u>	<u>\$(41,627,366,976)</u>

#### Reinsurance inward business

Insurance by Type	For the Year Ended December 31, 2023					
	Reinsurance Premium Inward	Net Changes in Unearned Premium Reserve	Reinsurance Commission Expenses	Reinsurance Claim	Net Changes in Loss Reserve	Profit (Loss)
Voluntary auto insurance	\$ 142	\$ 101	\$ 19	\$ -	(\$ 882,112)	\$ 882,134
Residential fire insurance	27,417,916	( 411,940)	184,383	64,999	( 64,999)	27,645,473
Commercial fire insurance	124,263,343	( 14,286,231)	7,545,370	193,925,840	( 185,188,989)	122,267,353
Marine insurance	15,449,623	( 697,260)	1,604,005	7,224,445	1,197,414	6,121,019
Miscellaneous insurance	32,517,214	( 4,763,425)	2,311,837	11,864,122	1,571,483	21,533,197
Accident and health insurance	5,670,209	663,247	289,496	2,385,685	121,415	2,210,366
Compulsory auto liability insurance	384,283,243	10,606,722	-	345,081,009	6,222,676	22,372,836
	<u>\$ 589,601,690</u>	<u>(\$ 8,888,786)</u>	<u>\$ 11,935,110</u>	<u>\$ 560,546,100</u>	<u>(\$ 177,023,112)</u>	<u>\$ 203,032,378</u>

Insurance by Type	For the Year Ended December 31, 2022					
	Reinsurance Premium Inward	Net Changes in Unearned Premium Reserve	Reinsurance Commission Expenses	Reinsurance Claim	Net Changes in Loss Reserve	Profit (Loss)
Voluntary auto insurance	\$ -	\$ (140)	\$ -	\$ -	\$ (281,962)	\$ 282,102
Residential fire insurance	29,634,991	539,391	510,995	64,525	64,999	28,455,081
Commercial fire insurance	146,284,604	10,547,877	8,412,675	20,719,476	409,344,547	(302,739,971)
Marine insurance	15,211,374	61,609	1,837,564	5,878,557	2,518,573	4,915,071
Miscellaneous insurance	42,733,467	(772,508)	3,661,599	4,831,565	5,825,685	29,187,126
Accident and health insurance	4,895,478	-	250,758	1,442,578	(916,105)	4,118,247
Compulsory auto liability insurance	368,958,871	6,730,945	-	333,166,991	(3,874,137)	32,935,072
	<u>\$ 607,718,785</u>	<u>\$ 17,107,174</u>	<u>\$ 14,673,591</u>	<u>\$ 366,103,692</u>	<u>\$ 412,681,600</u>	<u>\$ (202,847,272)</u>

### Ceded reinsurance business

Insurance by Type	For the Year Ended December 31, 2023					
	Reinsurance Premium Outward	Net Changes in Ceded Unearned Premium Reserve	Reinsurance Commission Income	Claims and Payments (Recovered from Reinsurers)	Net Changes in Ceded Loss Reserve	Profit (Loss)
Voluntary auto insurance	\$ 141,175,803	\$ 93,769,521	\$ 48,223,668	\$ 13,018,551	\$ 7,481,804	(\$ 21,317,741)
Residential fire insurance	196,031,856	5,593,122	1,784	-	-	190,436,950
Commercial fire insurance	1,291,002,492	98,939,181	155,932,536	289,410,016	( 346,098,820)	1,092,819,579
Marine insurance	229,441,029	( 2,016,908)	51,583,746	74,682,056	39,821,241	65,370,894
Miscellaneous insurance	1,849,253,618	71,957,518	651,640,977	1,043,060,004	( 105,214,468)	187,809,587
Accident and health insurance	34,780,675	6,097,619	6,330,904	2,899,689	303,944	19,148,519
Compulsory auto liability insurance	634,638,689	26,295,435	-	476,448,104	30,275,017	101,620,133
	<u>\$ 4,376,324,162</u>	<u>\$ 300,635,488</u>	<u>\$ 913,713,615</u>	<u>\$ 1,899,518,420</u>	<u>(\$ 373,431,282)</u>	<u>\$ 1,635,887,921</u>

Insurance by Type	For the Year Ended December 31, 2022					
	Reinsurance Premium Outward	Net Changes in Ceded Unearned Premium Reserve	Reinsurance Commission Income	Claims and Payments (Recovered from Reinsurers)	Net Changes in Ceded Loss Reserve	Profit (Loss)
Voluntary auto insurance	\$ 37,120,647	\$ 29,401,517	\$ 11,347,338	\$ 2,261,586	\$ 4,026,431	\$ (9,916,225)
Residential fire insurance	187,096,037	7,993,462	-	-	-	179,102,575
Commercial fire insurance	966,304,652	(2,452,375)	132,540,289	243,574,329	244,128,961	348,513,448
Marine insurance	238,866,545	8,724,539	53,455,779	69,744,411	34,278,291	72,663,525
Miscellaneous insurance	1,441,341,410	(85,954,469)	558,733,767	272,875,240	79,888,434	615,798,438
Accident and health insurance	21,362,981	156,162	2,597,402	1,367,475	73,708	17,168,234
Compulsory auto liability insurance	590,178,496	16,391,066	-	475,860,082	28,641,688	69,285,660
	<u>\$ 3,482,270,768</u>	<u>\$ (25,740,098)</u>	<u>\$ 758,674,575</u>	<u>\$ 1,065,683,123</u>	<u>\$ 391,037,513</u>	<u>\$ 1,292,615,655</u>

#### 14) Disclosure of the significant assumption and determination process of recognition of the amount of insurance contracts

##### a) Definition of insurance contracts

Insurance contract refers to the insurer accepting the insurance policyholder's transfer of significant insurance risk, and agrees to the uncertain future of a particular event (insured event) and the contract will compensate the policyholder for any damages occurred. The Group defines an insurance contract based on the transfer of significant insurance risk. If the Group deems a contract as an insurance contract, it will be valid until the end of the policy period regardless of the reduction of significant insurance risk.

##### b) Insurance assets and liabilities

The insurance liabilities and the reinsurance assets are mostly the unearned premium reserve, loss reserve, premium deficiency reserve and liability adequacy reserve. The methods of estimation, significant assumptions and the determination process of the mentioned reserves are as follows.

##### i. Unearned premium reserve

For an in-force contract with a remaining policy period or an unexpired insured risk, the calculation and the provision of unearned premium reserve are based on the unexpired risk of each insurance in accordance with the laws. The Group has recognized unearned premium reserves, which are calculated by the actuaries based the characteristics of the different types of insurance and the provision method approved by the authorities. Except for the unearned premium reserve for cargo insurance calculated based on 3-month premium, mobile device

insurance (paid in monthly installments) calculated based on 50% of the latest month paid premium and other types of insurance specified by the law, the unearned premium reserves are calculated individually based on the ratio of risk exposure period of the unexpired policy. The ceded unearned premium reserve is calculated by the same method mentioned above. The provision method for unearned premium reserves is based on an assumption mentioned in the Actuarial Standards of Practice being followed by the actuaries, which states that the risk of insurance contracts spreads evenly during the insured period. The Group established and operated the Product Development Committee and the Business Strategy Committee in 2023, enhancing risk management strategies for product development, sales, and business operations to achieve corporate objectives.

ii. Loss reserve

The loss reserve should be calculated on the basis of the past experience with claim payments and expenses and the provision method approved by the authorities.

The methods used to set up loss reserves are as follows:

- The estimates of loss reserve for claims filed but not yet paid are based on the actual condition of each case.
- Except for the specified types of insurance regulated by law, loss reserves for claims not yet filed, including the additional case reserves for the reopening of lawsuits and for the follow-ups on any filed cases, are calculated by the actuaries based on the loss development method on an accident year basis for each insurance type, adding reserves for unallocated unfiled claim expenses calculated by the actuarial methodology. Because the Group did not have past claim settlement experience and expenses, the incurred but not reported reserve of the epidemic prevention and isolation insurance was calculated under the actuarial principle method based on the national diagnosis data announced by the government and the company's actual underwriting and claim settlement experience data in the current period. The ceded loss reserve is calculated by the same method mentioned above. The said loss development method is based on the assumption that the estimates of claims not yet filed are calculated based on the weighted average of the historic loss development patterns and the expected loss ratio. The application of the loss development method is based on the actuaries' professional judgment using adequate models, assumptions and parameter estimations.

iii. Premium deficiency reserve

For unexpired in-force contracts or unterminated incurred risks of each insurance, if the estimated amounts of the future claims and expenses exceed the sum of the unearned premium reserves and the expected future premium income, the deficiencies should be set aside as premium deficiency reserve. The Group uses the expected cost method to calculate the premium deficiency reserves, which contains the following procedures: Examining the expense coverage, analyzing the business process, reviewing the prior years' experience data, and estimating the remaining costs of unexpired insurance contracts. The expected claims are also calculated on the basis of the past 3 years' claims experience (5 years for the basis of commercial-business earthquake, typhoon and flood insurance) and the impacts of infrequent significant claims and the factors of loss development. In addition, the ceded premium deficiency reserve is estimated based on the effect of reinsurance contracts and then calculated using the expected cost method mentioned above. The application of the expected cost method is based on the actuaries' professional judgment using adequate models, assumptions and parameter estimations.

iv. Liability adequacy reserve

The Group should estimate the future cash flows based on current information by performing the liability adequacy test of recognized liabilities as of the end of each reporting date. The tested objects include unearned premium reserve, premium deficiency reserve, principal repayment liability reserve and loss reserve. Both the direct insurance and reinsurance ceded business should be tested in accordance with IFRS 4. If the test result is inadequate reserve, the shortfall should be recognized as a liability adequacy reserve.

15) Changes in assumptions on insurance assets and liabilities

The insurance liabilities and reinsurance assets are mostly unearned premium reserve, loss reserve, premium deficiency reserve and liability adequacy reserve. Among those, the assumptions used for the estimation of loss reserve have significant influence on the assumptions for the estimation of all types of reserves.

To ensure the accuracy of the estimate of loss reserve, the Group uses the following methods: Loss Development Method, Bornhuetter Ferguson Method, Modified B-F Method, Cape Cod Method and Brosius (Least Square) Method. The Loss Development Method is used to estimate the loss reserve for the more stable data and the earlier accidents while the Modified B-F Method is used for the more unstable data and the more recent accidents. However, the adjustment of the estimation will be made if the data is affected by significant claims or obvious changes in trends.

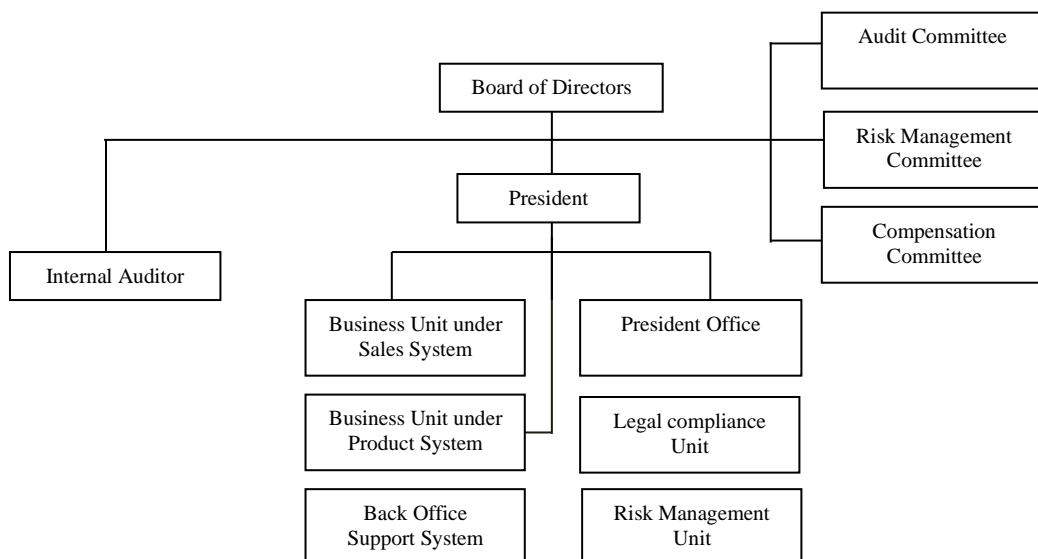
The basic assumption of loss reserve estimation by various methods is that historical loss development data can be used to forecast the trend of future loss development reasonably. Nonetheless, since the trend of future loss development is unpredictable as a result of uncertain economic or business factors, such as changes in claim procedures, price fluctuations of claimed items, changes in legislation or litigation results, the effects on the amount of the loss reserve cannot be accurately quantified.

There has been no significant changes in the assumptions on insurance assets and liabilities for the year ended December 31, 2023.

16) The balance sheet and the operating revenue and cost of the compulsory automobile liability insurance are shown in Table 1 and Table 2, respectively.

17) Organization chart and responsibilities of risk management

a) Organization chart of risk management



The board of directors and the management should promote the implementation of the Group's risk management policy and assign the responsibilities under this policy to each department. The Group set up the Risk Management Committee under the board of directors with independent directors serving as the convener, and the convener consults 3 to 5 directors to serve as committee members, and the chief risk officer should be the executive secretary. The risk management department set up under the president office should exercise its responsibility independently from other departments to ensure the effective implementation and communication of the entire risk management policy within the Group. The Group had established an operational product development committee and a business strategy committee in 2023 to strengthen product development and sales and business strategy risk management to achieve the company's business goals.

b) Responsibility of each department:

Board of directors

- i. The board of directors should understand the various risks of operating insurance business, ensure the effectiveness of risk management and assume the responsibility for entire risk management.
- ii. The board of directors should establish an appropriate risk management mechanism, risk management culture, risk management policies and allocate resources effectively.
- iii. The board of directors should not only track the risk of each department but also consider the effect of the overall aggregate risk. Meanwhile, the board of directors should follow the legal capital requirement by authorities, and the relevant financial or business operating regulations that affect capital allocation.
- iv. The board of directors should establish risk management committee in accordance with Practice Principles of Risk Management in Insurance Enterprises, Practice Principles of Corporate Governance in Insurance Enterprises and the Group's risk management policies. The risk management committee should set up meetings regularly to make risk management decisions. The appointment or discharge of chief risk officer should be approved by the board of directors.

Risk management committee

- i. The committee should propose the risk management policies, framework, and organization functions and establish quantitative and qualitative management standards. The committee is also responsible for reporting the results of implementing risk management to the board of directors regularly, and making necessary suggestions for improvement.
- ii. The committee should execute the risk management policies set by the board of directors and review development, build-up and performance of overall management mechanisms regularly.
- iii. The committee should assist and monitor the risk management activities performed by each department.
- iv. The committee should arrange the risk category, risk limit allocation and the methods of bearing risk according to the changes in environment.
- v. The committee should enhance cross-department interaction and communication.

### Risk management department

- i. As the top supervisor of risk management, chief risk officer should coordinate the overall risk management of the assets and liabilities. The responsibilities of chief risk officer are as follows:
  - The chief risk officer should establish the appropriate risk management mechanisms, regulatory framework and procedures of monitoring report.
  - The chief risk officer should suggest the appropriate risk appetite based on the Group's capabilities of undertaking risk.
  - The chief risk officer should assess possible exposure to risk situations and propose appropriate risk response countermeasures.
  - The chief risk officer should monitor the implementation of risk management, and report the results to the risk management committee.
  
- ii. The risk management department should monitor, measure and evaluate daily operational risks of the Group; the department should be independent from the business units. The responsibilities of the risk management department, with due consideration of the nature of the insurance business, are as follows:
  - The risk management department should propose and execute the risk management policies set by the board of directors.
  - The risk management department should propose the risk limits based on risk appetite.
  - The risk management department should summarize the risk information provided by each department, negotiate and communicate with each department to facilitate the execution of the policies and the risk limits. The risk management could set up risk management meetings with other departments to promote or discuss the related information.
  - The risk management department should regularly present risk management reports.
  - The risk management department should regularly review the risk limits and its use of each business unit.
  - The risk management department should assist to execute stress testing.
  - The risk management department should assist to execute back testing if necessary.
  - The risk management department should execute other risk management related issues.
  - The risk management department should be authorized by the board of directors or the risk management committee to deal with any risk limit violations of other departments.

### Operational units

- i. In order to transmit the risk management information and perform risk management between the risk management department and each business unit, insurance enterprises could set up risk management personnel in business units to effectively and independently perform risk management, depending on the company's organizational structure, size, and the importance or complexity of each business unit.

- ii. The risk management duties of the manager of a business unit are as follows:
- The manager of a business unit should manage and report daily risk of the business unit and take necessary responsive actions.
  - The manager of a business unit should supervise the unit to submit risk management information regularly to the risk management department.
- iii. The risk management duties of business units are as follows:
- The business unit should identify risks and report risk exposures.
  - The business units should evaluate the impacts (quantitative or qualitative) when risks occur and deliver the risk information in a timely and accurate manner.
  - The business units should regularly review the risks and their limits to ensure the effective execution of risk limits within business unit.
  - The business units should monitor risk exposures and, in case of any excess of risk limits, report the excess of risk limits along with the corresponding actions.
  - The business units should assist to develop the risk model and ensure that the risk measurement, application of model, and parameter settings are reasonable and consistent.
  - The business units should ensure that internal control procedures are executed effectively to comply with applicable rules and the risk management policies.
  - The business unit should assist to collect data related to operational risk.

#### Audit department

The audit department is responsible for the audit of each department's performance of risk management pursuant to the applicable laws and regulations and related rules and guidance of the Group.

#### 18) Risk reporting and range and nature of risk assessment for property insurance business

##### a) Risk management reporting

- Each business unit should regularly deliver risk information to the risk management department as required, and report the excess of risk limits and responding measures when risk exposure exceeds the limit.
- The risk management department should report the risk management status to the risk management committee quarterly. However, when significant or specific events happen, the risk management department should report immediately to the risk management committee and track the uses of major risk limit.
- The risk management committee should report the overall risk profile to the board of directors quarterly.

##### b) Risk information disclosure

The Group should disclose the risk information required by the authorities and by all the accounting principles generally accepted in the ROC. In addition, the Group should retain the risk management reports approved by the board of directors.

19) Procedures for risk assuming, measurement, monitoring, and control as well as adequate pricing policy and approval requirements for insurance risk.

- a) Risk identification: The Group should identify the potential risks of operating business to reach the goal of risk management.
- b) Risk measurement: The Group should measure the overall risk after identifying the risk factors of each insurance type.
- c) Risk response: The Group should take appropriate actions to deal with the risks identified and measured.
- d) Risk monitoring: The major risk limits are set up based on the nature and extent of each risk and the risk appetite, and they are applied upon the authorities' approval. In addition, the Group should establish a process to regularly examine and monitor the use of risk limits and the excess to limits. The Group should take appropriate actions if necessary.
- e) Information, communication and documentation: The data provided by the information system should be timely and reliable. Also, the Group should establish effective top-down, bottom-up and lateral communication channels within the organization. The Group's risk management mechanism should be documented.

The underwriting risks of the Group are mainly risk of premiums and risk of reserves, which are appropriately measured and monitored in accordance with risk management policies. The Group has set up the underwriting guidelines for the types of insurance operated to ensure that the risk of businesses and products have appropriate premium levels.

20) The scope of insurance risk assessment and management from a company-wide perspective

The Group manages underwriting risks at the acceptable level by following the risk management procedures of risk identification, measurement, response, and monitoring.

The underwriting risks can be measured by setting appropriate qualitative standards or quantitative methods for different types of insurance. The Group also sets up risk indicators for risk response and monitoring purposes. The main mechanisms of compilation, communication or transmission of underwriting risk information are as follows:

a) Mechanisms of quantitative assessment of underwriting risk:

The business units and the risk management department should execute the quantitative assessment of underwriting risk, and determine the risk limit of underwriting risk based on the risk appetite and risk tolerance.

b) Mechanisms of retained risk and reinsurance risk management

- i. The business units should establish the reinsurance risk management plan in accordance with relevant regulations and then revise the plan timely when operating the retained insurance business and the ceding (ceded) reinsurance business.
- ii. The business units should set the accumulated risk limit for each risk unit and for each event, considering their capability of taking risk. The liabilities exceeding the risk limit should be transferred to reinsurers to ensure the Group's solvency and security. In addition, the business units should monitor the risk exposure regularly and report any breach of the risk limit to the risk management department.

- iii. The business units should monitor the credit rating of the reinsurers regularly in accordance with related regulations and report the results and corresponding measures to the risk management department.
- c) Mechanisms of catastrophe risk management
- i. The business units and the risk management department should identify the possible catastrophic events which may cause significant losses to the Group based on the nature and the characteristics of insurance products. Catastrophes include natural disasters (such as earthquakes, typhoons and floods), air crashes, severe traffic accidents, and epidemic diseases.
  - ii. The probable maximum loss due to a catastrophe should be measured using risk models or scenario analysis and the accumulated effect of the catastrophe should also be considered.
  - iii. The business units and the risk management department should regularly review the relationship between the accumulated risk effect for each type of insurance and the Group's risk limit under assumed catastrophes or critical incident scenarios, and then determine if the Group's own capital meets the related liabilities.
  - iv. The business units and the risk management department should establish the catastrophe risk indicators and monitor these indicators continually.
- d) Mechanisms of risk management of reserves
- i. The business units should review the adequacy of the provision of reserves in accordance with related regulations.
  - ii. The business units should establish the appropriate procedures for the provision of reserves.
  - iii. The business units should measure the risk of reserves.

21) Methods to limit insurance risk exposure and avoid inappropriate concentration risk

Under the Regulation Governing Insurance Enterprises Engaged in Operating Reinsurance and Other Risk-Diversification Mechanisms, the Group should establish a risk management mechanism for its retained and reinsurance business that supports its risk-bearing capacity, and formulate and implement a reinsurance risk management plan. The amount of the retained risk limit per unit for each type of insurance is disclosed in the following table:

<b>Insurance by Type</b>	<b>December 31</b>	
	<b>2023</b>	<b>2022</b>
Compulsory motor liability	40% per vehicle	40% per vehicle
Motor physical damage insurance	\$ 20,000,000	\$ 20,000,000
Motor liability	200,000,000	200,000,000
Fire and allied perils	200,000,000	200,000,000
Marine cargo	50,000,000	50,000,000
Marine hull	50,000,000	50,000,000
Fishing vessel	50,000,000	50,000,000
Aircraft hull	50,000,000	50,000,000
Inland transit	100,000,000	100,000,000
Engineering	200,000,000	200,000,000
Guarantee	100,000,000	100,000,000

(Continued)

Insurance by Type	December 31	
	2023	2022
Other liability	\$ 150,000,000	\$ 150,000,000
Other property	150,000,000	150,000,000
Personal accident	35,000,000	35,000,000
Cancer	3,000,000	3,000,000
		(Concluded)

## 22) Asset-liability management strategy

The Group applies risk identification to combinations of assets and liabilities to determine the risk factors affecting cash flows. Moreover, the Group analyzes qualitatively and quantitatively the possible impact of each risk factor. If the impact exceeds the risk tolerance, the combination of assets and liabilities will be adjusted accordingly.

The Group simulates the future cash flow need for liquidity risk to ensure that the liquid assets of the Group maintained above the safe level. The Group also uses scenario analysis to estimate the impact of certain events such as significant claims demand (insurance risk) and loss on asset revaluation due to the event (market risk). The scenario analysis can help determine whether the Group's contingency fund can adequately meet the liabilities arising from catastrophic events.

## 23) Procedures to manage, monitor and control a special event for which property insurance business has commitment to assuming additional liabilities or funding additional capital

Under the Insurance Act, the Company's risk-based capital ratio (RBC) should be at least 200% and its net worth ratio should be more than 3% in one of the most recent two periods. Otherwise, the Group would be prohibited from appropriating its earnings and required to raise additional capital. Moreover, the authorities would restrict the Group's operations and use of capital. The Group should set up an appropriate limit and perform related tests to ensure its RBC and net worth ratio would meet the above-mentioned requirement when specific events happen.

As a result of claims cases of epidemic prevention insurance, the Group has grasped the development of the claims risks and conduct the relevant solvency scenario tests in order to ensure the solvency of the Group. The test results show that the ratio of self-owned capital and risk capital is higher than 200%, and the ratio of net worth is up to 3%. Please refer to Note 29 for the financial improvement and capital increase plan of the Group.

## 24) Sensitivity to insurance risk

Insurance by Type	For the Year Ended December 31, 2023			
	Premium Revenue	Expected Loss Rate	Impact on Profit or Loss Resulting from a 1% Increase in Expected Loss Rate	
			Before Reinsurance	After Reinsurance
Voluntary auto insurance	\$ 11,397,641,778	69.69%	\$ 64,914,791	\$ 64,713,852
Residential fire insurance	343,963,447	59.26%	75,072	75,072
Commercial fire insurance	1,587,788,360	63.26%	923,849	1,633,410
Marine insurance	369,653,110	61.07%	1,618,160	473,172
Miscellaneous insurance	2,687,276,388	66.96%	11,983,606	2,602,954
Accident and health insurance	934,282,153	67.56%	27,511,645	27,487,535
Compulsory auto liability insurance	1,785,281,547	NA	NA	NA

**For the Year Ended December 31, 2022**

Insurance by Type	Premium Revenue	Expected Loss Rate	Impact on Profit or Loss Resulting from a 1% Increase in Expected Loss Rate	
			Before Reinsurance	After Reinsurance
			Voluntary auto insurance	\$ 10,156,397,112
Residential fire insurance	327,817,450	58.96%	112,650	112,650
Commercial fire insurance	1,232,550,769	63.58%	6,229,620	1,647,647
Marine insurance	369,959,636	61.02%	1,627,839	587,634
Miscellaneous insurance	2,120,523,384	67.18%	5,798,651	2,261,543
Accident and health insurance	1,344,844,853	75.29%	479,657,887	479,648,071
Compulsory auto liability insurance	1,681,568,412	NA	NA	NA

25) Risk concentration

The insured persons of the Group's epidemic prevention and isolation insurance project are relatively concentrated in Taipei City, New Taipei City, Taoyuan City and Kaohsiung City. Risk concentration refers to losses incurred from multiple risks simultaneously that could result from a single event. The risk concentration based on the amounts by insurance type and area is shown as follows:

a) Earthquake events

(In Millions of New Taiwan Dollars)

Administrative Division	December 31			
	2023		2022	
	Total Insured Amount	Retained Insured Amount	Total Insured Amount	Retained Insured Amount
Taipei City	\$ 98,745.0	\$ 35,601.1	\$ 130,711.5	\$ 34,725.9
New Taipei City, Keelung City	101,451.6	33,950.0	93,621.4	32,767.9
Taoyuan City	144,511.6	38,726.6	131,907.5	35,743.4
Hsinchu County	111,444.9	30,852.8	90,985.8	26,574.9
Miaoli County	45,150.6	10,154.2	50,760.1	12,117.9
Taichung City	118,965.2	34,895.3	97,358.1	32,559.9
Nantou County	4,424.2	2,460.7	4,620.4	2,631.8
Changhua County	42,456.1	11,117.7	31,403.6	9,355.6
Yunlin County	23,447.0	6,929.5	25,522.9	7,004.4
Chiayi County, Tainan City, Penghu County	97,070.4	32,930.4	102,598.3	33,311.0
Kaohsiung City, Pingtung County	108,921.7	41,377.2	91,291.8	36,063.4
Hualien County, Taitung County	7,638.1	3,554.4	5,532.0	2,882.8
Yilan County	4,467.9	2,551.5	4,062.8	2,409.0
Taiwan Province	<u>23,870.1</u>	<u>8,274.8</u>	<u>38,166.9</u>	<u>10,275.9</u>
	<u>\$ 932,564.4</u>	<u>\$ 293,376.2</u>	<u>\$ 898,543.1</u>	<u>\$ 278,423.8</u>

b) Typhoons and floods

(In Millions of New Taiwan Dollars)

Administrative Division	December 31			
	2023		2022	
	Total Insured Amount	Retained Insured Amount	Total Insured Amount	Retained Insured Amount
Taipei City	\$ 92,915.0	\$ 30,939.0	\$ 126,462.3	\$ 30,755.8
New Taipei City, Keelung City	97,176.4	30,583.1	90,313.1	30,074.3
Taoyuan City	137,718.1	35,806.2	126,976.0	33,592.7
Hsinchu County	102,535.7	25,722.2	83,960.3	21,482.8
Miaoli County	47,449.8	9,786.8	52,896.2	11,650.7
Taichung City	118,971.0	33,911.7	97,670.8	32,073.4
Nantou County	4,720.0	2,646.3	4,824.4	2,731.9
Changhua County	40,847.8	9,962.2	29,646.3	8,288.4
Yunlin County	22,136.7	5,738.8	24,249.1	5,845.2
Chiayi County, Tainan City, Penghu County	93,527.0	30,312.5	99,863.6	31,229.4
Kaohsiung City, Pingtung County	105,264.5	40,116.6	88,233.1	35,657.7
Hualien County, Taitung County	7,747.5	3,665.5	5,662.0	3,014.0
Yilan County	5,027.7	2,943.3	4,509.3	2,719.2
Taiwan Province	<u>23,848.7</u>	<u>8,253.3</u>	<u>38,147.9</u>	<u>10,256.8</u>
	<u>\$ 899,885.9</u>	<u>\$ 270,387.5</u>	<u>\$ 873,414.4</u>	<u>\$ 259,372.3</u>

26) Development trend of claims

a) The Group

For the year ended December 31, 2023

Accident Year	Before 2018	2019	2020	2021	2022	2023	Total
Accumulated estimated claim payments							
End of the accident year	\$ 65,594,496,320	\$ 6,857,332,317	\$ 6,263,352,351	\$ 6,157,296,935	\$ 52,887,545,235	\$ 9,698,646,625	
After the first year	67,153,277,833	7,092,575,236	6,456,670,507	6,445,783,717	55,762,381,146	-	
After the second year	66,448,598,101	7,107,511,766	6,461,502,573	6,450,782,032	-	-	
After the third year	66,293,255,445	7,074,395,497	6,449,862,181	-	-	-	
After the fourth year	66,272,859,658	7,071,975,996	-	-	-	-	
After the fifth year	66,121,631,318	-	-	-	-	-	
Final estimated claim payment	65,830,345,024	7,078,537,903	6,464,411,054	6,494,693,427	55,949,329,409	10,488,937,940	\$ 152,306,254,757
Accumulated claim disbursed	(65,622,770,069)	(6,603,046,771)	(6,270,441,748)	(6,142,162,178)	(54,701,025,618)	(6,837,305,985)	(146,176,752,369)
Adjustment	207,574,955	475,491,132	193,969,306	352,531,249	1,248,303,791	3,651,631,955	6,129,502,388
Amount recognized in balance sheet	<u>\$ 207,574,955</u>	<u>\$ 475,491,132</u>	<u>\$ 193,969,306</u>	<u>\$ 352,531,249</u>	<u>\$ 1,248,303,791</u>	<u>\$ 3,651,631,955</u>	<u>\$ 6,129,502,388</u>

Note 1: The upper part of the table illustrates the accumulated annual estimates. For example, the accumulated claim payment was estimated at \$52,887,545,235 for the insured event in 2022. At the end of 2023, the Group revised the previous estimated claim payment for the insured event to \$55,762,381,146 (disbursed and future disbursements included). The lower part of the table shows the estimated number after the accumulated actual claim disbursements were reconciled to the consolidated balance sheet.

Note 2: The table shows the totals of the direct insurance business and the reinsurance business but the totals of compulsory automobile liability insurance, nuclear energy insurance and policy earthquake insurance are excluded.

Note 3: The difference between the estimate in this table of \$6,129,502,388 and the total of \$7,074,184,118 in the consolidated balance sheet consists of these amounts: Compulsory auto insurance of \$943,911,993 nuclear energy insurance of \$769,737, and the amount recognized by the subsidiary of \$0.

For the year ended December 31, 2022

Accident Year	Before 2017	2018	2019	2020	2021	2022	Total
Accumulated estimated claim payments							
End of the accident year	\$ 59,626,321,614	\$ 5,968,174,706	\$ 6,857,332,317	\$ 6,263,352,351	\$ 6,157,296,935	\$ 52,887,545,235	
After the first year	61,264,157,163	5,889,120,670	7,092,575,236	6,456,670,507	6,445,783,717	-	
After the second year	60,577,094,678	5,871,503,423	7,107,511,766	6,461,502,573	-	-	
After the third year	60,140,885,187	6,152,370,258	7,074,395,497	-	-	-	
After the fourth year	60,193,274,846	6,079,584,812	-	-	-	-	
After the fifth year	60,181,264,726	-	-	-	-	-	
Final estimated claim payment	59,897,847,174	6,080,824,024	7,082,527,365	6,489,383,466	6,572,898,514	55,480,437,886	\$ 141,603,918,429
Accumulated claim disbursed	(59,742,773,814)	(5,751,319,846)	(6,361,884,530)	(6,079,420,362)	(5,805,000,242)	(40,748,202,717)	(124,688,601,511)
Adjustment	155,073,360	329,504,178	520,642,835	409,963,104	767,898,272	14,732,235,169	16,915,316,918
Amount recognized in balance sheet	<u>\$ 155,073,360</u>	<u>\$ 329,504,178</u>	<u>\$ 520,642,835</u>	<u>\$ 409,963,104</u>	<u>\$ 767,898,272</u>	<u>\$ 14,732,235,169</u>	<u>\$ 16,915,316,918</u>

Note 1: The upper part of the table illustrates the accumulated annual estimates. For example, the accumulated claim payment was estimated at \$6,157,296,935 for the insured event in 2021. At the end of 2022, the Group revised the previous estimated claim payment for the insured event to \$6,445,783,717 (disbursed and future disbursements included). The lower part of the table shows the estimated number after the accumulated actual claim disbursements were reconciled to the consolidated balance sheet.

Note 2: The table shows the totals of the direct insurance business and the reinsurance business but the totals of compulsory automobile liability insurance, nuclear energy insurance and policy earthquake insurance are excluded.

Note 3: The difference between the estimate in this table of \$16,915,316,918 and the total of \$17,841,901,269 in the consolidated balance sheet consists of these amounts: Compulsory auto insurance of \$886,971,774 nuclear energy insurance of \$773,597, policy earthquake insurance of \$64,999, and the amount recognized by the subsidiary of \$38,773,981.

b) Subsidiary

As Newa Insurance (Cambodia) Plc. is still in its early stage of development, there is no data available for determining losses. The Group has decided to calculate the amount of loss reserve with a fixed ratio of earned premium.

27) No discretionary investment services were rendered in 2023 and 2022.

28) The information of unqualified ceded reinsurance is shown in Table 3.

### 34. PRO FORMA INFORMATION

The following table showed the pro forma information if the Group had not adopted the Notice for the Improvement of the Reserves for Natural Disaster Insurance (Commercial-Business Earthquake, Typhoon and Flood Insurance) for Property Insurance Enterprises, Notice for Enhancing the Reserves for Residential Earthquake Insurance Pool Members and Regulations Governing the Reserves for Nuclear Energy Insurance.

	Before	After	Difference
<u>December 31, 2023</u>			
Liabilities	\$ 18,374,016,030	\$ 19,480,615,347	\$ (1,106,599,317)
Equity	7,407,691,890	6,301,092,573	1,106,599,317
<u>For the year ended December 31, 2023</u>			
Net income	3,228,416,326	3,233,273,732	(4,857,406)
Earnings per share			
Basic	5.03	5.04	(0.01)
Diluted	5.03	5.04	(0.01)
<u>December 31, 2022</u>			
Liabilities	37,011,098,682	37,251,852,564	(240,753,882)
Equity	(17,003,495,590)	(17,244,249,472)	240,753,882
<u>For the year ended December 31, 2022</u>			
Net loss	(47,936,220,599)	(47,078,656,553)	(857,564,046)
Loss per share			
Basic	(47,936,220,599)	(47,078,656,553)	(857,564,046)
Diluted	(47,936,220,599)	(47,078,656,553)	(857,564,046)

**TABLE 1****TOKIO MARINE NWA INSURANCE CO., LTD. AND SUBSIDIARY****BALANCE SHEET OF COMPULSORY AUTOMOBILE LIABILITY INSURANCE  
DECEMBER 31, 2023 AND 2022  
(In New Taiwan Dollars)**

Items Asset	Amount December 31		Items Liabilities	Amount December 31	
	2023	2022		2023	2022
Cash and bank deposits	\$ 1,312,466,936	\$ 1,133,481,375	Notes payable	\$ -	\$ -
Notes receivable	13,867,160	14,040,258	Claims payable	-	3,286
Premiums receivable	34,886,056	37,439,110	Reinsurance indemnity payable	-	-
Claim recoverable from reinsurers	65,467,572	70,261,070	Due to reinsurers and ceding companies	49,582,497	51,789,901
Due from reinsurers and ceding companies	-	-	Unearned premium reserves	804,101,948	749,670,289
Other receivables	-	-	Loss reserves	943,911,993	886,971,774
Financial assets at FVTOCI	-	-	Special reserves	348,855,646	226,588,690
Ceded unearned premium reserve	354,323,457	328,028,022	Temporary receivable	3,391,856	1,601,494
Ceded loss reserve	390,634,808	360,359,791	Other liabilities	21,802,049	26,984,192
Temporary payments	-	-			
Other assets	-	-			
<b>Total assets</b>	<b>\$ 2,171,645,989</b>	<b>\$ 1,943,609,626</b>	<b>Total liabilities</b>	<b>\$ 2,171,645,989</b>	<b>\$ 1,943,609,626</b>

**TABLE 2****TOKIO MARINE NEWA INSURANCE CO., LTD. AND SUBSIDIARY****OPERATING REVENUE AND COST OF COMPULSORY AUTOMOBILE LIABILITY INSURANCE  
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022****(In New Taiwan Dollars)**

Item	For the Year Ended December 31	
	2023	2022
Operating revenues	\$ 782,719,208	\$ 745,995,254
Direct insurance premium revenues	1,057,721,300	983,620,430
Reinsurance premium inward	384,283,243	368,958,871
Premium revenues	1,442,004,543	1,352,579,301
Less: Reinsurance premium outward	(634,638,689)	(590,178,496)
Net change in unearned premium reserve	(28,136,224)	(17,656,625)
Retained earned premium	779,229,630	744,744,180
Interest income	3,489,578	1,251,074
Operating costs	821,965,928	782,302,184
Claims incurred	804,400,865	799,074,348
Reinsurance claims incurred	345,081,009	333,166,991
Less: Claims recovered from reinsurers	(476,448,104)	(475,860,082)
Retained claims	673,033,770	656,381,257
Net change in loss reserve	26,665,202	15,851,779
Net change in special reserve (Note)	122,266,956	110,069,148

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.

## TOKIO MARINE NEWA INSURANCE CO., LTD. AND SUBSIDIARY

TABLE OF RESERVE FOR UNQUALIFIED CEDED REINSURANCE  
FOR THE YEAR ENDED DECEMBER 31, 2023  
(In New Taiwan Dollars)

Number	Reinsurer					Reinsurance Agent			Reinsurance Premium Outward	Reinsurance Commission Income	Unearned Premium Reserve for Current Period	Claims Recoverable from Reinsurers within 9 Months	Ceded Loss Reserve for Claims Filed But Not Yet Paid	Refundable Deposits for Reinsurance	Reserve for Unqualified Ceded Reinsurance, Balance at December 31, 2023	Reserve for Unqualified Ceded, Balance at January 1, 2023	Provision (Recovery of Provisions) of Reserve for Unqualified Ceded Reinsurance for Current Period	Note
	Symbol	Company Name	Credit Rating Institution	Credit Rating	Related Party	Symbol	Company Name	Qualified or Not										
1	TRM	Trust International Insurance and Reinsurance Company B.S.C. (C) Trust Re.	NA	NA	No	-	-	-	\$ (2,752)	\$ -	\$ -	\$ -	\$ 40,000	\$ -	\$ 40,000	\$ 40,000	\$ -	a. Marine insurance. b. Due to no contract with reinsurer TRM valid, there is no need to recognize provision for unearned premium. c. No need to recognize provision or reserve for unearned premium.
2	ACL	Allianz Global Corporate & Specialty SE	B	A+	No	MAU	Marsh Limited (UK)	No	7,251,113	969,644	-	-	-	-	-	-	-	a. Engineering insurance business. b. Most of the engineering insurance business is ceded directly to reinsurers, but this business is special in that it is ceded to 11 eligible reinsurers through Marsh Limited (UK), a reinsurance broker. Marsh Limited (UK) is a foreign insurance broker that has not been approved by the competent authority to obtain a practicing certificate, and therefore meets the definition of ineligible reinsurance ceding under Article 9 of the Regulations on the Administration of Reinsurance Ceding and Ceding and Other Risk Diversification Mechanisms of the Insurance Industry, and is therefore classified as an ineligible reinsurance broker. 3. c. Marsh Limited (UK), the reinsurance broker, no longer has any in-force policies and therefore no reserve for unearned premiums is required. d. There were no additions to or reversals of unqualified reinsurance provisions during the period.
3	MRG	Munich Reinsurance Company (Germany)	B	A+	No	MAU	Marsh Limited (UK)	No	6,344,723	848,440	-	-	-	-	-	-	-	
4	ZIP	Zurich Insurance plc UK Branch	A	AA	No	MAU	Marsh Limited (UK)	No	3,398,959	454,522	-	-	-	-	-	-	-	
5	SUK	SCOR UK Company Limited	B	A	No	MAU	Marsh Limited (UK)	No	3,398,959	454,522	-	-	-	-	-	-	-	
6	AWH	Lloyd's Syndicate 2232 AWH	B	A	No	MAU	Marsh Limited (UK)	No	2,265,973	303,015	-	-	-	-	-	-	-	
7	XLZ	XL Insurance Company SE Zurich Branch	B	A+	No	MAU	Marsh Limited (UK)	No	4,531,945	606,029	-	-	-	-	-	-	-	
8	AGU	Assicurazioni Generali S.p.A., UK	B	A	No	MAU	Marsh Limited (UK)	No	4,531,945	606,029	-	-	-	-	-	-	-	
9	LME	Liberty Mutual Insurance Europe SE UK Branch	A	A	No	MAU	Marsh Limited (UK)	No	2,945,764	393,919	-	-	-	-	-	-	-	
10	SRI	Swiss Re International SE (UK Branch)	B	A+	No	MAU	Marsh Limited (UK)	No	4,985,140	666,632	-	-	-	-	-	-	-	

(Continued)

Number	Reinsurer					Reinsurance Agent			Reinsurance Premium Outward	Reinsurance Commission Income	Unearned Premium Reserve for Current Period	Claims Recoverable from Reinsurers within 9 Months	Ceded Loss Reserve for Claims Filed But Not Yet Paid	Refundable Deposits for Reinsurance	Reserve for Unqualified Ceded Reinsurance, Balance at December 31, 2023	Reserve for Unqualified Ceded, Balance at January 1, 2023	Provision (Recovery of Provisions) of Reserve for Unqualified Ceded Reinsurance for Current Period	Note
	Symbol	Company Name	Credit Rating Institution	Credit Rating	Related Party	Symbol	Company Name	Qualified or Not										
11	ASN	Syndicate 4711-ASP-ASPEN	B	A	No	MAU	Marsh Limited (UK)	No	\$ 2,265,973	\$ 303,015	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
12	KOR	Korean Reinsurance Company	B	A	No	MAU	Marsh Limited (UK)	No	3,398,959	454,522	-	-	-	-	-	-	-	
13	ARG	Asia Capital Reinsurance Group Pte Ltd. (Singapore)	NA	NA	No	MAU	Marsh Limited (UK)	No	-	-	-	-	30,000	-	30,000	30,000	-	<p>a. Miscellaneous insurance.</p> <p>b. Since Asia Capital Reinsurance Group (Symbol: ACH and ARG) was acquired by Catalina Holdings (Bermuda) Ltd in March 2020, the company has been removed its credit rating by AM Best.</p> <p>c. Except one miscellaneous reinsurance contract, the Company bought the rest of reinsurance contracts out from Asia Capital Reinsurance Group in January 6, 2021. The miscellaneous reinsurance contract that has not been bought out still has a filed but not yet paid ceded loss reserve of 30,000, which was recognized as reinsurance assets and reserve for unqualified ceded reinsurance.</p> <p>d. Due to no contract with reinsurer Asia Capital Reinsurance Group valid, there is no need to recognize provision for unearned premium.</p> <p>e. No need to recognize provision or reserve for unearned premium.</p>
		Total							\$ 45,316,701	\$ 6,060,289	\$ -	\$ -	\$ 70,000	\$ -	\$ 70,000	\$ 70,000	\$ -	

Note: The balance of reserve for unqualified ceded reinsurance at December 31, 2023 was \$70,000. The recovery of reserve for unqualified ceded reinsurance for the current period was \$0.

(Concluded)

**TOKIO MARINE NEWA INSURANCE CO., LTD. AND SUBSIDIARY**

**DISPOSAL OF INDIVIDUAL REAL ESTATE AT PRICES OF AT LEAST NT\$100 MILLION OR 20% OF PAID-IN CAPITAL  
FOR THE YEAR ENDED DECEMBER 31, 2023  
(In New Taiwan Dollars)**

<b>Seller</b>	<b>Property</b>	<b>Event Date</b>	<b>Original Acquisition Date</b>	<b>Carrying Amount</b>	<b>Transaction Amount</b>	<b>Collection</b>	<b>Gain (Loss) on Disposal (Note)</b>	<b>Counterparty</b>	<b>Relationship</b>	<b>Purpose of Disposal</b>	<b>Price Reference</b>	<b>Other Terms</b>
Tokio Marine Newa Insurance Co., Ltd.	2F.-1, 2F.-2, 2F.-3, 2F.-5, No.26, Taiyuan St., Zhubei City, Hsinchu County	January 17, 2023	August 13, 2003	\$ 50,389,480	\$ 130,370,000	\$ 130,370,000	\$ 75,318,348	Chengxin Capital Finance Co., Ltd	Not related	Asset revitalization	According to the appraisal report	-

Note: Gain on disposal is net of necessary transaction costs.

**TOKIO MARINE NEWA INSURANCE CO., LTD. AND SUBSIDIARY**

**TRANSACTIONS WITH RELATED PARTIES INVOLVING MAIN BUSINESS ITEMS REACHING NT\$100 MILLION OR 20% OF PAID-IN CAPITAL OR MORE  
FOR THE YEAR ENDED DECEMBER 31, 2023  
(In New Taiwan Dollars)**

Company Name	Related Party	Relationship with Related Party	Transaction Details				Abnormal Transaction		Payable or Receivable		Note
			Item	Amount	% to Total	Payment Terms	Unit Price	Payment Terms	Ending balance	% to Total	
Tokio Marine Newa Insurance Co., Ltd.	Tokio Marine & Nichido Fire Insurance Co., Ltd.	Parent company	Reinsurance premium outward	\$ 724,506,192	17.00	Based on agreement	\$ -	-	\$ (64,313,083)	(17.00)	
			Reinsurance commission income	155,957,599	18.00	Based on agreement	-	-	-	-	
			Claims recovered from reinsurer	539,749,845	29.00	Based on agreement	-	-	-	-	
	Fortune HS Leasing CO., LTD.	Others	Premium revenue	189,807,931	1.00	Based on agreement	-	-	524,765	0.29	
			Claims incurred	138,768,292	1.00	Based on agreement	-	-	-	-	
	Carplus Auto Leasing Corporation	Others	Premium revenue	450,861,216	2.00	Based on agreement	-	-	3,324,173	1.86	
			Claims incurred	303,636,366	22.00	Based on agreement	-	-	-	-	
	Shung Ye Motors Co., Ltd.	Others	Claims incurred	141,787,359	1.00	Based on agreement	-	-	1,645,944	0.92	
	Fortune Motors Co., Ltd.	Others	Claims incurred	370,417,732	2.00	Based on agreement	-	-	2,000,000	1.12	
	Hsiang Shou Enterprise Co., Ltd.	Others	Claims incurred	100,476,343	-	Based on agreement	-	-	-	-	
Hsieh-Chin Property Insurance Agency Co., Ltd.	Others	Commission expenses	252,162,892	-	Based on agreement	-	-	-	-		

Note: Receivables or payables on the reinsurance premium outward, reinsurance commission income and claims recovered from reinsurers are presented at net amounts.

**TOKIO MARINE NEWA INSURANCE CO., LTD. AND SUBSIDIARY**

**INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT INTERCOMPANY TRANSACTIONS  
FOR THE YEAR ENDED DECEMBER 31, 2023  
(In New Taiwan Dollars)**

No. (Note 1)	Investee Company	Counterparty	Relationship (Note 2)	Transaction Details			
				Financial Statement Accounts	Amount	Payment Terms	% of Total Sales or Assets (Note 3)
0	Tokio Marine Newa Insurance Co., Ltd.	Newa Insurance (Cambodia) Plc.	a	Reinsurance premium inward - overseas	\$ 3,979,767	Based on agreement	-
				Reinsurance commission income - overseas	1,203,516	Based on agreement	-
				Reinsurance claims incurred - overseas	3,350,237	Based on agreement	-
				Due to reinsurers and ceding companies	2,773,471	Based on agreement	-

Note 1: The parent company and subsidiary are numbered as follows:

- a. Parent company: 0.
- b. Subsidiaries are numbered sequentially from 1.

Note 2: Transaction flows are as follows:

- a. From parent company to subsidiary;
- b. From subsidiary to parent company; and
- c. Between subsidiaries.

Note 3: For calculating the percentages, the asset or liability account is divided by the total consolidated assets and the revenue or expense account is divided by the total consolidated net revenue of the same period.

Note 4: Information disclosed in this Table are balances and transactions between the Company and its subsidiary that have been eliminated on consolidation.

**TOKIO MARINE NEWA INSURANCE CO., LTD. AND SUBSIDIARY**

**INFORMATION ON INVESTEES  
FOR THE YEAR ENDED DECEMBER 31, 2023  
(In New Taiwan Dollars)**

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		As of December 31, 2023			Net Income (Loss) of the Investee	Share of Profit (Loss)	Note
				December 31, 2023	December 31, 2022	Number of Shares	%	Carrying Amount			
Tokio Marine Newa Insurance Co., Ltd	Newa Insurance (Cambodia) Plc.	Cambodia	Property insurance businesses	\$ 105,390,000	\$ 105,390,000	3,600	42.35	\$ 3,600,000	\$ 3,138,769	\$ 1,329,269	Notes 1 and 2

Note 1: Subsidiary, paid in capital US\$8,500,000; invested in capital US\$3,600,000.

Note 2: Calculated based on financial statements which have not been audited.