Cathay Century Insurance Co., Ltd. and Subsidiaries

Consolidated Financial Statements for the Six Months Ended June 30, 2024 and 2023 and Independent Auditors' Report

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders
Cathay Century Insurance Co., Ltd.

Opinion

We have audited the accompanying consolidated financial statements of Cathay Century Insurance Co., Ltd. (the "Company") and its subsidiaries (collectively referred to as the "Group"), which comprise the consolidated balance sheets as of June 30, 2024, December 31, 2023 and June 30, 2023, and the consolidated statements of comprehensive income for the three months ended June 30, 2024 and 2023 and for the six months ended June 30, 2024 and 2023, the consolidated statements of changes in equity and cash flows for the six months ended June 30, 2024 and 2023, 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 June 30, 2024, December 31, 2023 and June 30, 2023, and its consolidated financial performance for the three months ended June 30, 2024 and 2023 and for the six months ended June 30, 2024 and 2023, and its consolidated cash flows for the six months ended June 30, 2024 and 2023, in accordance with the Regulations Governing the Preparation of Financial Reports by Insurance Enterprises and International Accounting Standard 34 "Interim Financial Reporting" endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Financial Statement Audit and Attestation Engagements of 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 of the Group for the six months ended June 30, 2024. 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.

Key audit matter for the Group's consolidated financial statements for the six months ended June 30, 2024 is as follows:

Adequacy of Loss Reserves

Loss reserve is a significant liability to the Company, representing 30 % of the Group's total assets as of June 30, 2024.

Loss reserves is provided for claims filed but not yet paid and claims not yet filed. The reserve for claims filed but not yet paid is assessed by the claim department based on the relevant information from each received claim. The reserve for claims not yet filed is comprised of the provision calculated by the actuary department according to the claim development methods (accident year basis) or past claim experiences that complied with actuarial principle, along with a reserve for the unallocated loss adjustment expenses; such accrual principle is also applied to ceded loss reserve under reinsurance contract assets. The claims not yet filed that were estimated by the abovementioned claim development methods or past experiences with the actuarial principles were calculated by considering the weighted results of the claim development and expected loss rates. The actuary department exercises its professional judgment in determining the appropriate models, assumptions and parameters. Therefore, we identified the adequacy of loss reserves as a key audit matter. For the accounting policies and relevant disclosure information, refer to Notes 4, 5 and 20.

By performing control testing, we obtained an understanding of the valuation of loss reserves and the design and implementation of relevant internal controls. Moreover, we also performed the following audit procedures:

1. We obtained the actuarial report prepared by the contracted actuary and determined that the loss reserves were properly accrued, evaluated the contracted actuary's professional competence and capability were compliant with the regulations issued by the Financial Supervisory Commission of the Republic of China.

2. Our internal actuarial specialists evaluated the accuracy and completeness of the relevant data, as well as the reasonableness of the reserve for claims not yet filed by the actuarial method.

Other Matter

We have also audited the parent company only financial statements of Cathay Century Insurance Co., Ltd. as of and for the six months ended June 30, 2024 and 2023 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 International Accounting Standards 34 "Interim Financial Reporting" endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China, 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 or supervisors, 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 six months ended June 30, 2024, 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 Shiuh-Ran, Cheng and Yu-Hong, Kuo.

Deloitte & Touche
Taipei, Taiwan
Republic of China

August 14, 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.

CATHAY CENTURY INSURANCE CO., LTD. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS
(In Thousands of New Taiwan Dollars)

	June 30, 2024		December 31, 2023		June 30, 2023	
ASSETS	**Amount**	**%**	**Amount**	**%**	**Amount**	**%**
CASH AND CASH EQUIVALENTS (Notes 4, 6 and 27)	$ 10,604,801	16	$ 9,382,963	17	$ 9,838,881	18
RECEIVABLES (Notes 4, 11, 27 and 34)	3,933,435	6	3,173,036	6	3,546,579	6
INVESTMENTS						
Financial assets at fair value through profit or loss (Notes 4, 7 and 27)	13,273,565	20	10,798,348	20	8,475,721	16
Financial assets at fair value through other comprehensive income (Notes 4 and 8)	656,215	1	678,881	1	685,967	1
Financial assets at amortized cost (Notes 4 and 9)	10,355,397	16	9,465,788	17	8,814,976	16
Investments accounted for using the equity method, net (Notes 4 and 14)	2,345,916	4	2,317,577	4	2,423,875	5
Loans (Notes 4, 10 and 27)	105,595	-	123,077	-	114,681	-
REINSURANCE CONTRACT ASSETS (Notes 4, 12, 20 and 34)	18,115,588	28	13,479,250	24	14,177,948	26
PROPERTY AND EQUIPMENT (Notes 4 and 15)	428,549	1	466,157	1	349,142	1
RIGHT-OF-USE ASSETS (Notes 4, 16 and 27)	275,753	-	270,871	1	56,798	-
INTANGIBLE ASSETS (Notes 4 and 17)	106,381	-	121,840	-	121,295	-
DEFERRED TAX ASSETS (Note 4)	4,563,618	7	4,512,922	8	4,517,542	8
OTHER ASSETS (Notes 18, 27 and 29)	651,162	1	655,093	1	1,469,811	3
TOTAL	$ 65,415,975	100	$ 55,445,803	100	$ 54,593,216	100
LIABILITIES AND EQUITY						
PAYABLES (Notes 4, 19, 27 and 34)	$ 5,703,462	9	$ 4,102,639	7	$ 4,878,215	9
FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS (Notes 4, 7 and 27)	245,216	-	63,746	-	172,215	-
LEASE LIABILITIES (Notes 4, 16 and 27)	274,736	-	269,303	-	54,516	-
INSURANCE LIABILITIES (Notes 4, 5 and 20)	40,270,895	62	33,713,924	61	33,631,503	61
OTHER LIABILITIES	1,368,629	2	1,556,604	3	1,527,555	3
PROVISIONS (Notes 4 and 21)	328,233	-	427,572	1	429,852	1
DEFERRED TAX LIABILITIES (Note 4)	426,599	1	329,636	1	331,805	1
Total liabilities	48,617,770	74	40,463,424	73	41,025,661	75
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY (Notes 4 and 22)						
Share capital						
Ordinary shares	2,000,000	3	2,000,000	4	2,000,000	4
Capital surplus	7,861,133	12	7,861,133	14	7,861,133	14
Retained earnings						
Legal reserve	249,102	1	-	-	-	-
Special reserve	4,674,251	7	4,674,882	8	3,967,696	7
Unappropriated earnings	1,303,498	2	538,325	1	181,490	1
Total retained earnings	6,226,851	10	5,213,207	9	4,149,186	8
Other equity	710,221	1	(91,961)	-	(442,764)	(1)
Total equity attributable to owners of the Company	16,798,205	26	14,982,379	27	13,567,555	25
Total equity	16,798,205	26	14,982,379	27	13,567,555	25
TOTAL	$ 65,415,975	100	$ 55,445,803	100	$ 54,593,216	100

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

CATHAY CENTURY INSURANCE CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(In Thousands of New Taiwan Dollars, Except (Loss) Earnings Per Share)

	For the Three Months Ended June 30				For the Six Months Ended June 30			
	2024		2023		2024		2023	
	Amount	%	Amount	%	Amount	%	Amount	%
OPERATING REVENUE								
Retained earned premium (Notes 4, 27 and 34)								
Written premium	$ 10,111,952	144	$ 8,666,684	134	$ 18,888,026	136	$ 16,097,927	128
Reinsurance premium	247,097	4	261,507	4	517,527	4	595,334	5
Premium income	10,359,049	148	8,928,191	138	19,405,553	140	16,693,261	133
Less: Reinsurance expenses	3,928,495	56	3,100,076	48	6,766,048	49	5,333,267	42
Less: Net change in unearned premium reserves (Notes 4, 20 and 34)	108,579	2	23,601	-	409,690	3	(50,266)	-
Total retained earned premium	6,321,975	90	5,804,514	90	12,229,815	88	11,410,260	91
Reinsurance commission income (Note 34)	334,528	5	284,891	5	663,864	5	518,134	4
Fee income	13,761	-	12,809	-	28,066	-	26,613	-
Net gain on investments								
Interest income (Notes 23 and 27)	215,604	3	166,553	3	398,124	3	329,588	2
Foreign exchange gain - investment (Note 4)	103,688	1	142,741	2	383,300	3	93,102	1
Gain on financial assets and liabilities at fair value through profit or loss (Note 4)	527,548	8	230,511	4	906,800	7	726,104	6
Net gain on derecognition of financial assets at amortized cost (Notes 4 and 9)	68	-	64	-	124	-	128	-
Share of (loss) profit of associates and joint ventures accounted for using the equity method (Notes 4 and 14)	(67,068)	(1)	92,883	1	(63,087)	(1)	115,496	1
Expected credit impairment losses on investments (Note 4)	(442)	-	(88)	-	(244)	-	(311)	-
Loss on reclassification using the overlay approach (Notes 4 and 7)	(455,059)	(6)	(320,522)	(5)	(742,898)	(5)	(648,738)	(5)
Total net gains on investments	324,339	5	312,142	5	882,119	7	615,369	5
Other operating income	18,277	-	25,907	-	38,564	-	25,907	-
Total operating revenue	7,012,880	100	6,440,263	100	13,842,428	100	12,596,283	100
OPERATING COSTS								
Retained claims payments (Notes 4, 27 and 34)								
Insurance claims payments	4,066,972	58	4,705,944	73	7,767,852	56	18,641,569	148
Less: Claims and payments recovered from reinsurers	1,016,105	14	914,935	14	1,797,628	13	2,010,086	16
Total retained claims payments	3,050,867	44	3,791,009	59	5,970,224	43	16,631,483	132
Net changes in other insurance liabilities (Notes 4 and 20)	723,813	10	(718,456)	(11)	1,010,194	8	(8,856,986)	(70)
Commission expenses (Notes 4, 23, 27 and 34)	1,147,126	16	1,048,295	16	2,245,578	16	2,065,438	16
Other operating costs	9,927	-	5,480	-	18,568	-	15,777	-
Total operating costs	4,931,733	70	4,126,328	64	9,244,564	67	9,855,712	78
GROSS PROFIT	2,081,147	30	2,313,935	36	4,597,864	33	2,740,571	22

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CATHAY CENTURY INSURANCE CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(In Thousands of New Taiwan Dollars, Except (Loss) Earnings Per Share)

	For the Three Months Ended June 30				For the Six Months Ended June 30			
	2024		2023		2024		2023	
	Amount	%	Amount	%	Amount	%	Amount	%
OPERATING EXPENSES (Notes 23 and 27)								
General expenses	$ 1,253,630	18	$ 1,044,304	16	$ 2,430,882	18	$ 1,986,367	16
Administrative expenses	294,200	4	250,967	4	622,214	4	497,875	4
Employee training expenses	4,844	-	4,601	-	7,543	-	6,130	-
Expected credit impairment losses of non-investment	15,038	1	-	-	15,038	-	-	-
Total operating expenses	1,567,712	23	1,299,872	20	3,075,677	22	2,490,372	20
OPERATING INCOME	513,435	7	1,014,063	16	1,522,187	11	250,199	2
NON-OPERATING INCOME AND EXPENSES	(1,329)	-	(140)	-	(2,418)	-	745	-
PROFIT BEFORE INCOME TAX	512,106	7	1,013,923	16	1,519,769	11	250,944	2
INCOME TAX EXPENSE (Notes 4 and 24)	(76,362)	(1)	(257,065)	(4)	(216,271)	(2)	(69,454)	(1)
NET PROFIT	435,744	6	756,858	12	1,303,498	9	181,490	1
OTHER COMPREHENSIVE INCOME (Notes 4, 22 and 24)								
Items that may be reclassified subsequently to profit or loss:								
Exchange differences on translation of the financial statements of foreign operations	12,361	-	(71,113)	(1)	76,707	1	(65,650)	-
Share of the other comprehensive (loss) income of associates and joint ventures accounted for using the equity method	(25,568)	-	(21,276)	(1)	18,162	-	13,337	-
Unrealized (loss) gain on investments in debt instruments at fair value through other comprehensive income	(9,685)	-	1,242	-	(19,075)	-	3,654	-
Other comprehensive income reclassified under the overlay approach	455,059	6	320,522	5	742,898	5	648,738	5
Income tax relating to items that may be reclassified subsequently to profit or loss	(11,196)	-	(8,655)	-	(16,510)	-	(13,786)	-
Other comprehensive income, net of income tax	420,971	6	220,720	3	802,182	6	586,293	5
TOTAL COMPREHENSIVE INCOME	$ 856,715	12	$ 977,578	15	$ 2,105,680	15	$ 767,783	6

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CATHAY CENTURY INSURANCE CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(In Thousands of New Taiwan Dollars, Except (Loss) Earnings Per Share)

	For the Three Months Ended June 30				For the Six Months Ended June 30			
	2024		2023		2024		2023	
	Amount	%	Amount	%	Amount	%	Amount	%
NET PROFIT ATTRIBUTABLE TO:								
Owner of the Company	$ 435,744	6	$ 756,858	12	$ 1,303,498	9	$ 181,490	1
Non-controlling interests	-	-	-	-	-	-	-	-
	$ 435,744	6	$ 756,858	12	$ 1,303,498	9	$ 181,490	1
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:								
Owner of the Company	$ 856,715	12	$ 977,578	15	$ 2,105,680	15	$ 767,783	6
Non-controlling interests	-	-	-	-	-	-	-	-
	$ 856,715	12	$ 977,578	15	$ 2,105,680	15	$ 767,783	6
EARNINGS PER SHARE (Note 25)								
Basic	$ 2.18		$ 3.78		$ 6.52		$ 0.91	

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

CATHAY CENTURY INSURANCE CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
(In Thousands of New Taiwan Dollars)

	Equity Attributable to Owners of the Company										
				Retained Earnings			Other Equity				
	Shares (In Thousands)	Share Capital	Capital Surplus	Legal Reserve	Special Reserve	Unappropriated Earnings (Deficit to Be Offset)	Exchange Differences on Translating the Financial Statements of Foreign Operations	Unrealized Gain (Loss) on Financial Assets at Fair Value through Other Comprehensive Income	Remeasurement of Defined Benefit Plans	Other Comprehensive Income Reclassified Under the Overlay Approach	Total Equity
BALANCE AT JANUARY 1, 2023	705,705	$ 7,057,052	$ 16,557,271	$ 3,995,920	$ 3,968,168	$(17,749,628)	$ (263,645)	$ (67,975)	$ (156,319)	$ (541,118)	$ 12,799,726
Appropriation of 2022 earnings											
Special reserve	-	-	-	-	(472)	472	-	-	-	-	-
Recognition of share-based payments granted by the parent company	-	-	46	-	-	-	-	-	-	-	46
Capital reduction to offset accumulated losses	(505,705)	(5,057,052)	(8,696,184)	(3,995,920)	-	17,749,156	-	-	-	-	-
Net profit for the six months ended June 30, 2023	-	-	-	-	-	181,490	-	-	-	-	181,490
Other comprehensive (loss) income for the six months ended June 30, 2023, net of income tax	-	-	-	-	-	-	(65,650)	16,991	-	634,952	586,293
Total comprehensive income (loss) for the six months ended June 30, 2023	-	-	-	-	-	181,490	(65,650)	16,991	-	634,952	767,783
BALANCE AT JUNE 30, 2023	200,000	$ 2,000,000	$ 7,861,133	$ -	$ 3,967,696	$ 181,490	$ (329,295)	$ (50,984)	$ (156,319)	$ 93,834	$ 13,567,555
BALANCE AT JANUARY 1, 2024	200,000	$ 2,000,000	$ 7,861,133	$ -	$ 4,674,882	$ 538,325	$ (329,230)	$ (79,179)	$ (154,495)	$ 470,943	$ 14,982,379
Appropriation of 2023 earnings											
Legal reserve	-	-	-	249,102	-	(249,102)	-	-	-	-	-
Special reserve	-	-	-	-	(631)	631	-	-	-	-	-
Cash dividends distributed by the Company	-	-	-	-	-	(289,854)	-	-	-	-	(289,854)
Net profit for the six months ended June 30, 2024	-	-	-	-	-	1,303,498	-	-	-	-	1,303,498
Other comprehensive income (loss) for the six months ended June 30, 2024, net of income tax	-	-	-	-	-	-	76,707	(913)	-	726,388	802,182
Total comprehensive (loss) income for the six months ended June 30, 2024	-	-	-	-	-	1,303,498	76,707	(913)	-	726,388	2,105,680
BALANCE AT JUNE 30, 2024	200,000	$ 2,000,000	$ 7,861,133	$ 249,102	$ 4,674,251	$ 1,303,498	$ (252,523)	$ (80,092)	$ (154,495)	$ 1,197,331	$ 16,798,205

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

CATHAY CENTURY INSURANCE CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
(In Thousands of New Taiwan Dollars)

	For the Six Months Ended June 30	
	2024	**2023**
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	$ 1,519,769	$ 250,944
Depreciation expenses	155,482	132,062
Amortization expenses	33,905	37,634
Recognition of share-based payments granted by the parent company	-	46
Net gain on financial assets and liabilities at fair value through profit or loss	(906,800)	(726,104)
Interest expense	3,231	1,117
Net gain on derecognition of financial assets measured at amortized cost	(124)	(128)
Interest income	(398,124)	(329,588)
Net change in insurance liabilities	6,556,971	(8,614,459)
Expected credit impairment losses on investments	244	311
Expected credit impairment losses of non-investment	15,038	-
Share of loss (profit) of associates and joint ventures accounted for using the equity method	63,087	(115,496)
Loss on reclassification using the overlay approach	742,898	648,738
Loss on disposal of property and equipment	1	3
Gain on lease modification	(10)	-
Changes in operating assets and liabilities		
(Increase) decrease in notes receivable	(269)	9,256
Increase in premiums receivable	(703,633)	(1,026,928)
Decrease in other receivables	26,369	93,974
Increase in financial instruments at fair value through profit or loss	(1,441,820)	(231,583)
Decrease in financial assets at fair value through other comprehensive income	3,595	3,521
(Increase) decrease in financial assets at amortized cost	(889,735)	38,154
Increase in reinsurance contract assets	(4,636,338)	(635,827)
Decrease (increase) in other assets	3,933	(113,633)
Decrease in claims outstanding	(2,238)	-
Increase in commissions payable and fees	68,169	31,158
Increase in due to reinsurers and ceding companies	1,335,859	1,572,268
Decrease in other payables	(77,651)	(59,564)
Decrease in provisions	(99,339)	(123)
(Decrease) increase in other liabilities	(187,975)	316,643
Cash generated from (used in) operations	1,184,495	(8,717,604)
Interest received	339,664	300,808
Dividends received	15,429	10,933
Interest paid	(3,231)	(1,117)
Income tax (paid) received	(199,294)	611,120
Net cash generated from (used in) operating activities	1,337,063	(7,795,860)

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CATHAY CENTURY INSURANCE CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
(In Thousands of New Taiwan Dollars)

	For the Six Months Ended June 30	
	2024	2023
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of property and equipment	$ (38,340)	$ (60,274)
Acquisition of intangible assets	(18,295)	(18,010)
Decrease in loans	17,482	23,263
Net cash used in investing activities	(39,153)	(55,021)
CASH FLOWS FROM FINANCING ACTIVITIES		
Payment of the principal portion of lease liabilities	(79,361)	(78,491)
EFFECTS OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	3,289	9,541
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	1,221,838	(7,919,831)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	9,382,963	17,758,712
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	$ 10,604,801	$ 9,838,881

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

CATHAY CENTURY INSURANCE CO., LTD. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED JUNE 30, 2024 AND 2023
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

1. GENERAL INFORMATION

Cathay Century Insurance Co., Ltd. (the "Company") was incorporated in Taiwan on July 19, 1993, under the Company Act of the Republic of China (R.O.C.). On April 22, 2002, the Company became a wholly-owned subsidiary of Cathay Financial Holdings Co., Ltd. ("Cathay Financial Holdings") through a share swap pursuant to the Financial Holdings Company Act. The Company was renamed from Tong-Tai Insurance Co., Ltd. to Cathay Century Insurance Co., Ltd., as approved by Letter No. 0910706108 issued by the Ministry of Finance on June 28, 2002 and officially announced on August 2, 2002. The Company mainly engages in the business of property and casualty insurance. The Company's registered office and the main business location are at No. 296, Sec. 4, Jen Ai Road, Taipei, Taiwan, R.O.C. Cathay Financial Holdings is the Company's parent company and ultimate parent company.

The consolidated financial statements 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 August 14, 2024.

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

a. Initial application of the amendments to the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) (collectively, the "IFRS Accounting Standards") endorsed and issued into effect by the Financial Supervisory Commission (FSC)

   The initial application of the IFRS Accounting Standards endorsed and issued into effect by the FSC did not have a material impact on the Group's accounting policies.

b. The IFRS Accounting Standards endorsed by the FSC for application starting from 2025

New, Amended and Revised Standards and Interpretations	Effective Date Announced by International Accounting Standards Board (IASB)
Amendments to IAS 21 "Lack of Exchangeability"	January 1, 2025 (Note 1)

Note 1: An entity shall apply those amendments for annual reporting periods beginning on or after January 1, 2025. Upon initial application of the amendments to IAS 21, the Group shall not restate the comparative information and shall recognize any effect of initially applying the amendments as an adjustment to the opening balance of retained earnings or, if applicable, to the cumulative amount of translation differences in equity as well as affected assets or liabilities.

As of the date the consolidated financial statements were authorized for issue, the Group is continuously assessing other impacts of the above amended standards and interpretations on the Group's financial position and financial performance and will disclose the relevant impact when the assessment is completed.

c. The IFRS Accounting Standards in issue but not yet endorsed and issued into effect by the FSC

New, Amended and Revised Standards and Interpretations	**Effective Date Announced by IASB (Note 1)**
Annual Improvements to IFRS Accounting Standards - Volume 11	January 1, 2026
Amendments to IFRS 9 and IFRS 7 "Amendments to the Classification and Measurement of Financial Instruments"	January 1, 2026
Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets between an Investor and its Associate or Joint Venture"	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
IFRS 18 "Presentation and Disclosure in Financial Statements"	January 1, 2027
IFRS 19 "Subsidiaries without Public Accountability: Disclosures"	January 1, 2027

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

1) IFRS 18 "Presentation and Disclosure in Financial Statements"

IFRS 18 will supersede IAS 1" Presentation of Financial Statements". The main changes comprise:

- Items of income and expenses included in the statement of profit or loss shall be classified into the operating, investing, financing, income taxes and discontinued operations categories.

- The statement of profit or loss shall present totals and subtotals for operating profit or loss, profit or loss before financing and income taxes and profit or loss.

- Provides guidance to enhance the requirements of aggregation and disaggregation: The Group shall identify the assets, liabilities, equity, income, expenses and cash flows that arise from individual transactions or other events and shall classify and aggregate them into groups based on shared characteristics, so as to result in the presentation in the primary financial statements of line items that have at least one similar characteristic. The Group shall disaggregate items with dissimilar characteristics in the primary financial statements and in the notes. The Group labels items as "other" only if it cannot find a more informative label.

- Disclosures on Management-defined Performance Measures (MPMs): When in public communications outside financial statements and communicating to users of financial statements management's view of an aspect of the financial performance of the Group as a whole, the Group shall disclose related information about its MPMs in a single note to the financial statements, including the description of such measures, calculations, reconciliations to the subtotal or total specified by IFRS Accounting Standards and the income tax and non-controlling interests effects of related reconciliation items.

2) IFRS 17 “Insurance Contracts” and its amendments

IFRS 17 sets out the accounting standards for insurance contracts and it will supersede IFRS 4. The main standards and amendments of IFRS 17 are as follows:

<u>Level of aggregation</u>

IFRS 17 requires the Group to identify portfolios of insurance contracts. A portfolio comprises contracts subject to similar risks and managed together. Contracts within a product line would be expected to have similar risks and hence would be expected to be in the same portfolio if they are managed together. The Group should divide a portfolio of insurance contracts issued into a minimum of:

a) A group of contracts that are onerous at initial recognition;

b) A group of contracts that at initial recognition have no significant possibility of becoming onerous subsequently; and

c) A group of the remaining contracts in the portfolio.

The Group should not include contracts issued more than one year apart in the same group, and the recognition and measurements of IFRS 17 should be applied to all identified groups of contracts.

<u>Recognition</u>

The Group should 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.

<u>Measurement on initial recognition</u>

On initial recognition, the Group should measure a group of insurance contracts at the total of the fulfilment cash flows and the contractual service margin. The fulfilment cash flows comprise estimates of future cash flows, adjustments to reflect the time value of money and financial risk related to the future cash flows, and a risk adjustment for non-financial risk. The contractual service margin represents the unearned profit for the group of insurance contracts that the Group will recognize as it provides insurance contract services in the future. Unless a group of contracts is onerous, the Group should measure the contractual service margin on initial recognition of the group of insurance contracts at an amount that results in no income or expenses arising from:

a) The initial recognition of an amount for the fulfilment cash flows;

b) Any cash flows arising from the contracts in the group at that date; and

c) The derecognition at the date of initial derecognition of:

   i. Any assets for insurance acquisition cash flows;

   ii. Any other asset or liability previously recognized for cash flows related to the group of contracts.

Subsequent measurement

The carrying amount of a group of insurance contracts at the end of each reporting period should be the sum of the liability for remaining coverage and the liability for incurred claims. The liability for remaining coverage comprises the fulfilment cash flows related to future services and the contractual service margin; the liability for incurred claims comprises the fulfilment cash flows related to past services. If a group of insurance contracts becomes onerous (or more onerous) on subsequent measurement, the Group should recognize a loss immediately in profit or loss.

Onerous contracts

An insurance contract is considered onerous at the date of initial recognition if the fulfilment cash flows allocated to the contracts, any previously recognized insurance acquisition cash flows and any cash flows arising from the contract at the date of initial recognition in total are a net outflow. The Group should recognize a loss in profit or loss for the net outflow for the group of onerous contracts, resulting in the carrying amount of the liability for the group of onerous contracts being equal to the fulfilment cash flows and the contractual service margin of the group being zero. The contractual service margin cannot increase and no revenue can be recognized, until the onerous amount previously recognized has been reversed in profit or loss as part of a service expense. Before the loss previously recognized on the onerous group is reversed, the Group should not recognize contractual service margin or insurance revenue.

Premium Allocation Approach (PAA)

The Group may simplify the measurement of a group of insurance contracts using the PAA if, and only if, at the inception of the group:

a) The Group reasonably expects that such simplification would produce a measurement of the liability for remaining coverage for the group that would not differ materially from the one that would be produced by applying the general measurement model; or

b) The coverage period of each contract in the group is one year or less.

At the inception of the Group, if the Group expects significant variability in the fulfilment cash flows that would affect the measurement of the liability for remaining coverage during the period before a claim is incurred, the above-mentioned criterion 1) is not met.

Using the PAA, the liability for remaining coverage on initial recognition should be:

a) The premiums received at initial recognition;

b) Minus any insurance acquisition cash flows at that date; and

c) Plus or minus any amount arising from the derecognition at that date of:

    i. Any asset for insurance acquisition cash flows; and

    ii. Any other asset or liability previously recognized for cash flows related to the group of insurance contracts.

Subsequently, the liability for remaining coverage should be adjusted as plus the premiums received and the amortization of insurance acquisition cash flows and minus the amount recognized as insurance revenue for services provided and any investment component paid or transferred to the liability for incurred claims in the period.

Investment contracts with discretionary participation features

An investment contract with a discretionary participation features is a financial instrument and it does not include a transfer of significant insurance risk. An investment contract with discretionary participation features the Group issues should apply the requirements of the IFRS 17 if the Group also issues insurance contracts.

Modification and derecognition

If the terms of an insurance contract are modified and any of the specific conditions is met, resulting in a substantive modification, the Group should 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 any of the conditions of a substantive modification is met.

Transition

The Group shall apply IFRS 17 retrospectively unless it is impracticable, in which case the Group may choose to adopt the modified retrospective approach or the fair value approach.

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

Under the fair value approach, the Group should determine the contractual service margin at the transition date as the difference between the fair value of a group of insurance contracts at that date and the fulfilment cash flows measured at that date.

Redesignation of financial assets

At the date of initial application of IFRS 17, an entity which had applied IFRS 9 may redesignate the classification of an eligible asset that meets the condition in paragraph C29 of IFRS 17. The entity is not required to restate the comparative information to reflect changes in the classifications of these assets, and any difference between the previous carrying amount and the carrying amount at the date of initial application of these financial assets should be recognized in the opening retained earnings (or other component of equity, as appropriate) at the date of initial application. If an entity restates the comparative information, the restated financial statements must reflect all the requirements of IFRS 9 for those affected financial assets.

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

Except for the above impact, as of the date the consolidated financial statements were authorized for issue, the Group is continuously assessing other impacts of the above amended 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

These interim consolidated financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Insurance Enterprises and IAS 34 “Interim Financial Reporting” as endorsed and issued into effect by the FSC. Disclosure information included in these interim consolidated financial statements is less than the disclosure information required in a complete set of annual consolidated financial statements.

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. Classification of current and non-current assets and liabilities

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

d. Basis of consolidation

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

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

Adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those of the Group.

All intra-group transactions, balances, income and expenses are eliminated in full upon consolidation.

Refer to Note 13 and Table 5 for detailed information on subsidiaries (including percentages of ownership and main businesses).

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 denominated in foreign currencies that are measured at fair value 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 denominated in a foreign currency and measured at historical cost is stated at the reporting currency as originally translated from the foreign currency.

For the purpose of presenting consolidated financial statements, the functional currencies of the group entities (including subsidiaries and associates in other countries that use currencies which are different from the currency of the Company) are translated into the presentation currency, the New Taiwan dollar, as follows: Assets and liabilities are translated at the exchange rates prevailing at the end of the reporting period; and income and expense items are translated at the average exchange rates for the period. The resulting currency translation differences are recognized in other comprehensive income.

f. Investments in associates

An associate is an entity over which the Group has significant influence and which is neither a subsidiary nor an interest in a joint venture.

The Group uses the equity method to account for its investments in associates.

Under the equity method, investments in an associate are initially recognized at cost and adjusted thereafter to recognize the Group’s share of the profit or loss and other comprehensive income of the associate. The Group also recognizes the changes in the Group’s share of the equity of associates.

When the Company subscribes for additional new shares of an associate at a percentage different from its existing ownership percentage, the resulting carrying amount of the investment differs from the amount of the Group’s proportionate interest in the associate. The Group records such a difference as an adjustment to investments with the corresponding amount charged or credited to capital surplus - changes in capital surplus from investments in associates and joint ventures accounted for using the equity method. If the Group’s ownership interest is reduced due to its additional subscription of the new shares of the associate, the proportionate amount of the gains or losses previously recognized in other comprehensive income in relation to that associate is reclassified to profit or loss on the same basis as would be required had the investee directly disposed of the related assets or liabilities. When the adjustment should be debited to capital surplus, but the capital surplus recognized from investments accounted for using the equity method is insufficient, the shortage is debited to retained earnings.

When the Group’s share of losses of an associate equals or exceeds its interest in that associate (which includes any carrying amount of the investment accounted for using the equity method and long-term interests that, in substance, form part of the Group’s net investment in the associate), the Group discontinues recognizing its share of further loss, if any. Additional losses and liabilities are recognized only to the extent that the Group has incurred legal obligations, or constructive obligations, or made payments on behalf of that associate.

The entire carrying amount of an investment (including goodwill) is tested for impairment as a single asset by comparing its recoverable amount with its carrying amount. Any impairment loss recognized is not allocated to any asset, including goodwill, that forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognized to the extent that the recoverable amount of the investment subsequently increases.

The Group discontinues the use of the equity method from the date on which its investment ceases to be an associate. Any retained investment is measured at fair value at that date, and the fair value is regarded as the investment's fair value on initial recognition as a financial asset. The difference between the previous carrying amount of the associate attributable to the retained interest and its fair value is included in the determination of the gain or loss on disposal of the associate. The Group accounts for all amounts previously recognized in other comprehensive income in relation to that associate on the same basis as would be required had that associate directly disposed of the related assets or liabilities. If an investment in an associate becomes an investment in a joint venture or an investment in a joint venture becomes an investment in an associate, the Group continues to apply the equity method and does not remeasure the retained interest.

When the Group transacts with its associate, profits and losses resulting from the transactions with the associate are recognized in the Group's consolidated financial statements only to the extent of interests in the associate that are not related to the Group.

g. Property and equipment

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

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 effects 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.

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.

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 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 and intangible assets to determine whether there is any indication that those assets have suffered any 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 or cash-generating unit 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 or cash-generating unit 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.

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) Categories of financial assets, initial recognition and subsequent measurement

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

i. Financial assets at FVTPL

Financial assets are classified as at FVTPL when such a financial asset is mandatorily classified or designated as at FVTPL, including investments in equity instruments that 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.

In addition, to reduce the fluctuations in profit or loss as a result of IFRS 9 being applied earlier than IFRS 17, the Group elects to remove profit or loss arising from changes in fair value in subsequent measurement and present it in other comprehensive income based on the overlay approach under IFRS 4. Overlay approach is applied to financial assets if all of the following conditions are met:

i) The financial assets are held in respect of activities related to IFRS 4.

ii) The financial assets are measured at FVTPL applying IFRS 9 but would not have been measured at FVTPL in its entirety applying under IAS 39.

iii) The financial assets designated to apply the overlay approach at initial recognition when an entity first applies IFRS 9 or when a new financial asset is initially recognized or when a financial asset newly meets the criteria having previously not met.

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 assets 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 and receivables at amortized cost, equal 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 assets, 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 assets 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.

iii. Investments in debt instruments at FVTOCI

Debt instruments that meet both of 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.

b) Impairment of financial assets

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

The Group always recognizes lifetime ECLs for 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.

ECLs 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 that the following situations indicate that a financial asset is in default without taking into account any collateral held by the Group:

i. Internal or external information shows that the debtor is unlikely to pay its creditors.

ii. Financial asset is more than 90 days past due unless the Group has reasonable and corroborative information to support a more lagged default criterion.

The Group recognizes an impairment gain or loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount 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 does not reduce the carrying amount of such a financial asset.

In addition, in accordance with the Regulations Governing the Procedures for Insurance Enterprises to Evaluate Assets and Deal with Non-performing/Non-accrual Loans, credit assets are classified as normal assets ("First Category"), assets that require special attention ("Second Category"), assets that are substandard ("Third Category"), assets that are doubtful ("Fourth Category") and assets for which there is loss ("Fifth Category") based on the borrower's financial conditions and the delay for payment of principal and interests as well as the status of the loan collateral and the length of time overdue. The minimum amounts of allowance for bad debts are based upon each of the following categories:

i. The sum of 0.5% of the First Category loan assets excluding life insurance policy loans, premium loans and loans to government agencies, 2% of the Second Category loan assets, 10% of the Third Category loan assets, as well as 50% and 100% of the Fourth Category and Fifth Category loan assets.

ii. 1% of the sum of all five categories of loan assets, excluding life insurance loans, automatic premium loans and loans to government agencies.

iii. Total unsecured portion of non-performing loans and non-accrual loans.

Besides, pursuant to Jin Guan Bao Tsai No. 10402506096, the Company shall keep the ratio of the allowance for bad debt over the loans at 1.5% or above to strengthen its ability against loss exposure to specific loan assets.

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.

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, and its carrying amounts are calculated based on weighted average by share types. 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 the financial liabilities are measured at amortized cost using the effective interest method:

<u>Financial liabilities at FVTPL</u>

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, interest rate swaps, foreign exchange swaps, cross-currency swap contract, options and futures.

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 are 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.

k. Reinsurance business

In order to limit the possible losses caused by certain events, the Group arranges reinsurance business based on its business needs and related insurance regulations. For reinsurance of ceded business, the Group cannot refuse to fulfill its obligations to the insured when the reinsurer fails to fulfill its obligations.

For the ceding reinsurance, reinsurance expenses are recognized based on the ceding reinsurance contract. According to matching principle, the reinsurance expenses should be recognized in the same accounting period as the insurance premiums. In addition, the Group accrues the reinsurance expense at the balance sheet date in a reasonable and systematic manner for the billing statements that have not yet been received as well as related income (for example, reinsurance commission income). The related profit or loss for reinsurance is not deferred.

Reinsurance reserve assets present the rights to reinsurers and comprise of ceded unearned premium reserve, ceded loss reserve, and ceded premium deficiency reserve, which are recognized according to the Regulations Governing the Setting Aside of Various Reserves by Insurance Enterprises and other regulations as well as the conditions of reinsurance contracts.

l. Reserves for liabilities

Insurance reserves provided for insurance contracts should be audited by the actuaries certified by the FSC and should also conform to the 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-oriented 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-oriented 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 events, special reserves for fluctuation of risk and special reserves for other special purposes.

   In accordance with the Regulations for the Management of the Various Reserves for Compulsory Automobile Liability Insurance, the Group shall set aside the special reserves as liabilities which is calculated based on the sum of retained earned pure premiums, recovery of loss reserve and the interest accrued of the beginning balance of the special reserve, minus the retained claims and the provision of loss reserve; if the sum of retained earned pure premiums, recovery of loss reserve and the interest accrued of the beginning balance of the special reserve in the preceding fiscal year is less than the sum of the retained claims and the provision of loss reserve, the deficit shall be amended with the cumulative recovery of the special reserve in the previous years. If any deficit remains, the balance shall be recorded as a memorandum entry and amended with the recovery of the special reserves in the subsequent years.

Furthermore, according to the Notice for the improvement of the reserves of natural disaster insurance (commercial-business earthquake, typhoon and flood insurance enterprises) issued by the Financial Supervisory Commission on November 9, 2012, except for those special reserves of compulsory automobile insurance, nuclear energy insurance, residential earthquake insurance, commercial-business earthquake insurance and typhoon and flood insurance, the special reserves recognized as liabilities before December 31, 2012 were used to compensate the deficiencies of commercial-business earthquake insurance and typhoon and flood insurance to the required level and recognized as liabilities. The remaining special reserves were reclassified as equity, net of tax, according to IAS 12 starting from January 1, 2013. In addition, the above precautions were amended by Rule No. 11101405951 on June 30, 2022, and the name was changed to "Directions for Strengthening Disaster Reserve by Non-Life Insurance Enterprises". According to point eight of the Notices, when the actual retained claims that resulted from disasters exceeded the expected claims net of the reversal of the special reserve for a catastrophic event, or the reserves accumulate to the full water level, the Group should offset or recover the special reserves for hazard changes according to point three of the "Regulations Governing Various Reserves for Commercial Earthquake Insurance and Typhoon and Flood Insurance Operated by Non-Life Insurance Enterprises". The write off and recovery of special reserves for catastrophic events and fluctuation of risk that is provided under liabilities should be in conformity with the notice mentioned above.

a) Special reserves for catastrophic event

Special reserves for catastrophic events are provided at the rates for each insurance type required by the authorities.

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

Special reserves for catastrophic events 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 reserves for commercial businesses 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 events 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 types. 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) Policy reserve

The minimum provision for policy reserve for health insurance with policy periods longer than one year is determined by the full preliminary term method. However, the method of provision for health insurance with a special nature is regulated by the authorities.

6) 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 result shows inadequate liability reserve, the shortfall should be recognized as a liability adequacy reserve.

m. Classification of insurance products

An insurance contract refers to a contract where the insurer accepts the insurance policyholder’s transfer of significant insurance risk and agrees to compensate the policyholder for any damages caused by a particular uncertain future event (insured event). The Group’s identification of a significant insurance risk refers to any insured event that occurs and causes the Group to incur additional significant payments.

For a policy that meets the definition of an insurance contract in the initial phase, it is treated as an insurance contract before the right of ownership and obligations expired or extinguished, even if the exposure to insurance risk during the policy period has significantly decreased. However, if an insurance contract with features of financial instruments transfers a significant insurance risk to the Group subsequently, the Group should reclassify the contract as an insurance contract.

n. Revenue and acquisition costs of insurance business

Direct premiums are recognized for all insurance policies underwritten and issued in current periods. Reinsurance premiums are usually recognized as the billing statements are delivered, and, on the balance sheet date, reinsurance premiums of which the billing statements are 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.

Taxes related to the insurance premium revenue are recognized pursuant to “Value-added and Non-value-added Business Tax Act” and “Stamp Tax Act” on an accrual basis.

o. Insurance claims and payments

Claims and payments (including claim expenses) filed and paid pertaining to the direct insurance business are recognized as paid claims in current periods. 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 of filed but not yet paid and not yet filed cases, 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 subjected to the test 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 that was 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 for direct written business should be recognized at its fair value. Subrogation legally acquired should be recognized when the actual recovery is definite (the inflow of the economic benefits in the future is more likely than not) and reliably measured.

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

The Company and all the members approved by the competent authority set the “Co-insurance Contract of Compulsory Automobile Liability Insurance” and agreed that the business should be fully included in the co-insurance, violators have to pay liquidated damages and agreed to be inspected by co-insurance team. The business is calculated on the basis of pure premiums and in accordance with the agreed portion. In addition to the liquidation or going out of business, the members shall not withdraw. If the members stop to operate the compulsory automobile liability insurance, it should drop out from the co-insurance organization at the same time, and the responsibility of unearned premiums applies natural expiry.

The Company, the property insurance company with the order for traveling industry performance guarantee insurance and the reinsurance company set the “Co-insurance Contract of Traveling Industry Performance Guarantee Insurance” and agreed that the business should be fully included in the co-insurance, violators have to pay liquidated damages and agreed to be inspected by the co-insurance organization. The business is calculated on the basis of the co-insurance premium and in accordance with the agreed proportion. Members shall make notice in writing when going to withdraw from co-insurance three months before the start of the following year began three months ago. The original undertaken responsibility will cease to exist at the end of the year, and the member company which drops out from the co-insurance organization will be held responsible for the unfinished part of the responsibility until its natural expiry.

s. Leases

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

<u>The Group as lessee</u>

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 other equity 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.

Pension cost for an interim period is calculated on a year-to-date basis by using the actuarially determined pension cost rate at the end of the prior financial year, adjusted for significant market fluctuations since that time and for significant plan amendments, settlements, or other significant one-off events.

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. Share-based payment arrangements

Employee share options granted to employees and others providing similar services.

The fair value at the grant date of the employee share options is expensed on a straight-line basis over the vesting period, based on the Group's best estimates of the number of shares or options that are expected to ultimately vest, with a corresponding increase in capital surplus - employee share options. It is recognized as an expense in full at the grant date if vested immediately. The grant date of the parent company's issued ordinary shares for cash which are reserved for employees is the date on which the board of directors approves the transaction.

v. Income tax expense

Income tax expense represents the sum of the tax currently payable and deferred tax. Interim period income taxes are assessed on an annual basis and calculated by applying to an interim period's pre-tax income the tax rate that would be applicable to expected total annual earnings.

1) Current tax

Income tax payable (recoverable) is based on taxable profit (loss) for the year determined according to the applicable tax laws of each tax jurisdiction.

According to the Income Tax Act in the R.O.C, an additional tax of unappropriated earnings is provided for 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 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.

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries and associates and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are recognized only to the extent that it is probable that there will be sufficient taxable profits against which to utilize the benefits of the temporary differences, and such temporary differences are expected to reverse in the foreseeable future.

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 assets 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 tax for the year

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

5. MATERIAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's material 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 of catastrophe on the cash flow projection and other relevant material estimates. The estimates and underlying assumptions are reviewed on an ongoing basis.

Material Accounting Judgments

<u>Adequacy test on loss reserve</u>

Loss reserves are estimated for possible claims of both filed but not yet paid and not yet filed insurance contracts. Such estimates are made based on historical data, actuarial analysis, financing modeling and other analytical techniques and are adjusted when necessary; however, the actual results may differ from these estimates.

6. CASH AND CASH EQUIVALENTS

	June 30, 2024	December 31, 2023	June 30, 2023
Cash on hand	$ 36,974	$ 33,903	$ 39,239
Checking accounts and demand deposits	3,560,138	2,754,197	3,668,695
Cash equivalents (investments with original maturities of less than 3 months)			
Time deposits	4,120,133	4,070,191	3,665,317
Short-term notes	2,887,556	2,524,672	2,465,630
	$ 10,604,801	$ 9,382,963	$ 9,838,881

7. FINANCIAL INSTRUMENTS AT FVTPL

	June 30, 2024	December 31, 2023	June 30, 2023
Financial assets mandatorily classified as at FVTPL			
Derivative financial assets (not under hedge accounting)			
Currency swaps contract	$ -	$ 59,225	$ 2,811
Non-derivative financial assets			
Listed shares	7,363,974	6,313,540	5,425,700
Beneficiary certificates	5,653,955	4,167,315	2,785,915
Financial bonds	255,636	258,268	261,295
	$ 13,273,565	$ 10,798,348	$ 8,475,721
Financial liabilities held for trading			
Derivative financial liabilities (not under hedge accounting)			
Currency swaps contract	$ 245,216	$ 63,746	$ 172,215

a. At the end of the reporting period, outstanding foreign exchange swaps contract not under hedge accounting were as follows:

	Currency	Maturity Date	Notional Amount (In Thousands)
June 30, 2024			
Currency swaps contract	USD/NTD	2024.07.18-2025.06.27	USD 184,100
December 31, 2023			
Currency swaps contract	USD/NTD	2024,01,16-2024.12.23	USD 173,600
June 30, 2023			
Currency swaps contract	USD/NTD	2023.07.17-2024.06.27	USD 176,100

The Group entered into currency swaps contract to manage exposures to exchange rate fluctuations of foreign currency-denominated assets and liabilities.

b. The financial assets at FVTPL were not pledged.

c. The Group elects to present the profit or loss of the designated financial assets in the overlay approach under IFRS 4. Financial assets designated to apply overlay approach by the Group for investing activities relating to insurance contracts issued by the Group are as follows:

	June 30, 2024	December 31, 2023	June 30, 2023
Financial assets at FVTPL			
Listed shares	$ 7,363,974	$ 6,313,540	$ 5,425,700
Beneficiary certificates	5,653,955	4,167,315	2,785,915
Financial bonds	255,636	258,268	261,295

Reclassification from profit or loss to other comprehensive income of the financial assets designated to apply overlay approach for the six months ended June 30, 2024 and 2023 is as follows:

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2024	2023	2024	2023
Gain due to application of IFRS 9 to profit or loss	$ (674,372)	$ (391,292)	$ (1,319,774)	$ (895,115)
Gain if applying IAS 39 to profit or loss	219,313	70,770	576,876	246,377
Loss from reclassification using the overlay approach	$ (455,059)	$ (320,522)	$ (742,898)	$ (648,738)

Due to application of overlay approach, the amount of gain and loss on financial assets and liabilities at FVTPL decreased from gain of $527,548 thousand to gain of $72,489 thousand and decreased from gain of $230,511 thousand to loss of $90,011 thousand for the three months ended June 30, 2024 and 2023, respectively, and gain and loss on financial assets and liabilities at FVTPL decreased from gain of $906,800 thousand to gain of $163,902 thousand and decreased from gain of $726,104 thousand to gain of $77,366 thousand for the six months ended June 30, 2024 and 2023, respectively.

8. FINANCIAL ASSETS AT FVTOCI

	June 30, 2024	December 31, 2023	June 30, 2023
Investments in debt instruments at FVTOCI			
Domestic investments			
Government bonds	$ 656,215	$ 678,881	$ 685,967

a. Refer to Note 26 for information relating to the credit risk management and impairment of investments in debt instruments at FVTOCI.

b. The financial assets at FVTOCI were not pledged as collateral.

9. FINANCIAL ASSETS AT AMORTIZED COST

	June 30, 2024	December 31, 2023	June 30, 2023
Domestic investments			
Financial bonds	$ 200,000	$ 100,000	$ 100,000
Corporate bonds	1,599,968	1,599,988	1,599,968
Government bonds	949,837	949,742	1,099,642
Foreign bonds investments	7,919,757	7,129,842	7,118,968
	10,669,562	9,779,572	9,918,578
Less: Loss allowance	(14,487)	(14,182)	(4,013)
Less: Deposits in the Central Bank	(299,678)	(299,602)	(1,099,589)
	$ 10,355,397	$ 9,465,788	$ 8,814,976

a. The Group's gains on disposal of bonds resulting from repayments at maturities for the six months ended June 30, 2024 and 2023 were $124 thousand and $128 thousand, respectively.

b. Refer to Note 26 for information relating to their credit risk management and impairment.

c. The financial assets at amortized cost were not pledged.

10. LOANS

	June 30, 2024	December 31, 2023	June 30, 2023
Secured loans	$ 107,106	$ 124,832	$ 116,245
Less: Loss allowance	(1,511)	(1,755)	(1,564)
	$ 105,595	$ 123,077	$ 114,681

Secured loans are secured by property and equipment. The Group applied IFRS 9 and assessed impairment in accordance with the regulation of "Guidelines for Handling Assessment of Assets, Loans Overdue, Receivable on Demand and Bad Debts by Insurance Enterprises". Refer to Note 26 for information relating to the credit risk management and impairment for the six months ended June 30, 2024 and 2023.

11. RECEIVABLES

	June 30, 2024	December 31, 2023	June 30, 2023
Notes receivable	$ 181,493	$ 181,332	$ 169,391
Premiums receivables	3,442,042	2,734,422	3,072,550
Integrated income tax receivable	-	-	32,397
Other receivables	369,836	297,720	325,330
	3,993,371	3,213,474	3,599,668
Less: Loss allowance	(59,936)	(40,438)	(53,089)
	$ 3,933,435	$ 3,173,036	$ 3,546,579

The allowance for impairment loss was reconciled as follows:

	For the Six Months Ended June 30	
	2024	**2023**
Beginning balance	$ 40,438	$ 70,139
Impairment losses recognized (reversed)	19,498	(17,050)
Ending balance	$ 59,936	$ 53,089

12. REINSURANCE ASSETS

	June 30, 2024	**December 31, 2023**	**June 30, 2023**
Claims and payments recoverable from reinsurers, net	$ 519,815	$ 835,448	$ 556,705
Due from reinsurers and ceding companies, net	1,843,964	2,005,758	2,483,393
Reinsurance reserve assets			
Ceded unearned premium reserve	6,698,848	5,538,053	5,398,464
Ceded loss reserve	9,052,961	5,099,991	5,739,386
	$ 18,115,588	$ 13,479,250	$ 14,177,948

a. Claims and payments recoverable from reinsurers

	June 30, 2024	**December 31, 2023**	**June 30, 2023**
Gross carrying amount	$ 525,066	$ 843,887	$ 562,329
Less: Loss allowance	(5,251)	(8,439)	(5,624)
	$ 519,815	$ 835,448	$ 556,705

The allowance for impairment loss was reconciled as follows:

	For the Six Months Ended June 30	
	2024	**2023**
Beginning balance	$ 8,439	$ 6,782
Impairment losses reversed	(3,188)	(1,158)
Ending balance	$ 5,251	$ 5,624

b. Due from reinsurers and ceding companies

	June 30, 2024	December 31, 2023	June 30, 2023
Gross carrying amount	$ 2,032,364	$ 2,195,180	$ 2,526,453
Less: Loss allowance	(188,400)	(189,422)	(43,060)
	$ 1,843,964	$ 2,005,758	$ 2,483,393

The allowance for impairment loss was reconciled as follows:

	For the Six Months Ended June 30	
	2024	2023
Beginning balance	$ 189,422	$ 24,515
Impairment losses (reversed) recognized	(1,022)	18,545
Ending balance	$ 188,400	$ 43,060

13. SUBSIDIARIES

Subsidiaries included in the consolidated financial statements:

			Proportion of Ownership (%)		
Investor	Investee	Nature of Activities	June 30, 2024	December 31, 2023	June 30, 2023
Cathay Century Insurance Co., Ltd.	Cathay Insurance Co., Ltd. (Vietnam)	Operating non-life insurance business	100	100	100

14. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

	June 30, 2024	December 31, 2023	June 30, 2023
Investments in associates	$ 2,345,916	$ 2,317,577	$ 2,423,875

Aggregate information of associates that are not individually material

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2024	2023	2024	2023
The Group's share of:				
(Loss) profit from continuing operations	$ (67,068)	$ 92,883	$ (63,087)	$ 115,496
Other comprehensive income	(5,414)	(105,043)	91,426	(62,343)
Total comprehensive income for the period	$ (72,482)	$ 12,160	$ 28,339	$ 53,153

Investments were calculated based on financial statements which have not been audited. Management believes there is no material impact on the equity method of accounting or the calculation of the share of profit or loss and other comprehensive income from the financial statements which have not been audited.

The investments accounted for using the equity method were not pledged.

15. PROPERTY AND EQUIPMENT

	Computer Equipment	Other Equipment	Prepayments for Equipment	Total
Cost				
Balance at January 1, 2023	$ 629,776	$ 199,241	$ 31,312	$ 860,329
Additions	19,377	13,659	27,238	60,274
Disposals	(140)	(164)	-	(304)
Reclassification	20,241	1,050	(23,344)	(2,053)
Foreign exchange	-	993	-	993
Balance at June 30, 2023	$ 669,254	$ 214,779	$ 35,206	$ 919,239
Accumulated depreciation and impairment				
Balance at January 1, 2023	$ 337,422	$ 176,496	$ -	$ 513,918
Depreciation expenses	52,078	3,448	-	55,526
Disposals	(140)	(161)	-	(301)
Foreign exchange	-	954	-	954
Balance at June 30, 2023	$ 389,360	$ 180,737	$ -	$ 570,097
Carrying amount at June 30, 2023	$ 279,894	$ 34,042	$ 35,206	$ 349,142
Cost				
Balance at January 1, 2024	$ 782,198	$ 253,437	$ 49,466	$1,085,101
Additions	5,153	21,051	12,136	38,340
Disposals	(220)	(279)	-	(499)
Reclassification	-	-	(405)	(405)
Foreign exchange	-	406	-	406
Balance at June 30, 2024	$ 787,131	$ 274,615	$ 61,197	$1,122,943
Accumulated depreciation and impairment				
Balance at January 1, 2024	$ 446,204	$ 172,740	$ -	$ 618,944
Depreciation expenses	64,198	11,357	-	75,555
Disposals	(220)	(278)	-	(498)
Foreign exchange	-	393	-	393
Balance at June 30, 2024	$ 510,182	$ 184,212	$ -	$ 694,394
Carrying amount at December 31, 2023 and January 1, 2024	$ 335,994	$ 80,697	$ 49,466	$ 466,157
Carrying amount at June 30, 2024	$ 276,949	$ 90,403	$ 61,197	$ 428,549

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

Computer equipment	3-5 years
Other equipment	3-5 years

16. LEASE ARRANGEMENTS

a. Right-of-use assets

	June 30, 2024	December 31, 2023	June 30, 2023
Carrying amount			
Buildings	$ 264,966	$ 267,459	$ 52,417
Transportation equipment	10,787	3,412	4,381
	$ 275,753	$ 270,871	$ 56,798

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2024	2023	2024	2023
Additions to right-of-use assets	$ 62,083	$ 14,462	$ 85,676	$ 18,264
Depreciation charge for right-of-use assets				
Buildings	$ 39,491	$ 37,452	$ 78,390	$ 74,875
Transportation equipment	684	816	1,537	1,661
	$ 40,175	$ 38,268	$ 79,927	$ 76,536

b. Lease liabilities

	June 30, 2024	December 31, 2023	June 30, 2023
Carrying amount	$ 274,736	$ 269,303	$ 54,516

Range of discount rates for lease liabilities was as follows:

	June 30, 2024	December 31, 2023	June 30, 2023
Buildings	1.12%-8.57%	1.12%-8.57%	1.12%-8.57%
Transportation equipment	2.15%-2.76%	2.15%-3.49%	2.15%-3.49%

c. Other lease information

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2024	2023	2024	2023
Expenses relating to short-term leases	$ 12,092	$ 7,766	$ 19,884	$ 15,180
Total cash outflow for leases	$ 53,899	$ 48,515	$101,621	$ 94,301

The Group leases certain transportation equipment and buildings which qualify as short-term 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. INTANGIBLE ASSETS

	Computer Software	Other	Total
Cost			
Balance at January 1, 2023	$ 489,885	$ -	$ 489,885
Additions	18,010	-	18,010
Reclassification	2,053	-	2,053
Foreign exchange	1,341	-	1,341
Balance at June 30, 2023	$ 511,289	$ -	$ 511,289
Accumulated depreciation and impairment			
Balance at January 1, 2023	$ 351,458	$ -	$ 351,458
Amortization expenses	37,634	-	37,634
Foreign exchange	902	-	902
Balance at June 30, 2023	$ 389,994	$ -	$ 389,994
Carrying amount at June 30, 2023	$ 121,295	$ -	$ 121,295
Cost			
Balance at January 1, 2024	$ 544,332	$ 598	$ 544,930
Additions	18,295	-	18,295
Foreign exchange	536	-	536
Balance at June 30, 2024	$ 563,163	$ 598	$ 563,761

(Continued)

	Computer Software	Other	Total
Accumulated depreciation and impairment			
Balance at January 1, 2024	$ 423,090	$ -	$ 423,090
Amortization expenses	33,905	-	33,905
Foreign exchange	385	-	385
Balance at June 30, 2024	$ 457,380	$ -	$ 457,380
Carrying amount at December 31, 2023 and January 1, 2024	$ 121,242	$ 598	$ 121,840
Carrying amount at June 30, 2024	$ 105,783	$ 598	$ 106,381

(Concluded)

The above items of intangible assets are amortized on a straight-line basis over their estimated useful lives as follows:

Computer software	3 years

18. OTHER ASSETS

	June 30, 2024	December 31, 2023	June 30, 2023
Deposits in the Central Bank	$ 299,678	$ 299,602	$ 1,099,589
Statutory deposits	27,861	27,819	28,108
Other deposits	257,666	240,934	261,642
Prepayments	33,632	31,754	29,346
Others	32,325	54,984	51,126
	$ 651,162	$ 655,093	$ 1,469,811

Refer to Note 29 for the information of the assets, including government bonds and time deposits, pledged as guarantee deposits of the Group.

19. PAYABLES

	June 30, 2024	December 31, 2023	June 30, 2023
Claims and payments payable	$ -	$ 2,238	$ -
Commissions payable	466,221	398,052	377,246
Due to reinsurers and ceding companies	3,847,679	2,511,820	3,656,437
Integrated income tax payable	171,694	189,832	-
Dividend payable	289,854	-	-
Other payables	928,014	1,000,697	844,532
	$ 5,703,462	$ 4,102,639	$ 4,878,215

20. INSURANCE LIABILITIES

	June 30, 2024	December 31, 2023	June 30, 2023
Unearned premium reserve	$ 19,079,890	$ 17,487,375	$ 16,730,362
Loss reserve	19,424,737	14,473,113	15,249,930
Special reserve	1,765,597	1,753,336	1,650,796
Premium deficiency reserve	600	12	277
Policy reserve	71	88	138
	$ 40,270,895	$ 33,713,924	$ 33,631,503

a. Unearned premium reserve

1) Details of unearned premium reserve and ceded unearned premium reserve

	June 30, 2024			
	Unearned Premium Reserve		Ceded Unearned Premium Reserve	
Insurance Type	Direct Underwriting Business (1)	Reinsurance Inward Business (2)	Ceded Reinsurance Business (3)	Retained Business (4)=(1)+(2)-(3)
Fire insurance	$ 2,736,367	$ 26,624	$ 2,362,924	$ 400,067
Marine insurance	284,593	3,873	242,446	46,020
Land and air insurance	8,109,078	478	431,310	7,678,246
Liability insurance	1,606,662	1,503	428,880	1,179,285
Guarantee insurance	80,137	585	60,755	19,967
Other property insurance	2,412,818	40,448	2,038,234	415,032
Accident insurance	1,685,370	4,240	124,845	1,564,765
Health insurance	53,273	-	-	53,273
Policy-oriented residential earthquake insurance	247,053	35,794	247,053	35,794
Compulsory automobile liability insurance	1,270,668	480,326	762,401	988,593
	$ 18,486,019	$ 593,871	$ 6,698,848	$ 12,381,042

Insurance Type	December 31, 2023			
	Unearned Premium Reserve		Ceded Unearned Premium Reserve	
	Direct Underwriting Business (1)	Reinsurance Inward Business (2)	Ceded Reinsurance Business (3)	Retained Business (4)=(1)+(2)-(3)
Fire insurance	$ 2,183,228	$ 42,158	$ 1,852,410	$ 372,976
Marine insurance	218,082	4,319	173,661	48,740
Land and air insurance	7,876,264	(4)	427,184	7,449,076
Liability insurance	1,551,512	1,092	511,591	1,041,013
Guarantee insurance	70,127	1,234	57,759	13,602
Other property insurance	1,709,781	33,360	1,408,190	334,951
Accident insurance	1,728,298	3,831	107,811	1,624,318
Health insurance	53,551	-	-	53,551
Policy-oriented residential earthquake insurance	238,859	29,885	238,859	29,885
Compulsory automobile liability insurance	1,267,647	474,151	760,588	981,210
	$ 16,897,349	$ 590,026	$ 5,538,053	$ 11,949,322

Insurance Type	June 30, 2023			
	Unearned Premium Reserve		Ceded Unearned Premium Reserve	
	Direct Underwriting Business (1)	Reinsurance Inward Business (2)	Ceded Reinsurance Business (3)	Retained Business (4)=(1)+(2)-(3)
Fire insurance	$ 2,319,403	$ 60,262	$ 1,896,099	$ 483,566
Marine insurance	292,804	7,122	237,717	62,209
Land and air insurance	7,346,186	568	411,050	6,935,704
Liability insurance	1,302,625	1,408	333,311	970,722
Guarantee insurance	64,730	3,453	52,177	16,006
Other property insurance	1,578,520	31,871	1,334,112	276,279
Accident insurance	1,662,599	4,847	139,733	1,527,713
Health insurance	55,582	-	173	55,409
Policy-oriented residential earthquake insurance	236,107	32,819	236,106	32,820
Compulsory automobile liability insurance	1,263,309	466,147	757,986	971,470
	$ 16,121,865	$ 608,497	$ 5,398,464	$ 11,331,898

2) Reconciliation of unearned premium reserve and ceded unearned premium reserve

	For the Six Months Ended June 30			
	2024		2023	
	Unearned Premium Reserve	Ceded Unearned Premium Reserve	Unearned Premium Reserve	Ceded Unearned Premium Reserve
Beginning balance	$ 17,487,375	$ 5,538,053	$ 15,838,272	$ 4,482,083
Provision	19,080,747	6,699,256	16,724,601	5,395,490
Recovery	(17,514,036)	(5,542,235)	(15,870,479)	(4,491,102)
Foreign exchange	25,804	3,774	37,968	11,993
Ending balance	$ 19,079,890	$ 6,698,848	$ 16,730,362	$ 5,398,464

b. Loss reserve

1) Loss reserve and ceded loss reserve

	June 30, 2024			
	Loss Reserve		Ceded Loss Reserve	
Items	Direct Underwriting Business (1)	Reinsurance Inward Business (2)	Ceded Reinsurance Business (3)	Retained Business (4)=(1)+(2)-(3)
Filed but not yet paid	$ 11,289,211	$ 915,577	$ 6,817,452	$ 5,387,336
Not yet filed	6,683,930	536,019	2,235,509	4,984,440
	$ 17,973,141	$ 1,451,596	$ 9,052,961	$ 10,371,776

	December 31, 2023			
	Loss Reserve		Ceded Loss Reserve	
Items	Direct Underwriting Business (1)	Reinsurance Inward Business (2)	Ceded Reinsurance Business (3)	Retained Business (4)=(1)+(2)-(3)
Filed but not yet paid	$ 7,044,749	$ 989,786	$ 3,114,797	$ 4,919,738
Not yet filed	5,916,473	522,105	1,985,194	4,453,384
	$ 12,961,222	$ 1,511,891	$ 5,099,991	$ 9,373,122

	June 30, 2023			
	Loss Reserve		Ceded Loss Reserve	
Items	Direct Underwriting Business (1)	Reinsurance Inward Business (2)	Ceded Reinsurance Business (3)	Retained Business (4)=(1)+(2)-(3)
Filed but not yet paid	$ 8,476,424	$ 1,092,745	$ 4,124,188	$ 5,444,981
Not yet filed	5,171,045	509,716	1,615,198	4,065,563
	$ 13,647,469	$ 1,602,461	$ 5,739,386	$ 9,510,544

2) Net changes in loss reserve and ceded loss reserve

For the six months ended June 30, 2024

Items	Direct Underwriting Business Provision (1)	Direct Underwriting Business Recovery (2)	Reinsurance Inward Business Provision (3)	Reinsurance Inward Business Recovery (4)	Net Changes in Loss Reserve (5)=(1)-(2)+(3)-(4)
Filed but not yet paid	$ 11,326,187	$ 7,082,403	$ 915,577	$ 989,786	$ 4,169,575
Not yet filed	6,644,744	5,880,217	536,019	522,105	778,441
	$ 17,970,931	$ 12,962,620	$ 1,451,596	$ 1,511,891	$ 4,948,016

Items	Ceded Reinsurance Business Provision (6)	Ceded Reinsurance Business Recovery (7)	Net Changes in Ceded Loss Reserve (8)=(6)-(7)
Filed but not yet paid	$ 6,835,697	$ 3,133,635	$ 3,702,062
Not yet filed	2,216,055	1,967,463	248,592
	$ 9,051,752	$ 5,101,098	$ 3,950,654

For the six months ended June 30, 2023

Items	Direct Underwriting Business Provision (1)	Direct Underwriting Business Recovery (2)	Reinsurance Inward Business Provision (3)	Reinsurance Inward Business Recovery (4)	Net Changes in Loss Reserve (5)=(1)-(2)+(3)-(4)
Filed but not yet paid	$ 8,504,029	$ 9,238,709	$ 1,092,745	$ 1,230,106	$ (872,041)
Not yet filed	5,136,477	12,593,469	509,716	475,820	(7,423,096)
	$ 13,640,506	$ 21,832,178	$ 1,602,461	$ 1,705,926	$ (8,295,137)

Items	Ceded Reinsurance Business Provision (6)	Ceded Reinsurance Business Recovery (7)	Net Changes in Ceded Loss Reserve (8)=(6)-(7)
Filed but not yet paid	$ 4,134,847	$ 3,987,173	$ 147,674
Not yet filed	1,599,286	2,402,699	(803,413)
	$ 5,734,133	$ 6,389,872	$ (655,739)

3) Details of claims filed but not yet paid and claims not yet filed of policyholders

Insurance Type	June 30, 2024 Filed But Not Yet Paid	June 30, 2024 Not Yet Filed	June 30, 2024 Total
Fire insurance	$ 6,570,213	$ 207,342	$ 6,777,555
Marine insurance	736,880	265,113	1,001,993
Land and air insurance	2,349,433	2,262,704	4,612,137
Liability insurance	897,919	1,214,365	2,112,284
Guarantee insurance	47,053	37,417	84,470
Other property insurance	831,413	625,009	1,456,422
Accident insurance	203,033	607,338	810,371
Health insurance	5,304	163,410	168,714
Policy-oriented residential earthquake insurance	23,407	35,312	58,719
Compulsory automobile liability insurance	540,133	1,801,939	2,342,072
	$ 12,204,788	$ 7,219,949	$ 19,424,737

Insurance Type	December 31, 2023 Filed But Not Yet Paid	December 31, 2023 Not Yet Filed	December 31, 2023 Total
Fire insurance	$ 2,466,551	$ 198,462	$ 2,665,013
Marine insurance	698,377	291,614	989,991
Land and air insurance	2,421,866	1,780,579	4,202,445
Liability insurance	955,892	1,064,171	2,020,063
Guarantee insurance	48,610	33,596	82,206
Other property insurance	801,658	500,085	1,301,743
Accident insurance	202,684	595,445	798,129
Health insurance	5,745	188,333	194,078
Policy-oriented residential earthquake insurance	-	-	-
Compulsory automobile liability insurance	433,152	1,786,293	2,219,445
	$ 8,034,535	$ 6,438,578	$ 14,473,113

Insurance Type	June 30, 2023		
	Filed But Not Yet Paid	Not Yet Filed	Total
Fire insurance	$ 3,550,539	$ 246,296	$ 3,796,835
Marine insurance	701,540	252,495	954,035
Land and air insurance	2,466,259	1,517,809	3,984,068
Liability insurance	728,449	905,073	1,633,522
Guarantee insurance	47,210	37,071	84,281
Other property insurance	1,280,535	162,848	1,443,383
Accident insurance	253,347	529,796	783,143
Health insurance	54,753	219,530	274,283
Policy-oriented residential earthquake insurance	-	-	-
Compulsory automobile liability insurance	486,537	1,809,843	2,296,380
	$ 9,569,169	$ 5,680,761	$ 15,249,930

4) Details of ceded loss reserve for claims filed but not yet paid and claims not yet filed of policyholders

Insurance Type	June 30, 2024		
	Filed But Not Yet Paid	Not Yet Filed	Total
Fire insurance	$ 4,900,295	$ 94,630	$ 4,994,925
Marine insurance	560,161	162,260	722,421
Land and air insurance	108,424	70,921	179,345
Liability insurance	409,007	541,816	950,823
Guarantee insurance	11,647	24,820	36,467
Other property insurance	606,789	470,443	1,077,232
Accident insurance	11,176	55,907	67,083
Health insurance	272	90	362
Policy-oriented residential earthquake insurance	23,087	-	23,087
Compulsory automobile liability insurance	186,594	814,622	1,001,216
	$ 6,817,452	$ 2,235,509	$ 9,052,961

Insurance Type	December 31, 2023		
	Filed But Not Yet Paid	Not Yet Filed	Total
Fire insurance	$ 1,244,833	$ 94,851	$ 1,339,684
Marine insurance	507,651	184,052	691,703
Land and air insurance	102,822	51,287	154,109
Liability insurance	540,834	412,084	952,918
Guarantee insurance	20,428	22,597	43,025
Other property insurance	558,811	351,280	910,091
Accident insurance	14,129	55,508	69,637
Health insurance	316	6,020	6,336
Policy-oriented residential earthquake insurance	-	-	-
Compulsory automobile liability insurance	124,973	807,515	932,488
	$ 3,114,797	$ 1,985,194	$ 5,099,991

Insurance Type	June 30, 2023		
	Filed But Not Yet Paid	Not Yet Filed	Total
Fire insurance	$ 1,968,502	$ 115,528	$ 2,084,030
Marine insurance	524,226	153,650	677,876
Land and air insurance	85,139	41,108	126,247
Liability insurance	336,084	328,463	664,547
Guarantee insurance	13,615	21,623	35,238
Other property insurance	1,028,490	81,655	1,110,145
Accident insurance	14,907	41,827	56,734
Health insurance	3,821	6,555	10,376
Policy-oriented residential earthquake insurance	-	-	-
Compulsory automobile liability insurance	149,404	824,789	974,193
	$ 4,124,188	$ 1,615,198	$ 5,739,386

5) Reconciliation of loss reserve and ceded loss reserve

	For the Six Months Ended June 30			
	2024		2023	
	Loss Reserve	Ceded Loss Reserve	Loss Reserve	Ceded Loss Reserve
Beginning balance	$ 14,473,113	$ 5,099,991	$ 23,538,891	$ 6,390,556
Provision	19,422,527	9,051,752	15,242,967	5,734,133
Recovery	(14,474,511)	(5,101,098)	(23,538,104)	(6,389,872)
Foreign exchange	3,608	2,316	6,176	4,569
Ending balance	$ 19,424,737	$ 9,052,961	$ 15,249,930	$ 5,739,386

c. Special reserve

1) Special reserve for compulsory automobile liability insurance

	For the Six Months Ended June 30	
	2024	2023
Beginning balance	$ 1,070,300	$ 926,605
Provision	89,816	48,157
Recovery	(77,555)	(25,730)
Ending balance	$ 1,082,561	$ 949,032

In accordance with Article 2 of the Compulsory Automobile Liability Insurance Act and Article 24-2, Paragraph 1 of the Deposit and Withdrawal Methods of Various Reserves in the Insurance Industry, as authorized by Article 145, Paragraph 2 and Article 148-3, Paragraph 2 of the Insurance Act, each property insurance company shall set aside NT$30 per insurance policy as a special reserve, recognized as expenses in its own compulsory automobile liability insurance business. In the case of a deficit in the annual net insurance premium in the business run by a property insurance company in the future, the deficit shall be compensated with the special reserve first; if there is still any shortage, it shall be handled in accordance with the Regulations for the Management of the Various Reserves for Compulsory Automobile Liability Insurance.

2) Special reserve for all insurances other than compulsory automobile liability insurance

	For the Six Months Ended June 30, 2024		
	Catastrophic Event	Fluctuation of Risk	Total
Beginning balance	$ 374,537	$ 308,499	$ 683,036
Provision	-	-	-
Recovery	-	-	-
Ending balance	$ 374,537	$ 308,499	$ 683,036

	For the Six Months Ended June 30, 2023		
	Catastrophic Event	Fluctuation of Risk	Total
Beginning balance	$ 393,265	$ 308,499	$ 701,764
Provision	-	-	-
Recovery	-	-	-
Ending balance	$ 393,265	$ 308,499	$ 701,764

If the Directions for Strengthening Disaster Reserve by Non-Life Insurance Enterprises (formerly Directions for Strengthening Natural Disaster Insurance (Commercial Earthquake, Typhoon and Flood Insurance) Reserve by Non-Life Insurance Enterprises), Directions in Strengthening the Reserve Provision Made by the Co-Insurance Members Undertaking the Taiwan Residential Earthquake Insurance, and Directions for Reserving Nuclear Energy Insurance Reserve by Non-Life Insurance Enterprises were not applied, there would be no material impact on the Group’s income before tax and earnings per share for the six months ended June 30, 2024 and 2023, respectively, and the special reserve under liabilities would decrease by $374,537 thousand and $393,265 thousand, and the special reserve under equity would increase by $239,520 thousand and $308,748 thousand, respectively.

d. Premium deficiency reserves

1) Details of premium deficiency reserve and ceded premium deficiency reserve

	June 30, 2024			
	Premium Deficiency Reserve		Ceded Premium Deficiency Reserve	
Insurance Type	**Direct Underwriting Business (1)**	**Reinsurance Inward Business (2)**	**Ceded Reinsurance Business (3)**	**Retained Business (4)=(1)+(2)-(3)**
Fire insurance	$ -	$ -	$ -	$ -
Marine insurance	-	600	-	600
Land and air insurance	-	-	-	-
Liability insurance	-	-	-	-
Guarantee insurance	-	-	-	-
Other property insurance	-	-	-	-
Accident insurance	-	-	-	-
Health insurance	-	-	-	-
Policy-oriented residential earthquake insurance	-	-	-	-
Compulsory automobile liability insurance	-	-	-	-
	$ -	$ 600	$ -	$ 600

	December 31, 2023			
	Premium Deficiency Reserve		Ceded Premium Deficiency Reserve	
Insurance Type	**Direct Underwriting Business (1)**	**Reinsurance Inward Business (2)**	**Ceded Reinsurance Business (3)**	**Retained Business (4)=(1)+(2)-(3)**
Fire insurance	$ -	$ -	$ -	$ -
Marine insurance	12	-	-	12
Land and air insurance	-	-	-	-
Liability insurance	-	-	-	-
Guarantee insurance	-	-	-	-
Other property insurance	-	-	-	-
Accident insurance	-	-	-	-
Health insurance	-	-	-	-
Policy-oriented residential earthquake insurance	-	-	-	-
Compulsory automobile liability insurance	-	-	-	-
	$ 12	$ -	$ -	$ 12

	June 30, 2023			
	Premium Deficiency Reserve		Ceded Premium Deficiency Reserve	
Insurance Type	**Direct Underwriting Business (1)**	**Reinsurance Inward Business (2)**	**Ceded Reinsurance Business (3)**	**Retained Business (4)=(1)+(2)-(3)**
Fire insurance	$ -	$ -	$ -	$ -
Marine insurance	-	-	-	-
Land and air insurance	-	277	-	277
Liability insurance	-	-	-	-
Guarantee insurance	-	-	-	-
Other property insurance	-	-	-	-
Accident insurance	-	-	-	-
Health insurance	-	-	-	-
Policy-oriented residential earthquake insurance	-	-	-	-
Compulsory automobile liability insurance	-	-	-	-
	$ -	$ 277	$ -	$ 277

2) Net loss recognized for premium deficiency reserve - net changes in premium deficiency reserve and ceded premium deficiency reserve

	For the Six Months Ended June 30, 2024								
	Direct Underwriting Business		Reinsurance Inward Business		Net Changes in Premium Deficiency Reserve	Ceded Reinsurance Business		Net Changes in Ceded Premium Deficiency Reserve	Net Loss Recognized for Premium Deficiency Reserve
Insurance Type	Provision (1)	Recovery (2)	Provision (3)	Recovery (4)	(5)=(1)-(2)+(3)-(4)	Provision (6)	Recovery (7)	(8)=(6)-(7)	(9)=(5)-(8)
Fire insurance	$ -	$ -	$ -	$-	$ -	$ -	$ -	$ -	$ -
Marine insurance	-	12	-	-	(12)	-	-	-	(12)
Land and air insurance	-	-	600	-	600	-	-	-	600
Liability insurance	-	-	-	-	-	-	-	-	-
Guarantee insurance	-	-	-	-	-	-	-	-	-
Other property insurance	-	-	-	-	-	-	-	-	-
Accident insurance	-	-	-	-	-	-	-	-	-
Health insurance	-	-	-	-	-	-	-	-	-
Policy-oriented residential earthquake insurance	-	-	-	-	-	-	-	-	-
Compulsory automobile liability insurance	-	-	-	-	-	-	-	-	-
	$ -	$ 12	$ 600	$ -	$ 588-	$ -	$ -	$	$ 588

	For the Six Months Ended June 30, 2023								
	Direct Underwriting Business		Reinsurance Inward Business		Net Changes in Premium Deficiency Reserve	Ceded Reinsurance Business		Net Changes in Ceded Premium Deficiency Reserve	Net Loss Recognized for Premium Deficiency Reserve
Insurance Type	Provision (1)	Recovery (2)	Provision (3)	Recovery (4)	(5)=(1)-(2)+(3)-(4)	Provision (6)	Recovery (7)	(8)=(6)-(7)	(9)=(5)-(8)
Fire insurance	$ -	$ 28,236	$ -	$ 11,735	$ (39,971)	$ -	$ -	$ -	$ (39,971)
Marine insurance	-	3	-	192	(195)	-	-	-	(195)
Land and air insurance	-	-	277	94	183	-	-	-	183
Liability insurance	-	-	-	-	-	-	-	-	-
Guarantee insurance	-	-	-	-	-	-	-	-	-
Other property insurance	-	-	-	-	-	-	-	-	-
Accident insurance	-	-	-	-	-	-	-	-	-
Health insurance	-	1,200,000	-	-	(1,200,000)	-	-	-	(1,200,000)
Policy-oriented residential earthquake insurance	-	-	-	-	-	-	-	-	-
Compulsory automobile liability insurance	-	-	-	-	-	-	-	-	-
	$ -	$ 1,228,239	$ 277	$ 12,021	$ (1,239,983)	$ -	$ -	$ -	$ (1,239,983)

3) Reconciliation statement for premium deficiency reserve and ceded premium deficiency reserve

	For the Six Months Ended June 30			
	2024		2023	
	Premium Deficiency Reserve	Ceded Premium Deficiency Reserve	Premium Deficiency Reserve	Ceded Premium Deficiency Reserve
Beginning balance	$ 12	$ -	$ 1,240,260	$ -
Provision	600	-	277	-
Recovery	(12)	-	(1,240,260)	-
Ending balance	$ 600	$ -	$ 277	$ -

e. Policy reserve

1) Details of policy reserve and ceded policy reserve

June 30, 2024

	Policy Reserve		Ceded Reserve	
Insurance Type	Direct Underwriting Business (1)	Reinsurance Inward Business (2)	Ceded Reinsurance Business (3)	Retained Business (4)=(1)+(2)-(3)
Health insurance	$ 71	$ -	$ -	$ 71

December 31, 2023

Insurance Type	Policy Reserve: Direct Underwriting Business (1)	Policy Reserve: Reinsurance Inward Business (2)	Ceded Reserve: Ceded Reinsurance Business (3)	Retained Business (4)=(1)+(2)-(3)
Health insurance	$ 88	$ -	$ -	$ 88

June 30, 2023

Insurance Type	Policy Reserve: Direct Underwriting Business (1)	Policy Reserve: Reinsurance Inward Business (2)	Ceded Reserve: Ceded Reinsurance Business (3)	Retained Business (4)=(1)+(2)-(3)
Health insurance	$ 138	$ -	$ -	$ 138

2) Net changes in policy reserve and ceded policy reserve

For the six months ended June 30, 2024

Insurance Type	Direct Underwriting Business: Provision (1)	Direct Underwriting Business: Recovery (2)	Reinsurance Inward Business: Provision (3)	Reinsurance Inward Business: Recovery (4)	Net Changes in Policy Reserve (5)=(1)-(2)+(3)-(4)
Health insurance	$ -	$ 17	$ -	$ -	$ (17)

Insurance Type	Ceded Reinsurance Business: Provision (6)	Ceded Reinsurance Business: Recovery (7)	Net Changes in Ceded Policy Reserve (8)=(6)-(7)
Health insurance	$ -	$ -	$ -

For the six months ended June 30, 2023

Insurance Type	Direct Underwriting Business: Provision (1)	Direct Underwriting Business: Recovery (2)	Reinsurance Inward Business: Provision (3)	Reinsurance Inward Business: Recovery (4)	Net Changes in Policy Reserve (5)=(1)-(2)+(3)-(4)
Health insurance	$ -	$ 32	$ -	$ -	$ (32)

Insurance Type	Ceded Reinsurance Business: Provision (6)	Ceded Reinsurance Business: Recovery (7)	Net Changes in Ceded Policy Reserve (8)=(6)-(7)
Health insurance	$ -	$ -	$ -

21. RETIREMENT BENEFIT PLANS

The pension expense of defined benefit plans was calculated based on the actuarially determined pension cost rate on December 31, 2023 and 2022, and recognized as follows:

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2024	2023	2024	2023
General and administrative expenses	$ 6,343	$ 7,661	$ 12,685	$ 14,753

22. EQUITY

a. Share capital

	June 30, 2024	December 31, 2023	June 30, 2023
Shares authorized (in thousands of shares)	200,000	200,000	200,000
Shares authorized	$ 2,000,000	$ 2,000,000	$ 2,000,000
Shares issued and fully paid (in thousands of shares)	200,000	200,000	200,000
Shares issued	$ 2,000,000	$ 2,000,000	$ 2,000,000

On April 27, 2023, the Company's board of directors, which acted on behalf of the shareholders, resolved to offset deficits by using the legal reserve of $3,995,920 thousand and capital surplus of $8,696,184 thousand, as well as by decreasing its capital by $5,057,052 thousand, which eliminated 505,705 thousand shares at a par value of $10; the capital reduction percentage was 71.66%. After completing the capital reduction, the Company's paid-in capital was $2,000,000 thousand. The capital decrease was approved by the Insurance Bureau of the FSC on May 10, 2023, with the record date of June 19, 2023, and the change of registration was completed on July 24, 2023.

b. Capital surplus

	June 30, 2024	December 31, 2023	June 30, 2023
May be used to offset a deficit, distributed as cash dividends, or transferred to share capital (1)			
Issuance of ordinary shares	$ 7,806,316	$ 7,806,316	$ 7,806,316
May only be used to offset a deficit			
Recognition of employee share options by the parent company (2)	54,817	54,817	54,817
	$ 7,861,133	$ 7,861,133	$ 7,861,133

1) The capital surplus from shares issued in excess of par (share premium from the issuance of ordinary shares) may be used to offset a deficit. In addition, when the Company has no deficit, such capital surplus may be distributed as cash dividends or transferred to share capital. However, under Rule No. 10202501991 issued by the FSC, the Company can distribute its capital surplus pursuant to Article 241 of the Company Act only if the Company's legal reserve exceeds its paid-in capital, other conditions requested under the Rule are met, and the related information is delivered and approved by the authority.

2) The Group's parent company, Cathay Financial Holdings Co., Ltd., resolved to issue ordinary shares on October 20, 2022, and retained 10% of the shares issued for the employee of Cathay Financial Holdings Co., Ltd. and its subsidiaries in accordance with the Company Act. The Company has recognized $46 thousand as salary expense and capital surplus in 2023, at the fair value on grant day.

c. Retained earnings and dividends policy

Under the dividends policy as set forth in the Articles, where the Company made a profit in a fiscal year, the profit shall be first utilized for paying taxes, offsetting losses of previous years, setting aside as a 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 Company's board of directors as the basis for 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 Company considers both its operating needs and the shareholders' interests. Thus, dividends are distributed after the Company reserves the cash requirement for future capital expenditures. For the policies on the distribution of employees' compensation and remuneration to directors and supervisors, refer to Note 23.

An appropriation of earnings to a legal reserve shall be made until the legal reserve equals the Company's paid-in capital. Legal reserves may be used to offset deficits. If the Company has no deficit and the legal reserve has exceeded 25% of the Company'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 Company can distribute its capital surplus pursuant to Article 241 of the Company Act only if the Company's legal reserve exceeds its paid-in capital, other conditions requested under the Rule are met, and the related information is delivered and approved by the authority.

Under Rule No. 11004920441, Rule No. 10904939031 and Rule No. 10804932431 issued by the FSC and the directive titled "Questions and Answers for Special Reserves Appropriated Following Adoption of IFRS Accounting Standards", the Company should appropriate or reverse to a special reserve.

The appropriations of earnings for 2023, which were resolved by the board of directors, which acted on behalf of the shareholders, on April 30, 2024, were as follows:

	For the Year Ended December 31, 2023
Legal reserve	$ 249,102
Special reserve (according to the Regulations Governing the Setting Aside of Various Reserves by Insurance Enterprises)	694,129
Special reserve (FinTech development)	(631)
Special reserve (according to Rule No. 10904939031)	13,057
Cash dividends	289,854
Cash dividends per share	1.45

The offsetting of deficits for 2022, which were resolved by the board of directors, which acted on behalf of the shareholders, on April 27, 2023, was as follows:

	For the Year Ended December 31, 2023
Special reserve (according to the Regulations Governing the Setting Aside of Various Reserves by Insurance Enterprises)	$ (1,277,640)
Special reserve (FinTech development)	(472)
Special reserve (according to Rule No. 10904939031)	7,104

d. Special reserve

	For the Six Months Ended June 30, 2024				
	Special Reserve				
	Catastrophic Event	Fluctuation of Risk	Others	Others	Total
Beginning balance	$ 786,571	$ 3,839,063	$ -	$ 49,248	$ 4,674,882
Provision	-	-	-	-	-
Recovered/reversal	-	-	-	(631)	(631)
Ending balance	$ 786,571	$ 3,839,063	$ -	$ 48,617	$ 4,674,251

	For the Six Months Ended June 30, 2023				
	Special Reserve				
	Catastrophic Event	Fluctuation of Risk	Others	Others	Total
Beginning balance	$ 527,695	$ 3,403,810	$ -	$ 36,663	$ 3,968,168
Provision	-	-	-	-	-
Recovered/reversal	-	-	-	(472)	(472)
Ending balance	$ 527,695	$ 3,403,810	$ -	$ 36,191	$ 3,967,696

According to the Regulations Governing the Setting Aside of Various Reserves by Insurance Enterprises, the increased reserved amounts of special reserve for catastrophic events and the special reserve for fluctuation of risk should be recognized at the end of each year. This portion of retained earnings cannot be used for any purpose.

e. Other equity items

1) Exchange differences on translating the financial statements of foreign operations

	For the Six Months Ended June 30	
	2024	2023
Beginning balance	$ (329,230)	$ (263,645)
Recognized for the period		
Exchange differences on the translating of the financial statements of foreign operations	3,443	10,030
Share from associates accounted for using the equity method	73,264	(75,680)
Other comprehensive income (loss) recognized for the period	76,707	(65,650)
Ending balance	$ (252,523)	$ (329,295)

2) Unrealized gain (loss) on financial assets at FVTOCI

	For the Six Months Ended June 30	
	2024	2023
Beginning balance	$ (79,179)	$ (67,975)
Recognized for the period		
Unrealized (loss) gain - debt instruments	(19,071)	3,641
Adjustments of (loss) gain allowance in debt instruments	(4)	13
Shares from associates accounted for using the equity method	18,162	13,337
Other comprehensive (loss) income recognized for the period	(913)	16,991
Ending balance	$ (80,092)	$ (50,984)

3) Remeasurement of defined benefit plans

	For the Six Months Ended June 30	
	2024	2023
Beginning balance	$ (154,495)	$ (156,319)
Changes for the period	-	-
Ending balance	$ (154,495)	$ (156,319)

4) Other comprehensive income reclassified under the overlay approach

	For the Six Months Ended June 30	
	2024	2023
Beginning balance	$ 470,943	$ (541,118)
Recognized for the period	1,264,901	862,942
Reclassification adjustments		
Disposal of financial instruments	(522,003)	(214,204)
Tax effects	(16,510)	(13,786)
Other comprehensive income recognized for the period	726,388	634,952
Ending balance	$ 1,197,331	$ 93,834

23. PROFIT BEFORE INCOME TAX

a. Interest income

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2024	2023	2024	2023
Bank deposits	$ 28,417	$ 22,247	$ 44,500	$ 44,994
Financial instruments at FVTPL	60,196	28,219	105,463	55,748
Financial assets at amortized cost	110,578	102,218	215,328	200,880
Others	16,413	13,869	32,833	27,966
	$ 215,604	$ 166,553	$ 398,124	$ 329,588

b. Employee benefits expense

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2024	2023	2024	2023
Short-term employee benefits				
Salaries and wages	$ 821,446	$ 755,302	$ 1,625,920	$ 1,517,637
Labor and health insurance	78,284	68,198	162,273	143,593
Post-employment benefits				
Defined contribution plans	27,865	25,345	54,806	50,668
Defined benefit plans (Note 21)	6,343	7,661	12,685	14,753
Remuneration of directors	6,281	7,192	12,365	11,007
Other employee benefits	20,377	17,654	36,479	30,546
	$ 960,596	$ 881,352	$ 1,904,528	$ 1,768,204

(Continued)

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2024	2023	2024	2023
An analysis of employee benefits expense by function				
Operating costs	$ 103,061	$ 94,946	$ 209,513	$ 188,174
Operating expenses	857,535	786,406	1,695,015	1,580,030
	$ 960,596	$ 881,352	$ 1,904,528	$ 1,768,204

(Concluded)

c. Compensation of employees and remuneration of directors and supervisors

According to the Company's Articles, the Company accrued compensation of employees and remuneration of directors and supervisors at rates of no less than 0.1% and no higher than 1.5%, respectively, of net profit before income tax, compensation of employees and remuneration of directors and supervisors. The estimated compensation of employees and remuneration of directors and supervisors for the six months ended June 30, 2024 and 2023 are as follows:

Accrual rate

	For the Six Months Ended June 30	
	2024	2023
Compensation of employees	0.10%	0.10%
Remuneration of directors and supervisors	-	-

Amount

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2024	2023	2024	2023
Compensation of employees	$ 513	$ 245	$ 1,519	$ 245
Remuneration of directors and supervisors	$ -	$ -	$ -	$ -

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.

The Company did not accrue the compensation of employees and remuneration of directors and supervisors because of the loss incurred for the year ended December 31, 2022.

The compensation of employees and remuneration of directors and supervisors for 2023 that were approved by the board of directors on March 4, 2024 are as follows:

Amount

	For the Year Ended December 31, 2021
	Cash
Compensation of employees	$ 1,523
Remuneration of directors and supervisors	$ 3,900

There is no difference between the actual amounts of compensation of employees and the remuneration of directors and supervisors paid and the amounts recognized in the consolidated financial statements for the year ended December 31, 2023.

Information on the compensation of employees and remuneration of directors and supervisors resolved by the Company's board of directors is available at the Market Observation Post System website of the Taiwan Stock Exchange.

d. Depreciation and amortization

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2024	**2023**	**2024**	**2023**
Right-of-use assets	$ 40,175	$ 38,268	$ 79,927	$ 76,536
Property and equipment	36,747	29,070	75,555	55,526
Intangible assets	16,707	18,809	33,905	37,634
	$ 93,629	$ 86,147	$ 189,387	$ 169,696
An analysis of depreciation by function				
Operating expenses	$ 76,922	$ 67,338	$ 155,482	$ 132,062
An analysis of amortization by function				
Operating expenses	$ 16,707	$ 18,809	$ 33,905	$ 37,634

24. INCOME TAX

a. Major components of income tax expense recognized are as follows

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2024	2023	2024	2023
Current tax				
In respect of the current period	$ 66,237	$ 5,326	$ 181,831	$ 8,589
Adjustment for prior periods	4,685	(13,346)	4,685	(13,346)
	70,922	(8,020)	186,516	(4,757)
Deferred tax				
In respect of the current period	5,559	262,629	29,874	71,755
Adjustment for prior periods	(119)	2,456	(119)	2,456
	5,440	265,085	29,755	74,211
Income tax expense recognized in profit or loss	$ 76,362	$ 257,065	$ 216,271	$ 69,454

b. Income tax recognized in other comprehensive income

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2024	2023	2024	2023
Deferred tax				
In respect of the current period:				
Other comprehensive losses (income) reclassified under overlay approach	$ 11,196	$ 8,655	$ 16,510	$ 13,786

c. Income tax assessments

Income tax returns through 2018 of the Company have been assessed by the tax authorities.

25. EARNINGS PER SHARE

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

Net profit for the period

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2024	2023	2024	2023
Profit for the year attributable to owners of the Company	$ 435,744	$ 756,858	$ 1,303,498	$ 181,490

The weighted average number of ordinary shares outstanding (in thousands of shares) is as follows:

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2024	**2023**	**2024**	**2023**
Weighted average number of ordinary shares used in the computation of basic earnings per share	200,000	200,000	200,000	200,000

26. FINANCIAL INSTRUMENTS

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

June 30, 2024

	Carrying Amount	Fair Value			
		Level 1	**Level 2**	**Level 3**	**Total**
Financial assets					
Financial assets at amortized cost	$ 10,355,397	$ -	$ 9,860,205	$ -	$ 9,860,205
Other assets					
Domestic government bonds (deposits in the Central Bank)	$ 299,678	$ -	$ 292,956	$ -	$ 292,956

December 31, 2023

	Carrying Amount	Fair Value			
		Level 1	**Level 2**	**Level 3**	**Total**
Financial assets					
Financial assets at amortized cost	$ 9,465,788	$ -	$ 9,237,128	$ -	$ 9,237,128
Other assets					
Domestic government bonds (deposits in the Central Bank)	$ 299,602	$ -	$ 293,498	$ -	$ 293,498

June 30, 2023

	Carrying Amount	Fair Value			
		Level 1	**Level 2**	**Level 3**	**Total**
Financial assets					
Financial assets at amortized cost	$ 8,814,976	$ -	$ 8,510,247	$ -	$ 8,510,247
Other assets					
Domestic government bonds (deposits in the Central Bank)	$ 1,099,589	$ -	$ 1,094,780	$ -	$ 1,094,780

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

1) Fair value hierarchy

June 30, 2024

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Listed shares	$ 7,363,974	$ -	$ -	$ 7,363,974
Beneficiary certificates	5,653,955	-	-	5,653,955
Domestic financial bonds	-	255,636	-	255,636
	$ 13,017,929	$ 255,636	$ -	$ 13,273,565
Financial assets at FVTOCI				
Domestic government bonds	$ -	$ 656,215	$ -	$ 656,215
Financial liabilities at FVTPL				
Derivative instruments	$ -	$ 245,216	$ -	$ 245,216

December 31, 2023

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Derivative instruments	$ -	$ 59,225	$ -	$ 59,225
Listed shares	6,313,540	-	-	6,313,540
Beneficiary certificates	4,167,315	-	-	4,167,315
Domestic financial bonds	-	258,268	-	258,268
	$ 10,480,855	$ 317,493	$ -	$ 10,798,348
Financial assets at FVTOCI				
Domestic government bonds	$ -	$ 678,881	$ -	$ 678,881
Financial liabilities at FVTPL				
Derivative instruments	$ -	$ 63,746	$ -	$ 63,746

June 30, 2023

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Derivative instruments	$ -	$ 2,811	$ -	$ 2,811
Listed shares	5,425,700	-	-	5,425,700
Beneficiary certificates	2,785,915	-	-	2,785,915
Domestic financial bonds	-	261,295	-	261,295
	$ 8,211,615	$ 264,106	$ -	$ 8,475,721
Financial assets at FVTOCI				
Domestic government bonds	$ -	$ 685,967	$ -	$ 685,967
Financial liabilities at FVTPL				
Derivative instruments	$ -	$ 172,215	$ -	$ 172,215

There were no transfers between Levels 1 and 2 for the six months ended June 30, 2024 and 2023.

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

Financial Instrument	Valuation Technique and Inputs
Derivatives - currency swaps contract	Discounted cash flow. Future cash flows are estimated based on observable forward exchange rates at the end of the reporting period and contract forward rates, discounted at a rate that reflects the credit risk of various counterparties.
Domestic financial bonds	Quotation by Taipei Exchange
Domestic government bonds	Reference to quotation by the investment system

c. Categories of financial instruments

	June 30, 2024	December 31, 2023	June 30, 2023
Financial assets			
FVTPL			
Mandatorily classified as at FVTPL	$ 13,273,565	$ 10,798,348	$ 8,475,721
Financial assets at amortized cost (1)	25,584,433	22,713,219	23,704,457
Financial assets at FVTOCI			
Debt instruments	656,215	678,881	685,967
Financial liabilities			
FVTPL			
Held for trading	245,216	63,746	172,215
Amortized cost (2)	5,703,462	4,102,639	4,878,215

1) The balances include financial assets at amortized cost, which comprise cash and cash equivalents, receivables, financial assets at amortized cost, loan and refundable deposits.

2) The balances include financial liabilities at amortized cost, which comprise payables.

d. Financial risk management objectives and policies

The Group’s major financial instruments include equity and debt investments, derivatives, receivables and payables. The major risks include market risk (including foreign currency risk, interest rate risk and other price risk), credit risk and liquidity risk.

1) Market risk

Market risk is the risk that changes in market risk factors, such as exchange rate, product price, interest rate, credit spread, and stock price, may decrease the Group’s income or value of investment portfolio.

The Group continues to use market risk management tools such as value at risk (“VaR”) and stress testing to completely and effectively measure, monitor and manage market risk.

a) Value at Risk

VaR is used to measure the maximum potential loss of a portfolio in a given period and confidence level when the market risk factors change. The Group calculates VaR on the next day (week or two weeks) at a 99% confidence level.

b) Stress testing

In addition to the VaR model, the Group periodically uses stress testing to assess the potential risk of extreme and abnormal events.

The Group conducts stress testing regularly on positions by simple sensitivity analysis tests and scenario analysis. Such tests cover the losses on positions resulting from changes of various risk factors in various historical scenarios.

i. Simple sensitivity test

Simple sensitivity test measures the changes in value of the investment portfolio caused by specific risk factors.

ii Scenario analysis

Scenario analysis measures the changes in the total value of the investment portfolio under a stress event, including the following scenarios:

i) Historical scenario

By considering the fluctuations in risk factors during a specific historical event, the Group evaluates that losses would be incurred for the current investment portfolio in the event.

ii) Hypothetical scenario

The Group simulates rational expectations for possible extreme market changes to evaluate the losses incurred for the investment positions by considering the fluctuations in related risk factors and the relevance between the investment targets and the risk factors.

The risk management department performs stress testing with historical and hypothetical scenarios regularly. The Group's risk analysis, early warning, and business management are in accordance with the stress testing report.

Table of Stress Testing

Risk Factors	**Changes (+/-)**	**June 30, 2024**	**December 31, 2023**	**June 30, 2023**
Equity price risk (index)	-10%	$ (1,277,308)	$ (1,034,864)	$ (785,327)
Interest rate risk (yield curve)	+20bps	(167,530)	(160,607)	(154,011)
Foreign currency risk (exchange rate)	USD exchange NTD devalue 1 dollar	(149,432)	(133,847)	(133,095)

Note 1: Change in credit spread is not considered.

Note 2: The effect of hedging is considered.

Note 3: Information of subsidiaries is not disclosed due to immaterial effects on disclosures for consolidation of subsidiaries.

i) Foreign currency risk

The Group has foreign currency-denominated assets and liabilities, which expose the Group to foreign currency risk.

The carrying amounts of the Group's foreign currency-denominated monetary assets and monetary liabilities and of the derivatives exposed to foreign currency risk at the end of the reporting period are set out in Note 31.

ii) Price risk

The Group was exposed to equity price risk through its investments in listed shares and beneficiary certificates.

iii) Sensitivity analysis

	For the Six Months Ended June 30, 2024		
Risk Factors	**Variation (+/-)**	**Effect on Profit and Loss**	**Effect on Equity**
Foreign currency risk sensitivity	USD appreciates 1%	$ 33,814	$ 7,365
	CNY appreciates 1%	730	-
	HKD appreciates 1%	233	-
	EUR appreciates 1%	9	-
	VND appreciates 1%	-	7,119
Interest rate risk sensitivity	Yield curve (USD): Upward parallel shift by 1bp	(5,142)	-
	Yield curve (CNY): Upward parallel shift by 1bp	(20)	-
	Yield curve (NTD): Upward parallel shift by 1bp	(2,462)	(750)
Equity securities price sensitivity	Increases 1% in equity price	-	127,731

	For the Year Ended December 31, 2023		
Risk Factors	**Variation (+/-)**	**Effect on Profit and Loss**	**Effect on Equity**
Foreign currency risk sensitivity	USD appreciates 1%	$ 28,917	$ 6,622
	CNY appreciates 1%	696	-
	HKD appreciates 1%	4	230
	EUR appreciates 1%	8	-
	VND appreciates 1%	-	7,008
Interest rate risk sensitivity	Yield curve (USD): Upward parallel shift by 1bp	(4,778)	-
	Yield curve (CNY): Upward parallel shift by 1bp	(22)	-
	Yield curve (NTD): Upward parallel shift by 1bp	(2,358)	(810)
Equity securities price sensitivity	Increases 1% in equity price	-	103,486

	For the Six Months Ended June 30, 2023		
Risk Factors	**Variation (+/-)**	**Effect on Profit and Loss**	**Effect on Equity**
Foreign currency risk sensitivity	USD appreciates 1%	$ 29,844	$ 4,909
	CNY appreciates 1%	676	-
	HKD appreciates 1%	924	552
	EUR appreciates 1%	482	114
	VND appreciates 1%	-	7,308
Interest rate risk sensitivity	Yield curve (USD): Upward parallel shift by 1bp	(4,671)	-
	Yield curve (CNY): Upward parallel shift by 1bp	(25)	-
	Yield curve (NTD): Upward parallel shift by 1bp	(2,053)	(856)
Equity securities price sensitivity	Increases 1% in equity price	-	78,533

Note 1: Change in credit spread is not considered.

Note 2: The effect of hedging is considered.

Note 3: Impacts of changes in profit or loss are not included in those of changes in equity.

Note 4: Information of subsidiaries is not disclosed due to immaterial effects on disclosures for consolidation of subsidiaries.

2) Credit risk

a) The Group’s credit risk exposure of financial transactions includes issuer credit risk, counterparty credit risk and credit risk of underlying assets.

i. Issuer credit risk is the risk that the Group may suffer financial losses on debt instruments or bank savings because the issuers (guarantors), borrowers or banks are not able to perform repayment obligations in accordance with agreed conditions due to default, bankruptcy or liquidation.

ii. Counterparty credit risk is the risk that the Group may suffer financial losses because the counterparty does not perform its obligation to settle or pay at the appointed date.

iii. Credit risk of underlying assets is the risk that the Group may suffer losses due to deterioration of the credit quality, increase in credit spread, downgrade or breach of any contract terms of underlying assets linked to financial instruments.

b) Credit concentration risk analysis

- The amounts of credit risk exposure of the Group's financial assets are as follows:

<u>June 30, 2024</u>

Financial Assets	Taiwan	Asia	Europe	North Americas	Emerging Market and Others	Total
Cash and cash equivalents	$ 10,232,274	$ -	$	$	$ 335,553	$ 10,567,827
Financial assets at FVTPL	255,636	-			-	255,636
Financial assets at FVTOCI	656,215	-	-	-	-	656,215
Financial assets at amortized cost	3,045,482	192,884	1,003,395	4,656,687	1,756,627	10,655,075
Total	$ 14,189,607	$ 192,884	$ 1,003,395	$ 4,656,687	$ 2,092,180	$ 22,134,753
Proportion	64.11%	0.87%	4.53%	21.04%	9.45%	100.00%

<u>December 31, 2023</u>

Financial Assets	Taiwan	Asia	Europe	North Americas	Emerging Market and Others	Total
Cash and cash equivalents	$ 9,068,096	$ -	$ -	$ -	$ 280,964	$ 9,349,060
Financial assets at FVTPL	317,493	-	-	-	-	317,493
Financial assets at FVTOCI	678,881	-	-	-	-	678,881
Financial assets at amortized cost	2,927,058	182,575	950,813	4,008,391	1,696,553	9,765,390
Total	$ 12,991,528	$ 182,575	$ 950,813	$ 4,008,391	$ 1,977,517	$ 20,110,824
Proportion	64.60%	0.91%	4.73%	19.93%	9.83%	100.00%

<u>June 30, 2023</u>

Financial Assets	Taiwan	Asia	Europe	North Americas	Emerging Market and Others	Total
Cash and cash equivalents	$ 9,466,290	$ -	$ -	$ -	$ 333,352	$ 9,799,642
Financial assets at FVTPL	264,106	-	-	-	-	264,106
Financial assets at FVTOCI	685,967	-	-	-	-	685,967
Financial assets at amortized cost	3,077,751	-	963,600	4,053,084	1,820,130	9,914,565
Total	$ 13,494,114	$ -	$ 963,600	$ 4,053,084	$ 2,153,482	$ 20,664,280
Proportion	65.30%	-	4.67%	19.61%	10.42%	100.00%

c) Determinants for whether the credit risk has increased significantly since initial recognition

i. The Group assesses at each reporting date, whether the credit risk of a financial instrument in the scope of impairment requirements under IFRS 9 has increased significantly since initial recognition. To make this assessment, the Group considers reasonable and supportable information (including forward-looking information) which indicates that credit risk has increased significantly since initial recognition. Main indicators include external credit rating, past due information, credit spread and other market information which shows that the credit risk related to borrowers and issuers has increased significantly.

ii. If the credit risk at the reporting date is determined to be low, an entity can assume that the credit risk of the financial instrument has not increased significantly since initial recognition.

d) Definitions of a default occurring on a financial asset and a credit-impaired financial asset

The definition of a default occurring on financial assets of the Group is the same as a credit-impaired financial asset. If one or more of the criteria below are met, a default occurs, and a financial asset is credit impaired:

i. Quantitative factor: When contractual payments are more than 90 days past due, a default occurs, and a financial asset is credit impaired.

ii. Qualitative factor: Evidence indicates that the issuers or borrowers cannot pay the contractual payments or that they have significant financial difficulties, for example:

i) The issuers and borrowers have entered bankruptcy or are probable to enter bankruptcy or financial reorganization.

ii) The borrowers fail to make interest or principal payments based on original terms and conditions.

iii) The collaterals of the borrowers are seized provisionally or enforced.

iv) The borrowers claim for a change of credit conditions due to financial difficulties.

iii. The above-mentioned definitions of a default occurring on a financial asset and a credit impairment are applicable to all financial assets held by the Group and are aligned with those of relevant financial assets for internal credit risk management. The definitions are also applicable to related impairment assessment models.

e) Measurement of expected credit losses

i. Methods and assumptions adopted

For financial instruments on which the credit risk has not increased significantly since initial recognition, the Group measures the loss allowance for financial instruments at an amount equal to 12-month expected credit losses; for financial instruments on which the credit risk has increased significantly since initial recognition or are credit impaired, the Group measures the loss allowance for financial instruments at an amount equal to the lifetime expected credit losses.

To measure expected credit losses, the Group multiplies exposure at default by the 12-month and the lifetime probability of default of the issuers, guarantee agencies and borrowers and loss given default. The Group also considers the effect of the time value of money when calculating the 12-month and lifetime expected credit losses.

The default rate is the rate at which a default occurs on issuers, guarantee agencies and borrowers, while the loss given default is the loss rate that resulted from the default of issuers, guarantee agencies and borrowers. The loss given default used by the Group in impairment assessment is based on information regularly issued by Moody’s, while the probability of default is based on information regularly issued by Taiwan Ratings and Moody’s and is determined based upon current observable information and macroeconomic information (for example, gross domestic product and economic growth rate) with adjustments of historical data. The exposure at default is measured at amortized cost and interest receivables of the financial assets.

ii. Consideration of forward-looking information

The Group takes forward-looking information into consideration when measuring expected credit losses of the financial assets.

f) Gross carrying amount of maximum credit risk exposure and category of credit quality

i. Financial assets of the Group

	June 30, 2024					
			Stage 3			
	Stage 1 12-month Expected Credit Losses	Stage 2 Lifetime Expected Credit Losses	Lifetime Expected Credit Losses	Purchased or Originated Credit-impaired Financial Assets	Loss Allowance	Gross Carrying Amount
Investment grade						
Debt instruments at FVTOCI	$ 656,215	$ -	$ -	$ -	$ -	$ 656,215
Financial assets measured at amortized cost	10,669,562	-	-	-	(14,487)	10,655,075

	December 31, 2023					
			Stage 3			
	Stage 1 12-month Expected Credit Losses	Stage 2 Lifetime Expected Credit Losses	Lifetime Expected Credit Losses	Purchased or Originated Credit-impaired Financial Assets	Loss Allowance	Gross Carrying Amount
Investment grade						
Debt instruments at FVTOCI	$ 678,881	$ -	$ -	$ -	$ -	$ 678,881
Financial assets measured at amortized cost	9,779,572	-	-	-	(14,182)	9,765,390

	June 30, 2023					
			Stage 3			
	Stage 1 12-month Expected Credit Losses	Stage 2 Lifetime Expected Credit Losses	Lifetime Expected Credit Losses	Purchased or Originated Credit-impaired Financial Assets	Loss Allowance	Gross Carrying Amount
Investment grade						
Debt instruments at FVTOCI	$ 685,967	$ -	$ -	$ -	$ -	$ 685,967
Financial assets measured at amortized cost	9,918,578	-	-	-	(4,013)	9,914,565

Note: Investment grade assets refer to those with credit rating of at least BBB-; non-investment grade assets are those with credit rating lower than BBB-.

ii. Secured loans of the Group

	June 30, 2024					
			Stage 3			
	Stage 1 12-month Expected Credit Losses	Stage 2 Lifetime Expected Credit Losses	Lifetime Expected Credit Losses	Purchased or Originated Credit-impaired Financial Assets	Loss Allowance	Gross Carrying Amount
Secured loans	$ 107,106	$ -	$ -	$ -	$ (1,511)	$ 105,595

	December 31, 2023					
			Stage 3			
	Stage 1	Stage 2				
	12-month Expected Credit Losses	Lifetime Expected Credit Losses	Lifetime Expected Credit Losses	Purchased or Originated Credit-impaired Financial Assets	Loss Allowance	Gross Carrying Amount
Secured loans	$ 124,832	$ -	$ -	$ -	$ (1,755)	$ 123,077

	June 30, 2023					
			Stage 3			
	Stage 1	Stage 2				
	12-month Expected Credit Losses	Lifetime Expected Credit Losses	Lifetime Expected Credit Losses	Purchased or Originated Credit-impaired Financial Assets	Loss Allowance	Gross Carrying Amount
Secured loans	$ 116,245	$ -	$ -	$ -	$ (1,564)	$ 114,681

g) Reconciliation for loss allowance is summarized below

i. Debt instrument at FVTOCI

		Lifetime Expected Credit Losses			
	12-month Expected Credit Losses	Collectively Assessed	Not Purchased or Originated Credit-impaired Financial Assets	Purchased or Originated Credit-impaired Financial Assets	Total of Impairment Charged in Accordance with IFRS 9
January 1, 2024	$ 42	$ -	$ -	$ -	$ 42
Changes in models/ risk parameters	(4)	-	-	-	(4)
June 30, 2024	$ 38	$ -	$ -	$ -	$ 38
January 1, 2023	$ 34	$ -	$ -	$ -	$ 34
Changes in models/ risk parameters	13	-	-	-	13
June 30, 2023	$ 47	$ -	$ -	$ -	$ 47

ii. Financial assets at amortized cost

		Lifetime Expected Credit Losses			
	12-month Expected Credit Losses	Collectively Assessed	Not Purchased or Originated Credit-impaired Financial Assets	Purchased or Originated Credit-impaired Financial Assets	Total of Impairment Charged in Accordance with IFRS 9
January 1, 2024	$ 14,182	$ -	$ -	$ -	$ 14,182
Changes in models/ risk parameters	305	-	-	-	305
June 30, 2024	$ 14,487	$ -	$ -	$ -	$ 14,487
January 1, 2023	$ 3,715	$ -	$ -	$ -	$ 3,715
Changes in models/ risk parameters	298	-	-	-	298
June 30, 2023	$ 4,013	$ -	$ -	$ -	$ 4,013

iii. Secured loans

	12-month Expected Credit Losses	Lifetime Expected Credit Losses: Collectively Assessed	Lifetime Expected Credit Losses: Not Purchased or Originated Credit-impaired Financial Assets	Lifetime Expected Credit Losses: Purchased or Originated Credit-impaired Financial Assets	Total of Impairment Charged in Accordance with IFRS 9	Difference from Impairment Charged in Accordance with Guidelines for Handling Assessment of Assets	Total
January 1, 2024	$ 13	$ -	$ -	$ -	$ 13	$ 1,742	$ 1,755
Changes in models/ risk parameters	(9)	-	-	-	(9)	-	(9)
Difference from impairment charged in accordance with guidelines for handling assessment of assets	-	-	-	-	-	(235)	(235)
June 30, 2024	$ 4	$ -	$ -	$ -	$ 4	$ 1,507	$ 1,511
January 1, 2023	$ 70	$ -	$ -	$ -	$ 70	$ 1,814	$ 1,884
Changes in models/ risk parameters	24	-	-	-	24	-	24
Difference from impairment charged in accordance with guidelines for handling assessment of assets	-	-	-	-	-	(344)	(344)
June 30, 2023	$ 94	$ -	$ -	$ -	$ 94	$ 1470	$ 1,564

There were no significant changes in loss allowance due to significant changes in the gross carrying amounts of the financial instruments.

h) Exposure to credit risk and loss allowance of receivables

Measurement of loss allowance of the Group’s notes receivable and premiums receivables which are in the scope of the impairment requirements under IFRS 9 are based upon the lifetime expected credit losses under the simplified approach. Loss allowance measured by a provision matrix under simplified approach is as follows:

June 30, 2024	Not Overdue	Overdue	Total
Carrying amount	$ 2,600,644	$ 1,022,891	$ 3,623,535
Expected loss rate	0.97%	3.18%	
Lifetime expected credit losses	$ 25,213	$ 32,577	$ 57,790

December 31, 2023	Not Overdue	Overdue	Total
Carrying amount	$ 2,071,170	$ 844,584	$ 2,915,754
Expected loss rate	1.01%	2.12%	
Lifetime expected credit losses	$ 20,955	$ 17,919	$ 38,874

June 30, 2023	Not Overdue	Overdue	Total
Carrying amount	$ 2,799,466	$ 442,475	$ 3,241,941
Expected loss rate	1.03%	4.87%	
Lifetime expected credit losses	$ 28,898	$ 21,553	$ 50,451

3) Liquidity risk

a) Sources of liquidity risk

Liquidity risks of the financial instruments are classified as funding liquidity risk and market liquidity risk. Funding liquidity risk represents the risk that the Group is unable to turn assets into cash or obtain sufficient funds to meet matured obligations. Market liquidity risk represents the risk of significant changes in fair value when dealing with or offsetting positions held due to insufficient market depth or disorder.

b) Liquidity risk management

The Group established a completed capital liquidity management mechanism by assessing the business features, monitoring short-term cash flow, and considering the trading volume and holding position to carefully manage the market liquidity risk.

According to the actual management need or special situations, the Group uses a cash flow model and stress testing to assess cash flow risk. Moreover, the Group has drawn up a plan for capital requirements with respect to abnormal and emergency conditions to deal with significant liquidity risk.

The analysis of cash outflows to the Group is listed below and based on the residual terms to maturity on the balance sheet date. The disclosed amounts are prepared in accordance with contract cash flows, and, accordingly, for certain line items, the disclosed amounts are different from the amounts on consolidated balance sheets.

The maturity dates for other non-derivative financial liabilities were based on the agreed repayment dates.

June 30, 2024

	Less than 6 Months	6-12 Months	1-2 Years	2-5 Years	5+ Years
Non-derivative financial liabilities					
Payables	$ 5,621,928	$ 18,834	$ 46,160	$ 9,953	$ 6,587
Lease liabilities	83,408	83,566	52,138	44,543	19,394
Derivative financial liabilities					
Currency swaps contract	3,322,253	2,307,178	-	-	-

December 31, 2023

	Less than 6 Months	6-12 Months	1-2 Years	2-5 Years	5+ Years
Non-derivative financial liabilities					
Payables	$ 3,966,976	$ 82,479	$ 43,294	$ 3,863	$ 6,027
Lease liabilities	73,965	70,591	98,709	14,901	18,405
Derivative financial liabilities					
Currency swaps contract	2,329,026	266,182	-	-	-

June 30, 2023

	Less than 6 Months	6-12 Months	1-2 Years	2-5 Years	5+ Years
Non-derivative financial liabilities					
Payables	$ 4,789,857	$ 59,976	$ 12,529	$ 9,579	$ 6,274
Lease liabilities	35,755	7,722	9,129	2,378	-
Derivative financial liabilities					
Currency swaps contract	3,591,473	1,631,276	-	-	-

27. TRANSACTIONS WITH RELATED PARTIES

Details of transactions between the Group, investors have significant influence and other related parties are disclosed as follows.

a. Related party name and category

Related Party Name	Related Party Category
Cathay Financial Holdings Co., Ltd.	The Company’s parent
Cathay Insurance Co., Ltd. (China)	Associate
Cathay Life Insurance Co., Ltd.	Fellow subsidiary
Cathay United Bank Co., Ltd.	Fellow subsidiary
Cathay Securities Investment Trust Co., Ltd.	Fellow subsidiary
Cathay Life Insurance Co., Ltd. (Vietnam)	Subsidiary of the fellow subsidiary
Indovina Bank Limited.	Subsidiary of the fellow subsidiary
Cathay Futures Co., Ltd.	Subsidiary of the fellow subsidiary
Cathay Power Inc.	Subsidiary of the fellow subsidiary
Tien-Chi Power Co., Ltd.	Subsidiary of the fellow subsidiary
Funds managed by Cathay Securities Investment Trust Co., Ltd.	Other related party
Cathay Hospitality Management Co., Ltd.	Other related party
Cathay Hospitality Consulting Co., Ltd.	Other related party
San Ching Engineering Co., Ltd.	Other related party
Symphox Information Co., Ltd.	Other related party
Hong-Sui Co., Ltd.	Other related party
Ally Logistic Property Co., Ltd.	Other related party
CMG Imternational One Co. Ltd.	Other related party
TPIsoftware Co., Ltd.	Other related party
Others (including directors, supervisors, key management and its spouse or relatives within second degree)	Other related party

b. Operating transactions

Line Item	Related Party Category/Name	For the Three Months Ended June 30 2024	For the Three Months Ended June 30 2023	For the Six Months Ended June 30 2024	For the Six Months Ended June 30 2023
Premium income	Fellow subsidiary and its subsidiary				
	Cathay Life Insurance Co., Ltd.	$ 14,975	$ 3,165	$ 128,406	$ 107,433
	Cathay United Bank Co., Ltd.	50,971	38,055	92,002	77,155
	Tien-Chi Power Co., Ltd.	4,943	5,104	4,943	5,917
	Cathay Power Inc.	15,223	11,567	15,570	11,995
	Other related parties				
	San Ching Engineering Co., Ltd.	359	290	11,955	1,702
	Ally Logistic Property Co., Ltd.	1,185	2,102	6,997	2,813
	Cathay Hospitality Management Co., Ltd.	29	36	5,375	4,473
	Cathay Hospitality Consulting Co., Ltd.	25	32	5,907	5,012
	Hong-Sui Co., Ltd.	2,409	1,725	4,460	3,841
	CMG Imternational One Co. Ltd.	13	-	62,810	-
	TPIsoftware Co., Ltd.	24	998	176	3,344
		$ 90,156	$ 63,074	$ 338,601	$ 223,685
Operating costs					
Marketing costs	Fellow subsidiary				
	Cathay Life Insurance Co., Ltd.	$ 219,028	$ 209,318	$ 430,140	$ 417,043
	Cathay United Bank Co., Ltd.	29,344	27,959	58,960	58,394
Processing fees	Fellow subsidiary				
	Cathay United Bank Co., Ltd.	38,483	34,155	75,755	67,203
		$ 286,855	$ 271,432	$ 564,855	$ 542,640

Line Item	Related Party Category/Name	For the Three Months Ended June 30 2024	For the Three Months Ended June 30 2023	For the Six Months Ended June 30 2024	For the Six Months Ended June 30 2023
Operating expenses					
Other equipment expenses	Fellow subsidiary				
	Cathay Life Insurance Co., Ltd.	$ 2,386	$ 4,260	$ 2,386	$ 4,260
Group insurance expenses	Fellow subsidiary				
	Cathay Life Insurance Co., Ltd.	11,617	7,411	19,654	12,370
Building management fee	Fellow subsidiary				
	Cathay Life Insurance Co., Ltd.	3,671	3,356	5,297	5,048
Marketing expenses	Fellow subsidiary and its subsidiary				
	Cathay Life Insurance Co., Ltd. (Vietnam)	2,684	2,339	5,372	5,113
Management fee	Fellow subsidiary				
	Cathay Securities Investment Trust Co., Ltd.	2,947	2,622	4,872	4,405
Other expenses	Fellow subsidiary				
	Cathay United Bank Co., Ltd.	3,645	2,480	3,645	2,480
	Other related parties				
	TPIsoftware Co., Ltd.	5,394	-	5,974	-
	Symphox Information Co., Ltd.	9,923	6,915	20,482	13,352
		$ 42,267	$ 29,383	$ 67,682	$ 47,028

c. Receivables from related parties

Line Item	Related Party Category/Name	June 30, 2024	December 31, 2023	June 30, 2023
Premiums receivable	Fellow subsidiary and its subsidiary			
	Cathay United Bank Co., Ltd.	$ 50,175	$ 64,278	$ 25,336
	Cathay Life Insurance Co., Ltd.	22,320	8,011	1,209
	Cathay Power Inc.	15,177	3,777	11,360
	Tien-Chi Power Co., Ltd.	4,943	-	5,104
	Other related party			
	San Ching Engineering Co., Ltd.	343	3,700	-

(Continued)

Line Item	Related Party Category/Name	June 30, 2024	December 31, 2023	June 30, 2023
Due from reinsurers and ceding companies	Associate Cathay Insurance Co., Ltd. (China)	$ -	$ 2,618	$ 6,836
Other receivables	The Company's parent Cathay Financial Holdings Co., Ltd. (Note)	-	-	32,397
		$ 92,958	$ 82,384	$ 82,242

(Concluded)

Note: Including income tax receivable under the integrated income tax system.

d. Payables to related parties

Line Item	Related Party Category/Name	June 30, 2024	December 31, 2023	June 30, 2023
Other payables	The Company's parent Cathay Financial Holdings Co., Ltd. (Note)	$ 459,405	$ 189,832	$ -
	Fellow subsidiary Cathay Life Insurance Co., Ltd.	106,361	80,749	$ 94,817
	Other related party Symphox Information Co., Ltd.	6,055	-	5,499
		$ 571,821	$ 270,581	$ 100,316

Note: Including (1) Income tax payable under the integrated income tax system. (2) Payable for remuneration of directors and supervisors. (3) Payables for dividends.

e. Cash in bank

Line Item	Related Party Category/Name	June 30, 2024	December 31, 2023	June 30, 2023
Checking accounts and demand deposits	Fellow subsidiary and its subsidiary			
	Cathay United Bank Co., Ltd.	$ 3,095,130	$ 2,505,546	$ 3,161,548
	Indovina Bank Limited	14,939	10,548	36,937
Time deposits	Fellow subsidiary and its subsidiary			
	Cathay United Bank Co., Ltd.	20,059	20,059	20,030
	Indovina Bank Limited	262,910	261,778	275,466
		$ 3,393,038	$ 2,797,931	$ 3,493,981

As of June 30, 2024, December 31, 2023 and June 30, 2023, time deposits pledged recognized in guarantee deposits were $27,861 thousand, $27,819 thousand and $28,108 thousand, respectively.

f. Interest income

	For the Three Months Ended June 30		For the Six Months Ended June 30	
Related Party Category/Name	**2024**	**2023**	**2024**	**2023**
Fellow subsidiary and its subsidiary				
Cathay United Bank Co., Ltd.	$ 4,675	$ 4,653	$ 10,733	$ 8,992
Indovina Bank Limited	4,213	4,558	8,719	7,977
	$ 8,888	$ 9,211	$ 19,452	$ 16,969

g. Financial asset at FVTPL (beneficiary certificates)

Related Party Category/Name	June 30, 2024	December 31, 2023	June 30, 2023
Other related party			
Funds managed by Cathay Securities Investment Trust Co., Ltd.	$ 926,553	$ 741,869	$ 305,111

h. Discretionary account management balance

Related Party Category/Name	June 30, 2024	December 31, 2023	June 30, 2023
Fellow subsidiary			
Cathay Securities Investment Trust Co., Ltd.	$ 1,922,762	$ 1,697,518	$ 1,552,303

i. Guarantee deposits

Related Party Category/Name	June 30, 2024	December 31, 2023	June 30, 2023
Fellow subsidiary and its subsidiary			
Cathay Life Insurance Co., Ltd.	$ 37,303	$ 35,818	$ 34,630
Cathay United Bank Co., Ltd.	22,132	22,062	22,023
Cathay Futures Co., Ltd.	58,532	58,378	58,239
Indovina Bank Limited	7,802	7,760	8,078
	$ 125,769	$ 124,018	$ 122,970

j. Secured loans

Related Party Category/Name	For the Six Months Ended June 30, 2024			
	Maximum Amount	Ending Balance	Interest Rate	Interest Income
Other related parties	$ 20,927	$ 14,437	2.20%	$ 163

Related Party Category/Name	For the Six Months Ended June 30, 2023			
	Maximum Amount	Ending Balance	Interest Rate	Interest Income
Other related parties	$ 12,732	$ 6,388	2.07%-2.10%	$ 66

k. Lease arrangements

Related Party Category/Name	For the Six Months Ended June 30	
	2024	2023
Acquisitions of right-of-use assets		
Fellow subsidiary		
Cathay Life Insurance Co., Ltd.	$ 39,798	$ -
Cathay United Bank Co., Ltd.	14,963	-
Other related parties		
Cathay Real Estate Development Co., Ltd.	5,616	-
	$ 60,377	$ -

Line Item	Related Party Category/Name	June 30, 2024	December 31, 2023	June 30, 2023
Lease liabilities	Fellow subsidiary			
	Cathay Life Insurance Co., Ltd.	$ 205,414	$ 226,960	$ 20,411
	Cathay United Bank Co., Ltd.	14,847	3,945	5,598
	Other related parties			
	Cathay Real Estate Development Co., Ltd.	5,175	-	-
		$ 225,436	$ 230,905	$ 26,009

l. Currency swaps contract

As of June 30, 2024, December 31, 2023 and June 30, 2023, the nominal amount of the derivative financial instruments transaction with related parties is listed below:

Related Party Category/Name	June 30, 2024	December 31, 2023	June 30, 2023
Fellow subsidiary			
Cathay United Bank Co., Ltd.	US$ 85,900	US$ 88,400	US$ 90,900

m. Remuneration of key management personnel

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2024	2023	2024	2023
Short-term employee benefits	$ 20,401	$ 19,280	$ 35,676	$ 43,558
Post-employment benefits	1,502	1,906	3,003	3,813
	$ 21,903	$ 21,186	$ 38,679	$ 47,371

The remuneration of directors and key executives was based on the performance of individuals and market trends.

28. THE ALLOCATION OF REVENUE AND EXPENSES ARISING FROM BUSINESS TRANSACTIONS, PROMOTION ACTIVITIES AND INFORMATION SHARING BETWEEN PARENT COMPANY AND OTHER SUBSIDIARIES

To elaborate on the benefits of economic scale, Cathay Financial Holdings and its subsidiaries cooperate to launch promotion activities, and the related expenses are allocated to each subsidiary directly by the nature of business or on other reasonable basis.

29. ASSETS PLEDGED AS COLLATERAL OR FOR SECURITY

a. The Company

Item of Assets	June 30, 2024	December 31, 2023	June 30, 2023
Guarantee deposits - government bonds	$ 299,678	$ 299,602	$ 1,099,589
Guarantee deposits - time deposits	20,059	20,059	20,030
	$ 319,737	$ 319,661	$ 1,119,619

The pledged assets are stated at book value. As of June 30, 2024, December 31, 2023 and June 30, 2023, the Company provided government bonds amounting to $299,689 thousand, $299,615 thousand and $1,099,642 thousand to the Central Bank for insurance business in accordance with the Insurance Act, respectively. Loss allowance amounted to $11 thousand, $13 thousand and $53 thousand, respectively, which are in the scope of the impairment requirements under IFRS 9.

b. Cathay Insurance Co., Ltd. (Vietnam)

Item of Assets	June 30, 2024	December 31, 2023	June 30, 2023
Guarantee deposits - time deposits	$ 7,802	$ 7,760	$ 8,078

The pledged assets are stated at book value. As of June 30, 2024, December 31, 2023 and June 30, 2023, according to the Insurance Act of Vietnam, Cathay Insurance Co., Ltd. (Vietnam) provides guarantee deposits at an amount equal to 2% of its paid-in capital. The guaranteed deposits of Cathay Insurance Co., Ltd. (Vietnam) are time deposits.

30. OTHER ITEMS

a. Capital management

1) Management objectives

In order to ensure capital structure and stimulate business growth, the Company manages its capital adequacy in accordance with Regulations Governing Capital Adequacy of Insurance Companies and management policies established by the Company and maintains adequate capital to effectively absorb different types of risk.

2) Management policies

In order for sufficient capital to assume all types of risks, the Company applies the RBC ratio as the management indicator for capital adequacy. The Company calculates the RBC ratio periodically and periodically to monitor the status of short- and mid-term capital adequacy and the calculation would serve as a reference for business objectives, asset allocation and dividend policy.

3) Management procedures

a) Periodical calculation

The Company provides an RBC report every half year by the authority and analyzes the possible changes of owned capital and risk-based capital when making the next-year financial forecast of business and investment development plan at the end of every year, which ensures the soundness of capital structure and implements capital adequacy management.

b) Aperiodic calculation

The Company conducts RBC ratio analysis for specific events and assesses their impacts, such as usage of funding, business development, reinsurance arrangements, or changes of the financial market and regulations.

4) Current status of RBC ratio

The Company's RBC ratio, which is calculated in accordance with the Regulations Governing Capital Adequacy of Insurance Companies, is above 200%, and the net worth ratio is more than 3% for the previous two years, which complied with the regulations.

b. Total amount of assets and liabilities expected to recover or settle within/over 12 months

Items	June 30, 2024		
	Recovery/ Settlement within 12 Months	Recovery/ Settlement Over 12 Months	Total
Cash and cash equivalents	$ 10,604,801	$ -	$ 10,604,801
Receivables	3,933,435	-	3,933,435
Investments			
Financial assets at FVTPL	13,017,929	255,636	13,273,565
Financial assets at FVTOCI	-	656,215	656,215
Financial assets at amortized cost	1,172,709	9,182,688	10,355,397
Investments accounted for using the equity method	-	2,345,916	2,345,916
Loans	-	105,595	105,595
Total investments	14,190,638	12,546,050	26,736,688
Reinsurance assets	2,363,779	15,751,809	18,115,588
Property and equipment	-	428,549	428,549
Right-of-use assets	-	275,753	275,753
Intangible assets	-	106,381	106,381
Deferred tax assets	-	4,563,618	4,563,618
Other assets	32,324	618,838	651,162
Total assets	$ 31,124,977	$ 34,290,998	$ 65,415,975
Payables	$ 5,640,763	$ 62,699	$ 5,703,462
Financial liabilities at FVTPL	245,216	-	245,216
Insurance liabilities			
Unearned premium reserve	15,492,023	3,587,867	19,079,890
Loss reserve	-	19,424,737	19,424,737
Policy reserve	-	71	71
Special reserve	-	1,765,597	1,765,597
Premium deficiency reserve	-	600	600
Total insurance liabilities	15,492,023	24,778,872	40,270,895
Provisions	-	328,233	328,233
Lease liabilities	162,751	111,985	274,736
Deferred tax liabilities	-	426,599	426,599
Other liabilities	1,340,314	28,315	1,368,629
Total liabilities	$ 22,881,067	$ 25,736,703	$ 48,617,770

Items	December 31, 2023 Recovery/ Settlement within 12 Months	Recovery/ Settlement Over 12 Months	Total
Cash and cash equivalents	$ 9,382,963	$ -	$ 9,382,963
Receivables	3,173,036	-	3,173,036
Investments			
Financial assets at FVTPL	10,540,080	258,268	10,798,348
Financial assets at FVTOCI	-	678,881	678,881
Financial assets at amortized cost	1,121,383	8,344,405	9,465,788
Investments accounted for using the equity method	-	2,317,577	2,317,577
Loans	262	122,815	123,077
Total investments	11,661,725	11,721,946	23,383,671
Reinsurance assets	2,841,206	10,638,044	13,479,250
Property and equipment	-	466,157	466,157
Right-of-use assets	-	270,871	270,871
Intangible assets	-	121,840	121,840
Deferred tax assets	-	4,512,922	4,512,922
Other assets	54,984	600,109	655,093
Total assets	$ 27,113,914	$ 28,331,889	$ 55,445,803
Payables	$ 4,049,454	$ 53,185	$ 4,102,639
Financial liabilities at FVTPL	63,746	-	63,746
Insurance liabilities			
Unearned premium reserve	14,509,053	2,978,322	17,487,375
Loss reserve	125,208	14,347,905	14,473,113
Policy reserve	-	88	88
Special reserve	-	1,753,336	1,753,336
Premium deficiency reserve	-	12	12
Total insurance liabilities	14,634,261	19,079,663	33,713,924
Provisions	-	427,572	427,572
Lease liabilities	141,309	127,994	269,303
Deferred tax liabilities	-	329,636	329,636
Other liabilities	1,528,360	28,244	1,556,604
Total liabilities	$ 20,417,130	$ 20,046,294	$ 40,463,424

Items	June 30, 2023		
	Recovery/ Settlement within 12 Months	Recovery/ Settlement Over 12 Months	Total
Cash and cash equivalents	$ 9,838,881	$ -	$ 9,838,881
Receivables	3,546,579	-	3,546,579
Investments			
Financial assets at FVTPL	8,214,426	261,295	8,475,721
Financial assets at FVTOCI	-	685,967	685,967
Financial assets at amortized cost	93,506	8,721,470	8,814,976
Investments accounted for using the equity method	-	2,423,875	2,423,875
Loans	219	114,462	114,681
Total investments	8,308,151	12,207,069	20,515,220
Reinsurance assets	3,040,098	11,137,850	14,177,948
Property and equipment	-	349,142	349,142
Right-of-use assets	-	56,798	56,798
Intangible assets	-	121,295	121,295
Deferred tax assets	-	4,517,542	4,517,542
Other assets	51,126	1,418,685	1,469,811
Total assets	$ 24,784,835	$ 29,808,381	$ 54,593,216
Payables	$ 4,849,833	$ 28,382	$ 4,878,215
Financial liabilities at FVTPL	172,215	-	172,215
Insurance liabilities			
Unearned premium reserve	13,920,180	2,810,182	16,730,362
Loss reserve	211,382	15,038,548	15,249,930
Policy reserve	-	138	138
Special reserve	-	1,650,796	1,650,796
Premium deficiency reserve	-	277	277
Total insurance liabilities	14,131,562	19,499,941	33,631,503
Provisions	-	429,852	429,852
Lease liabilities	43,123	11,393	54,516
Deferred tax liabilities	-	331,805	331,805
Other liabilities	1,499,754	27,801	1,527,555
Total liabilities	$ 20,696,487	$ 20,329,174	$ 41,025,661

31. 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 and the related exchange rates between foreign currencies and respective functional currencies were as follows:

June 30, 2024

	Foreign Currency	Exchange Rate	Carrying Amount
Financial assets			
Monetary items			
USD	$ 278,307	32.450 (USD:NTD)	$ 9,029,561
EUR	5,082	34.712 (EUR:NTD)	176,158
Non-monetary items			
USD	43,167	32.450 (USD:NTD)	1,400,777
SGD	4,553	23.912 (SGD:NTD)	108,869
Investments accounted for using the equity method			
CNY	525,272	4.465 (CNY:NTD)	2,345,916
Financial liabilities			
Monetary items			
USD	11,188	32.450 (USD:NTD)	363,844
EUR	347	34.712 (EUR:NTD)	11,740
THB	5,435	0.883 (THB:NTD)	4,942
INR	28,148	0.379 (INR:NTD)	10,663
Non-monetary items			
Derivative instruments (Note)			
USD	184,100	32.450 (USD:NTD)	245,216

December 31, 2023

	Foreign Currency	Exchange Rate	Carrying Amount
Financial assets			
Monetary items			
USD	$ 255,938	30.735 (USD:NTD)	$ 7,873,673
EUR	6,197	34.011 (EUR:NTD)	210,785
CNY	19,020	4.334 (CNY:NTD)	82,416
Non-monetary items			
USD	42,030	30.735 (USD:NTD)	1,291,788
HKD	5,845	3.934 (HKD:NTD)	22,993
SGD	4,284	23.309 (SGD:NTD)	99,847
Investments accounted for using the equity method			
CNY	534,768	4.334 (CNY:NTD)	2,317,577
Derivative instruments (Note)			
USD	90,200	30.735 (USD:NTD)	59,225
Financial liabilities			
Monetary items			
USD	6,174	30.735 (USD:NTD)	196,849
EUR	799	34.011 (EUR:NTD)	27,394
CNY	4,950	4.334 (CNY:NTD)	21,764
THB	10,149	0.897 (THB:NTD)	9,265
Non-monetary items			
Derivative instruments (Note)			
USD	83,400	30.735 (USD:NTD)	63,746

June 30, 2023

	Foreign Currency	Exchange Rate	Carrying Amount
Financial assets			
Monetary items			
USD	$ 260,769	31.135 (USD:NTD)	$ 8,116,168
EUR	6,298	33.803 (EUR:NTD)	212,839
Non-monetary items			
USD	34,817	31.135 (USD:NTD)	1,084,012
HKD	6,545	3.973 (HKD:NTD)	26,002
SGD	3,972	22.953 (SGD:NTD)	91,160
Investments accounted for using the equity method			
CNY	565,349	4.287 (CNY:NTD)	2,423,875
Derivative instruments (Note)			
USD	11,000	31.135 (USD:NTD)	2,811
Financial liabilities			
Monetary items			
USD	7,405	31.135 (USD:NTD)	229,788
EUR	500	33.803 (EUR:NTD)	16,950
CNY	2,052	4.287 (CNY:NTD)	8,945
INR	33,499	0.371 (INR:NTD)	12,420
KRW	176,476	0.025 (KRW:NTD)	4,149
Non-monetary items			
Derivative instruments (Note)			
USD	165,100	31.135 (USD:NTD)	172,215

Note: The foreign currency amount of the derivatives is the nominal amount of the contract.

For the six months ended June 30, 2024 and 2023 (realized and unrealized) net foreign exchange gains were $383,300 thousand and $93,102 thousand, respectively. It is impractical to disclose net foreign exchange gains by each significant foreign currency due to the variety of the foreign currency transactions.

32. SEPARATELY DISCLOSED ITEMS

a. Information on 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: None

3) Total purchases from or sales to related parties amounting to at least NT$100 million or 20% of the paid-in capital: (Table 3)

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 (Note 7)

6) Intercompany relationships and significant intercompany transactions (Table 4)

7) Information on investees (Table 5)

b. Information on investments in mainland China

1) Information on any investee company in mainland China, showing the name, principal business activities, paid-in capital, method of investment, inward and outward remittance of funds, ownership percentage, net income of investees, investment income or loss, carrying amount of the investment at the end of the period, repatriations of investment income, and limit on the amount of investment in the mainland China area (Table 6).

2) Any of the following significant transactions with investee companies in mainland China, either directly or indirectly through a third party, and their prices, payment terms, and unrealized gains or losses: None

a) For transactions involving each other's main business, such as underwriting an insurance policy where the proposer is the investee, the amount and percentage of transactions and the balance and percentage of the related payables at the end of the period.

b) The amount of property transactions and the amount of the resultant gains or losses.

c) The highest balance, the ending balance, the interest rate range, and total current period interest with respect to the financing of funds.

d) Other transactions that have a material effect on the profit or loss for the period or on the financial position, such as the rendering or receipt of services.

e) The amount or balance of transactions mentioned in subitems a - d above that reaches 10% or more of the insurance enterprise's total amount or balance of such transactions shall be separately presented, while the rest may be added up and reported as an aggregate amount.

c. Information of major shareholders: The insurance enterprise whose stock is listed on the TWSE or listed on the TPEx shall disclose the names, numbers of shares held, and shareholding percentages of shareholders who hold 5 percent or more of the insurance enterprise's equity. For this purpose, the insurance enterprise may request the centralized securities depository enterprise to provide relevant information: None

33. SEGMENT INFORMATION

The Group operates property insurance in accordance with the Insurance Act. In accordance with IFRS 8, the Group only provides insurance contract products, and it has no different channel, client type or supervision environment. The chief operating decision maker of the Group also allocates resources on an overall basis and therefore considers the Group as a single operating segment.

34. DISCLOSE OF INSURANCE CONTRACT

a. Retained earned premium

For the three months ended June 30, 2024

Insurance Type	Written Premium (1)	Reinsurance Premium (2)	Reinsurance Expenses (3)	Retained Premium (4)=(1)+(2)-(3)	Net Changes in Unearned Premium Reserve (5)	Retained Earned Premium (6)=(4)-(5)
Fire insurance	$ 1,864,535	$ 15,455	$ 1,685,472	$ 194,518	$ (20,004)	$ 214,522
Marine insurance	374,042	2,676	285,600	91,118	4,378	86,740
Land and air insurance	3,776,889	(30)	241,917	3,534,942	74,350	3,460,592
Liability insurance	722,497	561	159,823	563,235	70,749	492,486
Guarantee insurance	57,317	(1,233)	42,451	13,633	7,312	6,321
Other property insurance	1,197,906	23,362	1,019,215	202,053	(7,491)	209,544
Accident insurance	1,157,854	2,342	56,359	1,103,837	(25,899)	1,129,736
Health insurance	101,874	-	-	101,874	2,616	99,258
Policy-oriented residential earthquake insurance	129,832	19,939	129,832	19,939	2,597	17,342
Compulsory automobile liability insurance	729,206	184,025	307,826	605,405	(29)	605,434
	$ 10,111,952	$ 247,097	$ 3,928,495	$ 6,430,554	$ 108,579	$ 6,321,975

For the three months ended June 30, 2023

Insurance Type	Written Premium (1)	Reinsurance Premium (2)	Reinsurance Expenses (3)	Retained Premium (4)=(1)+(2)-(3)	Net Changes in Unearned Premium Reserve (5)	Retained Earned Premium (6)=(4)-(5)
Fire insurance	$ 1,769,887	$ 33,365	$ 1,439,578	$ 363,674	$ (54,145)	$ 417,819
Marine insurance	397,338	6,081	305,383	98,036	7,250	90,786
Land and air insurance	3,394,258	258	243,147	3,151,369	21,835	3,129,534
Liability insurance	584,071	753	139,470	445,354	29,826	415,528
Guarantee insurance	41,779	714	37,080	5,413	2,333	3,080
Other property insurance	561,475	17,202	454,570	124,107	64	124,043
Accident insurance	1,006,494	2,840	58,347	950,987	27,534	923,453
Health insurance	69,981	-	(1)	69,982	(15,186)	85,168
Policy-oriented residential earthquake insurance	117,603	14,453	117,603	14,453	551	13,902
Compulsory automobile liability insurance	723,798	185,841	304,899	604,740	3,539	601,201
	$ 8,666,684	$ 261,507	$ 3,100,076	$ 5,828,115	$ 23,601	$ 5,804,514

For the six months ended June 30, 2024

Insurance Type	Written Premium (1)	Reinsurance Premium (2)	Reinsurance Expenses (3)	Retained Premium (4)=(1)+(2)-(3)	Net Changes in Unearned Premium Reserve (5)	Retained Earned Premium (6)=(4)-(5)
Fire insurance	$ 3,073,551	$ 31,490	$ 2,520,448	$ 584,593	$ 26,828	$ 557,765
Marine insurance	750,289	5,803	597,134	158,958	(2,812)	161,770
Land and air insurance	7,479,211	842	448,159	7,031,894	208,206	6,823,688
Liability insurance	1,497,929	2,353	415,301	1,084,981	138,268	946,713
Guarantee insurance	77,773	(840)	55,654	21,279	6,365	14,914
Other property insurance	1,916,580	47,439	1,740,197	223,822	80,048	143,774
Accident insurance	2,218,561	4,866	137,289	2,086,138	(60,227)	2,146,365
Health insurance	189,554	-	-	189,554	(278)	189,832
Policy-oriented residential earthquake insurance	246,843	37,790	246,843	37,790	5,909	31,881
Compulsory automobile liability insurance	1,437,735	387,784	605,023	1,220,496	7,383	1,213,113
	$ 18,888,026	$ 517,527	$ 6,766,048	$ 12,639,505	$ 409,690	$ 12,229,815

For the six months ended June 30, 2023

Insurance Type	Written Premium (1)	Reinsurance Premium (2)	Reinsurance Expenses (3)	Retained Premium (4)=(1)+(2)-(3)	Net Changes in Unearned Premium Reserve (5)	Retained Earned Premium (6)=(4)-(5)
Fire insurance	$ 2,654,266	$ 124,454	$ 2,078,070	$ 700,650	$ (216,320)	$ 916,970
Marine insurance	710,056	14,140	542,471	181,725	4,853	176,872
Land and air insurance	6,760,999	355	491,554	6,269,800	130,862	6,138,938
Liability insurance	1,183,066	2,478	311,728	873,816	80,068	793,748
Guarantee insurance	69,875	4,011	67,157	6,729	(4,591)	11,320
Other property insurance	1,022,096	35,552	871,410	186,238	(33,143)	219,381
Accident insurance	1,913,771	5,549	138,638	1,780,682	64,180	1,716,502
Health insurance	121,993	-	(25)	122,018	(85,464)	207,482
Policy-oriented residential earthquake insurance	232,410	31,539	232,410	31,539	2,974	28,565
Compulsory automobile liability insurance	1,429,395	377,256	599,854	1,206,797	6,315	1,200,482
	$ 16,097,927	$ 595,334	$ 5,333,267	$ 11,359,994	$ (50,266)	$ 11,410,260

Information on compulsory insurance and non-compulsory insurance of earned retained premium:

For the six months ended June 30, 2024

Insurance Type	Written Premium (1)	Reinsurance Premium (2)	Reinsurance Expenses (3)	Retained Premium (4)=(1)+(2)-(3)
Compulsory insurance	$ 1,437,735	$ 387,784	$ 605,023	$ 1,220,496
Non-compulsory insurance	17,450,291	129,743	6,161,025	11,419,009
	$ 18,888,026	$ 517,527	$ 6,766,048	$ 12,639,505

Insurance Type	Unearned Premium Reserves under Direct Business		Unearned Premium Reserves 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	$ 1,270,668	$ 1,267,647	$ 480,326	$ 474,151	$ 9,196
Non-compulsory insurance	17,216,208	15,656,363	113,545	115,875	1,557,515
	$ 18,486,876	$ 16,924,010	$ 593,871	$ 590,026	$ 1,566,711

Insurance Type	Unearned Premium Reserves under Ceded Reinsurance Business		Net Changes in for Unearned Ceded Premium Reserve	Retained Premium
	Provision (10)	Recovery (11)	(12)=(10)-(11)	(13)=(4)-(9)+(12)
Compulsory insurance	$ 762,401	$ 760,588	$ 1,813	$ 1,213,113
Non-compulsory insurance	5,936,855	4,781,647	1,155,208	11,016,702
	$ 6,699,256	$ 5,542,235	$ 1,157,021	$ 12,229,815

For the six months ended June 30, 2023

Insurance Type	Written Premium (1)	Reinsurance Premium (2)	Reinsurance Expenses (3)	Retained Premium (4)=(1)+(2)-(3)
Compulsory insurance	$ 1,429,395	$ 377,256	$ 599,854	$ 1,206,797
Non-compulsory insurance	14,668,532	218,078	4,733,413	10,153,197
	$ 16,097,927	$ 595,334	$ 5,333,267	$ 11,359,994

Insurance Type	Unearned Premium Reserves under Direct Business		Unearned Premium Reserves 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	$ 1,263,309	$ 1,250,469	$ 466,147	$ 464,968	$ 14,019
Non-compulsory insurance	14,852,795	13,948,868	142,350	206,174	840,103
	$ 16,116,104	$ 15,199,337	$ 608,497	$ 671,142	$ 854,122

Insurance Type	Unearned Premium Reserves under Ceded Reinsurance Business		Net Changes in for Unearned Ceded Premium Reserve	Retained Premium
	Provision (10)	Recovery (11)	(12)=(10)-(11)	(13)=(4)-(9)+(12)
Compulsory insurance	$ 757,986	$ 750,282	$ 7,704	$ 1,200,482
Non-compulsory insurance	4,637,504	3,740,820	896,684	10,209,778
	$ 5,395,490	$ 4,491,102	$ 904,388	$ 11,410,260

b. Retained claims

Insurance Type	For the Three Months Ended June 30, 2024			
	Loss Incurred (Claims Expense Included) (1)	Reinsurance Claims (2)	Claims Recovered from Reinsurances (3)	Retained Claims and Payments (4)=(1)+(2)-(3)
Fire insurance	$ 88,444	$ 36,895	$ 20,069	$ 105,270
Marine insurance	95,290	1,020	54,914	41,396
Land and air insurance	1,996,618	134	87,324	1,909,428
Liability insurance	504,703	152	312,228	192,627
Guarantee insurance	1,839	735	787	1,787
Other property insurance	173,491	4,892	142,590	35,793
Accident insurance	430,510	600	70,543	360,567
Health insurance	25,440	1	2,425	23,016
Policy-oriented residential earthquake insurance	11,900	6,796	11,900	6,796
Compulsory automobile liability insurance	524,849	162,663	313,325	374,187
	$ 3,853,084	$ 213,888	$ 1,016,105	$ 3,050,867

Insurance Type	For the Three Months Ended June 30, 2023 Loss Incurred (Claims Expense Included) (1)	Reinsurance Claims (2)	Claims Recovered from Reinsurances (3)	Retained Claims and Payments (4)=(1)+(2)-(3)
Fire insurance	$ 320,589	$ 124,339	$ 199,954	$ 244,974
Marine insurance	89,635	5,189	48,699	46,125
Land and air insurance	1,923,651	10,525	56,599	1,877,577
Liability insurance	145,454	211	13,587	132,078
Guarantee insurance	334	1,567	43	1,858
Other property insurance	293,367	15,320	245,925	62,762
Accident insurance	334,862	1,045	27,843	308,064
Health insurance	741,351	-	13,823	727,528
Policy-oriented residential earthquake insurance	(23)	-	(23)	-
Compulsory automobile liability insurance	522,358	176,170	308,485	390,043
	$ 4,371,578	$ 334,366	$ 914,935	$ 3,791,009

Insurance Type	For the Six Months Ended June 30, 2024 Loss Incurred (Claims Expense Included) (1)	Reinsurance Claims (2)	Claims Recovered from Reinsurances (3)	Retained Claims and Payments (4)=(1)+(2)-(3)
Fire insurance	$ 290,918	$ 112,507	$ 136,717	$ 266,708
Marine insurance	189,358	6,901	117,188	79,071
Land and air insurance	3,776,003	728	174,134	3,602,597
Liability insurance	794,791	659	384,916	410,534
Guarantee insurance	16,423	1,620	11,841	6,202
Other property insurance	315,652	10,780	255,780	70,652
Accident insurance	804,840	1,051	97,556	708,335
Health insurance	50,479	7	5,128	45,358
Policy-oriented residential earthquake insurance	11,900	6,796	11,900	6,796
Compulsory automobile liability insurance	1,024,109	352,330	602,468	773,971
	$ 7,274,473	$ 493,379	$ 1,797,628	$ 5,970,224

Insurance Type	For the Six Months Ended June 30, 2023			
	Loss Incurred (Claims Expense Included) (1)	Reinsurance Claims (2)	Claims Recovered from Reinsurances (3)	Retained Claims and Payments (4)=(1)+(2)-(3)
Fire insurance	$ 765,593	$ 268,864	$ 483,993	$ 550,464
Marine insurance	168,936	18,146	87,261	99,821
Land and air insurance	3,539,022	13,629	133,116	3,419,535
Liability insurance	489,938	(60)	154,794	335,084
Guarantee insurance	1,543	1,593	161	2,975
Other property insurance	1,057,034	25,279	375,587	706,726
Accident insurance	676,968	1,051	65,309	612,710
Health insurance	10,207,106	-	93,918	10,113,188
Policy-oriented residential earthquake insurance	-	-	-	-
Compulsory automobile liability insurance	1,052,578	354,349	615,947	790,980
	$ 17,958,718	$ 682,851	$ 2,010,086	$ 16,631,483

Retained claims of compulsory insurance and non-compulsory insurance:

Insurance Type	For the Six Months Ended June 30, 2024			
	Loss Incurred (Claims Expense Included) (1)	Reinsurance Claims (2)	Claims Recovered from Reinsurances (3)	Retained Claims and Payments (4)=(1)+(2)-(3)
Compulsory insurance	$ 1,024,109	$ 352,330	$ 602,468	$ 773,971
Non-compulsory insurance	6,250,364	141,049	1,195,160	5,196,253
	$ 7,274,473	$ 493,379	$ 1,797,628	$ 5,970,224

Insurance Type	For the Six Months Ended June 30, 2023			
	Loss Incurred (Claims Expense Included) (1)	Reinsurance Claims (2)	Claims Recovered from Reinsurances (3)	Retained Claims and Payments (4)=(1)+(2)-(3)
Compulsory insurance	$ 1,052,578	$ 354,349	$ 615,947	$ 790,980
Non-compulsory insurance	16,906,140	328,502	1,394,139	15,840,503
	$ 17,958,718	$ 682,851	$ 2,010,086	$ 16,631,483

c. Liability on policyholders' claims filed and losses not yet filed

Claims and payments recoverable for policyholders' claims filed and paid

Insurance Type	Claims Filed and Paid		
	June 30, 2024	**December 31, 2023**	**June 30, 2023**
Fire insurance	$ 13,517	$ 382,340	$ 161,523
Marine insurance	39,933	87,706	42,559
Land and air insurance	90,823	75,949	56,596
Liability insurance	90,017	89,521	34,651
Guarantee insurance	135	601	45
Other property insurance	53,272	28,374	39,597
Accident insurance	28,796	15,419	20,563
Health insurance	2,425	67	14,135
Policy-oriented residential earthquake insurance	11,900	-	-
Compulsory automobile liability insurance	194,248	163,910	192,660
	525,066	843,887	562,329
Less: Loss allowance	(5,251)	(8,439)	(5,624)
Net amount	$ 519,815	$ 835,448	$ 556,705

d. Receivables and payables of insurance contracts

Receivables

Insurance Type	Premiums Receivable		
	June 30, 2024	**December 31, 2023**	**June 30, 2023**
Fire insurance	$ 1,539,313	$ 1,008,491	$ 1,496,432
Marine insurance	500,242	340,128	501,598
Land and air insurance	247,951	157,690	213,124
Liability insurance	387,886	581,224	319,220
Guarantee insurance	68,366	56,504	40,565
Other property insurance	510,724	412,614	327,823
Accident insurance	138,091	124,222	125,416
Health insurance	2,768	2,814	3,689
Policy-oriented residential earthquake insurance	32,105	34,831	30,113
Compulsory automobile liability insurance	14,596	15,904	14,570
	3,442,042	2,734,422	3,072,550
Less: Loss allowance	(55,975)	(36,950)	(48,611)
Net amount	$ 3,386,067	$ 2,697,472	$ 3,023,939

Aging analysis of premiums receivable:

	June 30, 2024	December 31, 2023	June 30, 2023
Up to 90 days	$ 2,419,151	$ 1,889,950	$ 2,630,223
Over 90 days	1,022,891	844,472	442,327
	$ 3,442,042	$ 2,734,422	$ 3,072,550

The overdue amounts as of June 30, 2024, December 31, 2023 and June 30, 2023 in the above premiums receivable were $1,022,891 thousand, $844,472 thousand and $442,327 thousand, respectively, and loss allowance of $32,577 thousand, $17,807 thousand and $21,045 thousand were provided, respectively.

Payables

	June 30, 2024		
Insurance Type	**Commission Payable**	**Others**	**Total**
Fire insurance	$ 79,614	$ 16,664	$ 96,278
Marine insurance	19,500	16,315	35,815
Land and air insurance	293,962	140,173	434,135
Liability insurance	31,463	40,892	72,355
Guarantee insurance	8,022	1,297	9,319
Other property insurance	4,352	12,768	17,120
Accident insurance	9,657	54,106	63,763
Health insurance	868	5,174	6,042
Policy-oriented residential earthquake insurance	315	3,587	3,902
Compulsory automobile liability insurance	18,468	-	18,468
	$ 466,221	$ 290,976	$ 757,197

	December 31, 2023		
Insurance Type	**Commission Payable**	**Others**	**Total**
Fire insurance	$ 25,158	$ 15,750	$ 40,908
Marine insurance	16,184	14,163	30,347
Land and air insurance	266,124	131,847	397,971
Liability insurance	39,418	41,115	80,533
Guarantee insurance	5,312	780	6,092
Other property insurance	15,938	13,938	29,876
Accident insurance	10,117	40,920	51,037
Health insurance	562	2,256	2,818
Policy-oriented residential earthquake insurance	309	3,602	3,911
Compulsory automobile liability insurance	18,930	-	18,930
	$ 398,052	$ 264,371	$ 662,423

Insurance Type	June 30, 2023 Commission Payable	Others	Total
Fire insurance	$ 43,369	$ 16,594	$ 59,963
Marine insurance	17,086	16,786	33,872
Land and air insurance	236,873	127,929	364,802
Liability insurance	29,493	35,225	64,718
Guarantee insurance	5,623	1,456	7,079
Other property insurance	12,152	10,868	23,020
Accident insurance	12,027	49,060	61,087
Health insurance	1,328	3,734	5,062
Policy-oriented residential earthquake insurance	366	3,427	3,793
Compulsory automobile liability insurance	18,929	-	18,929
	$ 377,246	$ 265,079	$ 642,325

Due from (to) reinsurers and ceding companies - reinsurance

	June 30, 2024 Due from Reinsurers and Ceding Companies	Due to Reinsurers and Ceding Companies
Central Re	$ 51,646	$ 211,373
Hannover Re in Shanghai	200,484	49,883
Leed	-	399,014
Marsh	1,032,087	612,420
Munich Re	980	276,406
RKH	63,350	284,304
Association of the R.O.C.	136,887	353,845
Others (individually below 5%)	546,930	1,660,434
	2,032,364	3,847,679
Less: Loss allowance	(188,400)	-
Net amount	$ 1,843,964	$ 3,847,679

	December 31, 2023	
	Due from Reinsurers and Ceding Companies	**Due to Reinsurers and Ceding Companies**
AON	$ 246,402	$ 31,611
Central Re	6,824	158,859
Hannover Re in Shanghai	220,822	52,283
Marsh	1,027,541	251,987
Association of the R.O.C.	132,972	447,550
Others (individually below 5%)	560,619	1,569,530
	2,195,180	2,511,820
Less: Loss allowance	(189,422)	-
Net amount	$ 2,005,758	$ 2,511,820

	June 30, 2023	
	Due from Reinsurers and Ceding Companies	**Due to Reinsurers and Ceding Companies**
Association of the R.O.C.	$ 137,584	$ 344,690
Marsh	1,083,100	613,931
Central Re	53,236	267,628
RKH	1,031	209,615
Hannover Re in Shanghai	221,705	66,893
Munich Re	110,604	249,008
Others (individually below 5%)	919,193	1,904,672
	2,526,453	3,656,437
Less: Loss allowance	(43,060)	-
Net amount	$ 2,483,393	$ 3,656,437

The overdue amounts as of June 30, 2024, December 31, 2023 and June 30, 2023 in the above amounts due from (to) reinsurers and ceding companies were $1,230,920 thousand, $1,185,311 thousand and $438,540 thousand, respectively, and loss allowances of $179,483 thousand, $174,157 thousand and $21,927 thousand were provided, respectively.

Due from and due to the reinsurers and ceding companies cannot be offset, except for those meeting the requirements in Article 42 of IAS 32.

e. Reserve required for specific assets

The accounting of the compulsory automobile liability insurance (“CAL Insurance”) held by the Company 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, for the special reserve set aside for CAL Insurance, the insurer should purchase treasury bills or deposit the reserve with a financial institution as a time deposit. Provided that with the approval of the competent authority, the insurer may purchase the following domestic securities:

1) Government bonds, not including exchangeable government bonds.

2) Financial bonds, negotiable certificates of deposit, banker's acceptances, and commercial paper guaranteed by a financial institution, provided that financial bonds shall be limited to ordinary financial bonds only.

The amount of treasury bills purchased or time deposits placed in a financial institution under the preceding paragraph shall not be less than 30% of the total amount of the Group's retained earned pure premiums for CAL Insurance in the most recent period, as audited or reviewed by a certified public accountant. The competent authority may raise that percentage to a level they deem appropriate based on the Group's operating status.

If the balance of the Group's special reserve becomes less than 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 the special reserve mentioned above, held by an insurer for CAL 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.

1) Treasury bills.

2) Negotiable certificates of deposit, banker's acceptances, and commercial paper guaranteed by a financial institution.

3) Government bonds under repurchase agreements.

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 preceding 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 this insurance by the 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 its 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.

f. Acquisition cost of insurance contracts

Insurance Type	For the Three Months Ended June 30, 2024				
	Commission Expenses	Service and Handling Charge	Reinsurance Commission Expenses	Others	Total
Fire insurance	$ 82,170	$ 300	$ 2,879	$ 11,226	$ 96,575
Marine insurance	24,355	28	262	900	25,545
Land and air insurance	424,414	-	10	160,399	584,823
Liability insurance	82,217	-	48	15,792	98,057
Guarantee insurance	6,562	(1)	(95)	367	6,833
Other property insurance	38,041	105	5,720	1,718	45,584
Accident insurance	133,886	-	-	51,314	185,200
Health insurance	14,085	-	-	5,018	19,103
Policy-oriented residential earthquake insurance	3,247	12	-	3,685	6,944
Compulsory automobile liability insurance	-	78,462	-	-	78,462
	$ 808,977	$ 78,906	$ 8,824	$ 250,419	$ 1,147,126

Insurance Type	For the Three Months Ended June 30, 2023				
	Commission Expenses	Service and Handling Charge	Reinsurance Commission Expenses	Others	Total
Fire insurance	$ 62,245	$ 1,634	$ 15,073	$ 10,694	$ 89,646
Marine insurance	25,214	15	767	860	26,856
Land and air insurance	378,303	-	45	158,085	536,433
Liability insurance	67,031	4	93	12,765	79,893
Guarantee insurance	4,716	(4)	(85)	280	4,907
Other property insurance	34,752	124	4,298	2,263	41,437
Accident insurance	121,450	7	108	47,962	169,527
Health insurance	11,824	-	-	3,070	14,894
Policy-oriented residential earthquake insurance	2,779	26	-	3,449	6,254
Compulsory automobile liability insurance	-	78,448	-	-	78,448
	$ 708,314	$ 80,254	$ 20,299	$ 239,428	$ 1,048,295

Insurance Type	For the Six Months Ended June 30, 2024				
	Commission Expenses	Service and Handling Charge	Reinsurance Commission Expenses	Others	Total
Fire insurance	$ 146,592	$ 1,626	$ 4,651	$ 20,372	$ 173,241
Marine insurance	52,981	31	589	1,687	55,288
Land and air insurance	840,825	-	145	321,828	1,162,798
Liability insurance	161,891	6	187	28,979	191,063
Guarantee insurance	8,679	(2)	(113)	647	9,211
Other property insurance	82,469	320	11,929	4,001	98,719
Accident insurance	254,684	-	155	96,979	351,818
Health insurance	26,070	-	-	9,192	35,262
Policy-oriented residential earthquake insurance	6,118	17	-	7,050	13,185
Compulsory automobile liability insurance	-	154,993	-	-	154,993
	$ 1,580,309	$ 156,991	$ 17,543	$ 490,735	$ 2,245,578

Insurance Type	For the Six Months Ended June 30, 2023				
	Commission Expenses	Service and Handling Charge	Reinsurance Commission Expenses	Others	Total
Fire insurance	$ 111,362	$ 3,664	$ 38,554	$ 20,337	$ 173,917
Marine insurance	48,879	147	1,146	1,811	51,983
Land and air insurance	757,555	-	68	320,877	1,078,500
Liability insurance	133,959	9	158	26,392	160,518
Guarantee insurance	7,019	(3)	43	418	7,477
Other property insurance	69,461	381	8,222	4,147	82,211
Accident insurance	226,370	15	120	90,422	316,927
Health insurance	20,889	-	-	5,062	25,951
Policy-oriented residential earthquake insurance	5,806	42	-	6,682	12,530
Compulsory automobile liability insurance	-	155,424	-	-	155,424
	$ 1,381,300	$ 159,679	$ 48,311	$ 476,148	$ 2,065,438

Acquisition costs of insurance contracts were not deferred.

g. Profit and loss analysis of insurance business

Direct underwriting business

Insurance Type	For the Three Months Ended June 30, 2024					
	Written Premium (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)
Fire insurance	$ 1,864,535	$ 632,350	$ 93,696	$ 88,445	$ 4,150,769	$ (3,100,725)
Marine insurance	374,042	13,878	25,283	95,290	38,415	201,176
Land and air insurance	3,776,889	99,196	584,813	1,996,618	87,972	1,008,290
Liability insurance	722,497	(24,448)	98,009	504,703	(36,977)	181,210
Guarantee insurance	57,317	24,319	6,928	1,839	8,370	15,861
Other property insurance	1,197,906	473,781	39,864	173,491	324,416	186,354
Accident insurance	1,157,854	(12,834)	185,200	430,510	25,215	529,763
Health insurance	101,874	2,616	19,103	25,440	(11,225)	65,940
Policy-oriented residential earthquake insurance	129,832	9,653	6,944	11,900	23,087	78,248
Compulsory automobile liability insurance	729,206	1,784	78,462	524,849	81,513	42,598
	$ 10,111,952	$ 1,220,295	$ 1,138,302	$ 3,853,085	$ 4,691,555	$ (791,285)

Insurance Type	For the Three Months Ended June 30, 2023					
	Written Premium (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)
Fire insurance	$ 1,769,887	$ 649,127	$ 74,573	$ 320,589	$ (204,359)	$ 929,957
Marine insurance	397,338	56,568	26,089	89,635	40,828	184,218
Land and air insurance	3,394,258	102,391	536,389	1,923,651	34,041	797,786
Liability insurance	584,071	(25,769)	79,800	145,454	268,132	116,454
Guarantee insurance	41,779	7,509	4,993	334	2,179	26,764
Other property insurance	561,475	132,475	37,140	293,367	397,051	(298,558)
Accident insurance	1,006,494	8,506	169,418	334,862	(11,960)	505,668
Health insurance	69,981	(25,887)	14,894	741,351	(942,941)	282,564
Policy-oriented residential earthquake insurance	117,603	138	6,252	(23)	-	111,236
Compulsory automobile liability insurance	723,798	5,454	78,448	522,358	10,862	106,676
	$ 8,666,684	$ 910,512	$ 1,027,996	$ 4,371,578	$ (406,167)	$ 2,762,765

Insurance Type	For the Six Months Ended June 30, 2024					
	Written Premium (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)
Fire insurance	$ 3,073,551	$ 549,390	$ 168,590	$ 290,918	$ 4,210,977	$ (2,146,324)
Marine insurance	750,289	66,207	54,699	189,358	20,079	419,946
Land and air insurance	7,479,211	211,850	1,162,653	3,776,003	401,743	1,926,962
Liability insurance	1,497,929	55,146	190,876	794,791	92,511	364,605
Guarantee insurance	77,773	10,010	9,324	16,423	1,108	40,908
Other property insurance	1,916,580	702,928	86,790	315,652	151,790	659,420
Accident insurance	2,218,561	(43,602)	351,663	804,840	12,574	1,093,086
Health insurance	189,554	(278)	35,262	50,479	(25,531)	129,622
Policy-oriented residential earthquake insurance	246,843	8,194	13,185	11,900	23,087	190,477
Compulsory automobile liability insurance	1,437,735	3,021	154,993	1,024,109	119,973	135,639
	$ 18,888,026	$ 1,562,866	$ 2,228,035	$ 7,274,473	$ 5,008,311	$ 2,814,341

Insurance Type	For the Six Months Ended June 30, 2023					
	Written Premium (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)
Fire insurance	$ 2,654,266	$ 414,559	$ 135,363	$ 765,593	$ (406,946)	$ 1,745,697
Marine insurance	710,056	88,735	50,837	168,936	85,054	316,494
Land and air insurance	6,760,999	311,813	1,078,433	3,539,022	298,059	1,533,672
Liability insurance	1,183,066	9,937	160,359	489,938	209,124	313,708
Guarantee insurance	69,875	6,995	7,435	1,543	535	53,367
Other property insurance	1,022,096	131,871	73,989	1,057,034	119,071	(359,869)
Accident insurance	1,913,771	60,584	316,806	676,968	(938)	860,351
Health insurance	121,993	(118,453)	25,951	10,207,106	(8,520,466)	(1,472,145)
Policy-oriented residential earthquake insurance	232,410	(2,114)	12,530	-	-	221,994
Compulsory automobile liability insurance	1,429,395	12,840	155,424	1,052,578	24,835	183,718
	$ 16,097,927	$ 916,767	$ 2,017,127	$ 17,958,718	$ (8,191,672)	$ 3,396,987

Reinsurance inward business

Insurance Type	For the Three Months Ended June 30, 2024					
	Reinsurance Premium	Net Changes in Unearned Premium Reserve	Reinsurance Commission Expense	Reinsurance Claim	Net Changes in Loss Reserve	Profit (Loss)
Fire insurance	$ 15,455	$ (7,033)	$ 2,879	$ 36,895	$ (42,349)	$ 25,063
Marine insurance	2,676	(928)	262	1,020	1,288	1,034
Land and air insurance	(30)	490	10	134	3,853	(4,517)
Liability insurance	561	(317)	48	152	43	635
Guarantee insurance	(1,233)	(176)	(95)	735	544	(2,241)
Other property insurance	23,362	905	5,720	4,892	11,534	311
Accident insurance	2,342	344	-	600	(53)	1,451
Health insurance	-	-	-	1	336	(337)
Policy-oriented residential earthquake insurance	19,939	2,597	-	6,796	35,632	(25,086)
Compulsory automobile liability insurance	184,025	(743)	-	162,663	11,293	10,812
	$ 247,097	$ (4,861)	$ 8,824	$ 213,888	$ 22,121	$ (7,125)

Insurance Type	For the Three Months Ended June 30, 2023					
	Reinsurance Premium	Net Changes in Unearned Premium Reserve	Reinsurance Commission Expense	Reinsurance Claim	Net Changes in Loss Reserve	Profit (Loss)
Fire insurance	$ 33,365	$ (31,518)	$ 15,073	$ 124,339	$ (7,218)	$ (67,311)
Marine insurance	6,081	(1,891)	767	5,189	(2,526)	4,542
Land and air insurance	258	(1,113)	45	10,525	(8,249)	(950)
Liability insurance	753	(127)	93	211	(68)	644
Guarantee insurance	714	(404)	(85)	1,567	(244)	(120)
Other property insurance	17,202	1,357	4,298	15,320	(3,402)	(371)
Accident insurance	2,840	(33)	108	1,045	(82)	1,802
Health insurance	-	(1)	-	-	(402)	403
Policy-oriented residential earthquake insurance	14,453	550	-	-	-	13,903
Compulsory automobile liability insurance	185,841	1,358	-	176,170	7,301	1,012
	$ 261,507	$ (31,822)	$ 20,299	$ 334,366	$ (14,890)	$ (46,446)

Insurance Type	For the Six Months Ended June 30, 2024					
	Reinsurance Premium	Net Changes in Unearned Premium Reserve	Reinsurance Commission Expense	Reinsurance Claim	Net Changes in Loss Reserve	Profit (Loss)
Fire insurance	$ 31,490	$ (15,534)	$ 4,651	$ 112,507	$ (100,757)	$ 30,623
Marine insurance	5,803	(446)	589	6,901	(8,106)	6,865
Land and air insurance	842	482	145	728	6,757	(7,270)
Liability insurance	2,353	411	187	659	(292)	1,388
Guarantee insurance	(840)	(649)	(113)	1,620	1,156	(2,854)
Other property insurance	47,439	7,088	11,929	10,780	2,878	14,764
Accident insurance	4,866	409	155	1,051	(384)	3,635
Health insurance	-	-	-	7	167	(174)
Policy-oriented residential earthquake insurance	37,790	5,909	-	6,796	35,632	(10,547)
Compulsory automobile liability insurance	387,784	6,175	-	352,330	2,654	26,625
	$ 517,527	$ 3,845	$ 17,543	$ 493,379	$ (60,295)	$ 63,055

Insurance Type	For the Six Months Ended June 30, 2023					
	Reinsurance Premium	Net Changes in Unearned Premium Reserve	Reinsurance Commission Expense	Reinsurance Claim	Net Changes in Loss Reserve	Profit (Loss)
Fire insurance	$ 124,454	$ (67,467)	$ 38,554	$ 268,864	$ (66,459)	$ (49,038)
Marine insurance	14,140	(745)	1,146	18,146	(10,661)	6,254
Land and air insurance	355	(2,280)	68	13,629	(15,530)	4,468
Liability insurance	2,478	397	158	(60)	(124)	2,107
Guarantee insurance	4,011	1,983	43	1,593	371	21
Other property insurance	35,552	2,522	8,222	25,279	(5,671)	5,200
Accident insurance	5,549	(357)	120	1,051	(91)	4,826
Health insurance	-	(851)	-	-	(833)	1,684
Policy-oriented residential earthquake insurance	31,539	2,974	-	-	-	28,565
Compulsory automobile liability insurance	377,256	1,179	-	354,349	(4,467)	26,195
	$ 595,334	$ (62,645)	$ 48,311	$ 682,851	$ (103,465)	$ 30,282

Reinsurance outward business

Insurance Type	For the Three Months Ended June 30, 2024					
	Reinsurance Expenses	Net Changes in Ceded Unearned Premium Reserve	Reinsurance Commission Income	Claims and Payments (Recovered from Reinsurers)	Net Changes in Ceded Loss Reserve	Profit (Loss)
Fire insurance	$ 1,685,472	$ 645,321	$ 104,084	$ 20,069	$ 3,654,738	$ (2,738,740)
Marine insurance	285,600	8,572	30,136	54,914	47,868	144,110
Land and air insurance	241,917	25,336	64,722	87,324	17,260	47,275
Liability insurance	159,823	(95,514)	38,029	312,228	(95,870)	950
Guarantee insurance	42,451	16,831	8,302	787	580	15,951
Other property insurance	1,019,215	482,177	73,505	142,590	297,364	23,579
Accident insurance	56,359	13,409	15,750	70,543	(3,594)	(39,749)
Health insurance	-	-	-	2,425	19	(2,444)
Policy-oriented residential earthquake insurance	129,832	9,653	-	11,900	23,087	85,192
Compulsory automobile liability insurance	307,826	1,070	-	313,325	50,731	(57,300)
	$ 3,928,495	$ 1,106,855	$ 334,528	$ 1,016,105	$ 3,992,183	$ (2,521,176)

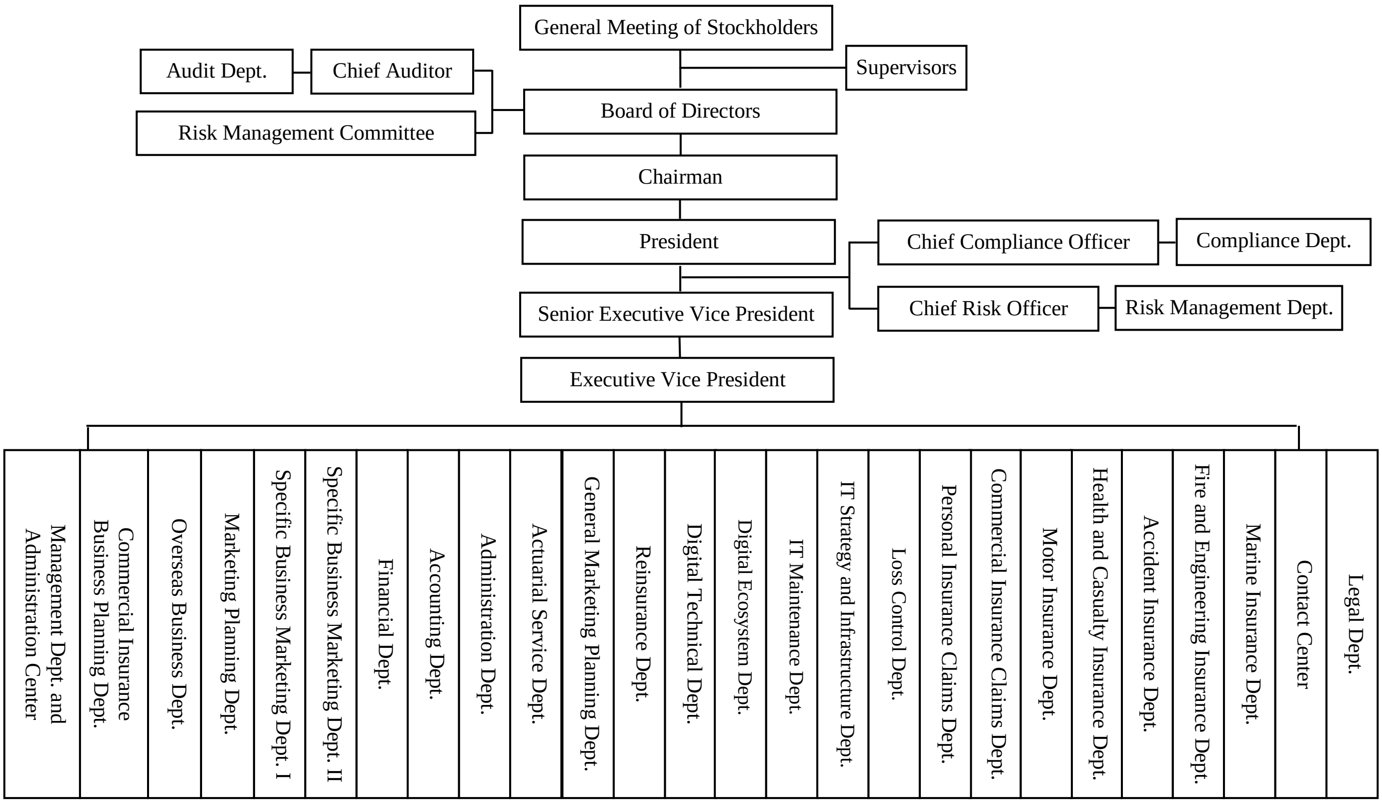
Insurance Type	For the Three Months Ended June 30, 2023					
	Reinsurance Expenses	Net Changes in Ceded Unearned Premium Reserve	Reinsurance Commission Income	Claims and Payments (Recovered from Reinsurers)	Net Changes in Ceded Loss Reserve	Profit (Loss)
Fire insurance	$ 1,439,578	$ 671,754	$ 70,094	$ 199,954	$ (148,649)	$ 646,425
Marine insurance	305,383	47,427	30,226	48,699	11,696	167,335
Land and air insurance	243,147	79,443	64,704	56,599	5,627	36,774
Liability insurance	139,470	(55,722)	30,545	13,587	143,644	7,416
Guarantee insurance	37,080	4,772	5,856	43	2,295	24,114
Other property insurance	454,570	133,768	67,810	245,925	394,547	(387,480)
Accident insurance	58,347	(19,061)	15,656	27,843	(4,044)	37,953
Health insurance	(1)	(10,702)	-	13,823	(103,334)	100,212
Policy-oriented residential earthquake insurance	117,603	137	-	(23)	-	117,489
Compulsory automobile liability insurance	304,899	3,273	-	308,485	6,654	(13,513)
	$ 3,100,076	$ 855,089	$ 284,891	$ 914,935	$ 308,436	$ 736,725

Insurance Type	For the Six Months Ended June 30, 2024					
	Reinsurance Expenses	Net Changes in Ceded Unearned Premium Reserve	Reinsurance Commission Income	Claims and Payments (Recovered from Reinsurers)	Net Changes in Ceded Loss Reserve	Profit (Loss)
Fire insurance	$ 2,520,448	$ 507,028	$ 187,281	$ 136,717	$ 3,652,954	$ (1,963,532)
Marine insurance	597,134	68,573	56,261	117,188	30,699	324,413
Land and air insurance	448,159	4,126	126,219	174,134	25,235	118,445
Liability insurance	415,301	(82,711)	78,357	384,916	(2,094)	36,833
Guarantee insurance	55,654	2,996	10,985	11,841	(6,558)	36,390
Other property insurance	1,740,197	629,968	172,849	255,780	167,131	514,469
Accident insurance	137,289	17,034	31,912	97,556	(2,554)	(6,659)
Health insurance	-	-	-	5,128	(5,974)	846
Policy-oriented residential earthquake insurance	246,843	8,194	-	11,900	23,087	203,662
Compulsory automobile liability insurance	605,023	1,813	-	602,468	68,728	(67,986)
	$ 6,766,048	$ 1,157,021	$ 663,864	$ 1,797,628	$ 3,950,654	$ (803,119)

Insurance Type	For the Six Months Ended June 30, 2023					
	Reinsurance Expenses	Net Changes in Ceded Unearned Premium Reserve	Reinsurance Commission Income	Claims and Payments (Recovered from Reinsurers)	Net Changes in Ceded Loss Reserve	Profit (Loss)
Fire insurance	$ 2,078,070	$ 563,412	$ 96,285	$ 483,993	$ (338,401)	$ 1,272,781
Marine insurance	542,471	83,137	49,811	87,261	61,626	260,636
Land and air insurance	491,554	178,671	138,520	133,116	(20,222)	61,469
Liability insurance	311,728	(69,734)	66,773	154,794	99,618	60,277
Guarantee insurance	67,157	13,569	9,624	161	2,074	41,729
Other property insurance	871,410	167,536	123,651	375,587	511,458	(306,822)
Accident insurance	138,638	(3,953)	33,483	65,309	(7,722)	51,521
Health insurance	(25)	(33,840)	(13)	93,918	(972,905)	912,815
Policy-oriented residential earthquake insurance	232,410	(2,114)	-	-	-	234,524
Compulsory automobile liability insurance	599,854	7,704	-	615,947	8,735	(32,532)
	$ 5,333,267	$ 904,388	$ 518,134	$ 2,010,086	$ (655,739)	$ 2,556,398

h. Organization chart and responsibilities of risk management

1) Organization chart of risk management



2) Responsibility of each department:

<u>Board of directors</u>

a) The board of directors should be aware of the risks arising from operations, ensure the effectiveness of risk management and bear the ultimate responsibility for overall risk management.

b) The board of directors should establish an appropriate risk management system and culture, ratify the appropriate risk management policy and allocate resources in the most effective manner.

c) The board of directors should consider the effect of the aggregated risks from the Company's overall perspective; the board of directors should also follow the legal capital requirement and the relevant financial or business operating regulations that affect capital allocation.

<u>Risk management department</u>

a) 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 the overall management mechanisms regularly.

iii. The committee should assist and monitor the risk management activities performed by each department.

iv. The committee should assist in deliberating related procedures for formulating risk limits.

v. The committee should arrange the risk category, risk limit allocation and risk-taking method according to changes in the environment.

vi. The committee should enhance cross-department interaction and communication.

b) Chief risk officer

The appointment of chief risk officers of the Group should be approved by the board of directors, who should maintain independence and should not concurrently play a business or financial role nor have the right to access any information which may affect the Company's risk overview.

i. The chief risk officer should be in charge of the overall risk management.

ii. The chief risk officer should participate in the important decision-making process and provide appropriate suggestions from a risk management perspective.

iii. The chief risk officer should be a member of the risk management committee.

c) Risk management department

i. The Group established a risk management department, which is responsible for monitoring, measuring and evaluating major risks. The department is independent from the business units.

ii. Responsibilities of the risk management department are as follows:

i) Propose and execute the risk management policies set by the board of directors.

ii) Propose the risk limits based on risk appetite.

iii) 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.

iv) Regularly present risk management reports.

v) Regularly review the risk limits and their use by each business unit.

vi) Assist to execute stress testing and back testing if necessary.

vii) Other risk management-related issues.

Business units

a) The risk management duties of the manager of a business unit are as follows:

   i. Manage and report the daily risk of the business unit and take necessary responsive actions.

   ii. Supervise regular submission of risk management information to the risk management department.

b) The risk management duties of a business unit are as follows:

   i. Identify and measure risks and promptly report the status of risk exposures and impacts.

   ii. Risks and limits are reviewed regularly, and if they are exceeded, a report of the exceedance should be made, including the measures to be taken against the exceedance.

   iii. Assist to develop the risk model and ensure that the risk measurement, application of model, and the parameter settings are reasonable and consistent.

   iv. Ensure that internal control procedures are executed effectively to comply with applicable rules and the risk management policies.

   v. Assist to collect data related to operational risk.

Audit department

The 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 Company.

i. Risk reporting and range and nature of risk assessment for the property insurance business

1) Risks management reporting

   a) Each business unit should regularly deliver risk information to the risk management department, and report the excess of risk limits and responding measures when the risk exposure exceeds the limit.

   b) The risk management department summarizes the risk information provided by each department, tracks the uses of major risk limits, submits a monthly risk management report to the chairman, and submits quarterly reports to the risk management committee and the board of directors.

2) The scope and nature of risk assessment

The risk management departments of the Group and its parent company, Cathay Financial Holdings, collaborated in building the market risk management system. The system structure was developed in consideration of the system functionality, data source, completeness of data upload, and the safety of the environment of the system. The front-end of the investment department has acquired the information system related to the investment market. The risk management system focuses on risk quantification, which is needed by the middle-end department, and would only be accessible to authorized risk management personnel.

j. Processes to undertake, evaluate, supervise and control the insurance risk of the property insurance business and underwrite policies to ensure proper risk classification and premium level.

The risk management department of the Group is responsible for monitoring and integrating insurance risks as a whole, and setting up risk indicators, risk limits, and the managing mechanism. Each related department is the execution unit of insurance risk control and regularly reports execution to the risk management department in accordance with the laws and regulations, internal rules, and professional knowledge and experience related to its duties. The risk management department proposes the insurance risk management report to the risk management committee and the board of directors each quarter.

k. The scope of insurance risk assessment and management from a company-wide perspective

Insurance risk management of the Group covers product design and pricing, underwriting, reinsurance, catastrophe, claims, and reserves. Proper management mechanisms are set up and executed thoroughly.

l. Methods to limit insurance risk exposure and avoid inappropriate concentration risk:

When the Group undertakes a new business, the underwriter evaluates the quality of the business based on the underwriting criteria of each insurance to decide whether to undertake the business to properly hedge and control the risk exposure.

In addition, for the reinsurance business, the risk management mechanism is set up in accordance with the Regulations Governing Insurance Enterprises Engaging in Operating Reinsurance and Other Risk Spreading Mechanisms. The capabilities for undertaking risk are considered in developing the reinsurance risk management plan and the maximum of accumulated retained risks of each risk unit for execution.

Accumulated risk assessment of the portfolio of direct written premiums and other inward-insurance business is conducted before an individual case of outward/inward reinsurance is executed. When the cumulative insurance amount exceeds the contract limit or self-retained limit, risk is diversified through reinsurance.

According to the Group’s reinsurance risk management policy, the basis for managing the maximum accumulated risk limit of each risk unit requires the risk management and each insurance department to jointly review and discuss the accumulated retained risk limit of a risk unit for each insurance type every year, which is submitted to the general manager for approval before implementation. The following table summarizes the maximum accumulated retained risk limit of a risk unit by insurance type:

	For the Year Ended December 31	
Insurance Type	**2024**	**2023**
Fire insurance	$ 1,200,000	$ 1,200,000
Marine insurance	1,200,000	1,200,000
Engineering insurance	1,200,000	1,200,000
Miscellaneous insurance/liability insurance	1,200,000	1,200,000
Healthy and accident insurance	1,200,000	1,200,000
Automobile insurance	50,000	50,000
Liability insurance	250,000	250,000

m. Risk coordinated asset-liability management

1) Asset-liability coordinated with risk identification and measurement

Financial accounting and actuarial departments should identify the possible market risk, liquidity risk and insurance risk that may occur during operation. The cash inflows from assets are measured by cash flow test method (or other method) to evaluate whether the amount of inflows is sufficient to cover the cash outflow for liabilities, that is, whether the asset allocation has reasonable liquidity to pay liabilities for expenditures in future years.

2) Asset-liability coordinated with risk response

When market risk, liquidity risk and insurance risk events occur, financial, accounting and actuarial service departments should take appropriate reactions to coordinated asset-liability risk, and report to the risk management department and propose to the risk management committee an evaluation of the risk.

n. Procedures to manage, monitor and control a special event for which the property insurance business is committed to assuming additional liabilities or raising additional capital.

The Group has established a set of capital adequacy management standards, including risk-based capital management indicators for regular review, under which risk-based capital is calculated each quarter and a risk-based capital management report is prepared every half year as implementation of risk-based capital management.

If the risk-based capital ratio exceeds the control criteria (risk limit) or other exceptions occur, the related departments should propose a reaction to the risk management committee and inform the parent company, Cathay Financial Holdings Co., Ltd., to review the impact on the capital adequacy ratio of Cathay Financial Holdings Co., Ltd. and its subsidiaries.

o. Sensitivity to insurance risk

1) The Company

For the six months ended June 30, 2024

			Impact on Profit or Loss of 5% Increase in Expected Loss Rate	
Insurance Type	**Premium Income**	**Expected Loss Rate**	**Before Reinsurance**	**After Reinsurance**
Fire insurance	$ 2,900,078	45.98%	$ (145,004)	$ (88,908)
Marine insurance	744,615	77.09%	(37,231)	(14,205)
Land and air insurance	7,345,862	59.03%	(367,293)	(355,226)
Liability insurance	1,496,322	49.78%	(74,816)	(47,359)
Guarantee insurance	77,773	11.27%	(3,889)	(1,167)
Other property insurance	1,913,993	43.92%	(95,700)	(21,565)
Accident insurance	2,188,862	41.86%	(109,442)	(99,308)
Health insurance	189,554	37.61%	(9,478)	(8,673)
Policy-oriented residential earthquake insurance	246,843	0.47%	(12,342)	(12,342)
Compulsory automobile liability insurance	1,437,735	Not applicable	Not applicable	Not applicable
	$ 18,541,637		$ (855,195)	$ (648,753)

For the six months ended June 30, 2023

Insurance Type	Premium Income	Expected Loss Rate	Impact on Profit or Loss of 5% Increase in Expected Loss Rate	
			Before Reinsurance	After Reinsurance
Fire insurance	$ 2,468,206	49.20%	$ (123,410)	$ (49,217)
Marine insurance	705,806	68.32%	(35,290)	(13,719)
Land and air insurance	6,637,571	59.93%	(331,879)	(322,369)
Liability insurance	1,181,327	48.72%	(59,066)	(41,572)
Guarantee insurance	69,875	18.53%	(3,494)	(1,747)
Other property insurance	1,019,665	47.04%	(50,983)	(28,280)
Accident insurance	1,885,983	44.36%	(94,299)	(86,658)
Health insurance	121,993	37.26%	(6,100)	(4,577)
Policy-oriented residential earthquake insurance	232,410	4.07%	(11,621)	(9,296)
Compulsory automobile liability insurance	1,429,395	Not applicable	Not applicable	Not applicable
	$ 15,752,231		$ (716,142)	$ (557,435)

Note: Expected loss rate is calculated based on the simple average loss rate of the past five years, among the health insurance excludes the effect of epidemic prevention insurance.

The above table shows that with 5% increase in the expected loss rate of every insurance contract of the Company, profit or loss may be impacted to an extent; however, the impact has been mitigated through the arrangement of reinsurance to achieve the effect of risk diversification.

2) Cathay Insurance Co., Ltd. (Vietnam)

For the six months ended June 30, 2024

Insurance Type	Premium Income	Expected Loss Rate	Impact on Profit or Loss of 5% Change in Expected Loss Rate	
			Before Reinsurance	After Reinsurance
Automobile insurance	$ 133,349	14.78%	$ (6,667)	$ (6,656)
Marine insurance	5,674	12.54%	(284)	(91)
Fire insurance	173,473	34.70%	(8,674)	(296)
Engineering insurance	2,587	21.65%	(113)	(26)
Accident insurance	29,698	36.88%	(1,485)	(1,483)
Liability insurance	1,608	1.67%	(97)	(68)
	$ 346,389		$ (17,320)	$ (8,620)

For the six months ended June 30, 2023

Insurance Type	Premium Income	Expected Loss Rate	Impact on Profit or Loss of 5% Change in Expected Loss Rate	
			Before Reinsurance	After Reinsurance
Automobile insurance	$ 123,428	15.52%	$ (6,171)	$ (6,153)
Marine insurance	4,249	12.09%	(212)	(78)
Fire insurance	186,060	38.16%	(9,303)	(455)
Engineering insurance	2,380	26.44%	(119)	(18)
Accident insurance	27,789	35.17%	(1,389)	(1,381)
Liability insurance	1,790	1.30%	(89)	(47)
	$ 345,696		$ (17,283)	$ (8,132)

Note: Expected loss rate is calculated based on the weighted average loss rate of the past five years.

The above table shows that with 5% increase in the expected loss rate of every insurance contract of Cathay Insurance Co., Ltd. (Vietnam), profit or loss may be impacted to an extent; however, the impact has been mitigated through the arrangement of reinsurance to achieve the effect of risk diversification.

p. Risk concentration

1) The Company

a) Situations that may cause concentration of insurance risk

i. Single insurance contract or several related contracts

As of June 30, 2024, commercial insurance products with low frequency of occurrence and enormous possible losses have been reviewed and discussed in compliance with the insurance risk management guidelines by the underwriting department, reinsurance department and risk management department or in a project meeting.

ii. Exposure to unanticipated change in trend

As of June 30, 2024, there are no other unexpected changes in exposure.

iii. Material litigation or legal risks that may lead to huge losses incurred by a single contract or have an extensive effect on several contracts.

"The Regulations for Assisting in Filing Lawsuit Cases of Cathay Century Insurance" were set up to safeguard the rights of the Company and the insured and to implement process control of lawsuit cases of insurance claims. In addition, each unit has appointed staff for compliance matters to minimize possible legal risk. As of June 30, 2024, there are no material litigation or legal risks that may lead to huge losses incurred by a single contract or have an extensive effect on several contracts.

iv. Correlation and interaction among different risks

When a catastrophe occurs, the underwritten cases will incur huge claims, and other risks, such as market risk, credit risk, and liquidity risk, may be derived accordingly. To avoid the operations being severely endangered by these derived risks from a catastrophe, the Company established "points for handling teams of catastrophe and major events" and "Operation Standards under Crisis". Besides, the Company implemented a business continuity management mechanism, under which the crisis handling team is set up in response to the event and executes emergency actions after ensuring employee safety, such as resource coordination, fund procurement monitoring changes in the financial market, and adjusting investment positions to protect the rights of insureds, insure the Company's continuous operation, and ensure financial stability.

v. When a non-linear relationship as a certain key variable has approached to the extent that future cash flows may be materially influenced

Since the 3rd stage of liberalization of property insurance premium rates took effect, the Company has conducted regular reviews in accordance with the regulations. When the actual loss rate exceeds the expected loss rate to a certain percentage, premium rates will be properly adjusted to avoid increased losses. In addition, the actuarial department observes the changes in trend of loss rates of each product on a sporadic basis and adjusts pricing and coverage in a timely manner to effectively lower insurance risks.

For investment instruments, changes in risk indicators are monitored on a regular basis with cash flow analysis as well as stress testing to control and manage the impact of fluctuations in major risk factors.

In addition, stress testing is performed for the overall business every year to assess the impacts on financial positions due to extreme scenarios of the assets and insurance risk, and the major risk factors are identified and dealt with in a timely manner.

vi. Concentration of geographic regions and operating segments

The Company's catastrophe insurance for earthquakes, typhoons and floods is mainly in the areas of Taoyuan, Hsinchu, Taichung, Chiayi, Tainan, Kaohsiung, Pingtung, Hualian and Taitung.

b) Disclosure of concentration of insurance risk, including explanation of indicators used to identify the common features of insurance risk concentration and exposure to related insurance liabilities related to such feature

The following table summarizes Cathay Century's concentration of risk before and after for the three months ended June 30, 2024 and 2023 and for the six months ended June 30, 2024 and 2023 reinsurance by insurance type:

Insurance Type	For the Three Months Ended June 30, 2024				
	Premium Income	Reinsurance Premium	Reinsurance Expenses	Net Premium Income	%
Fire insurance	$ 1,755,820	$ 12,431	$ 1,580,902	$ 187,349	2.96
Marine insurance	371,028	2,639	283,529	90,138	1.42
Land and air insurance	3,707,892	(64)	241,917	3,465,911	54.70
Liability insurance	722,168	506	159,571	563,103	8.89
Guarantee insurance	57,317	(1,233)	42,451	13,633	0.22
Other property insurance	1,196,305	20,346	1,016,152	200,499	3.16
Accident insurance	1,142,906	2,342	56,354	1,088,894	17.18
Health insurance	101,874	-	-	101,874	1.61
Policy-oriented residential earthquake insurance	129,832	19,939	129,832	19,939	0.31
Compulsory automobile liability insurance	729,206	184,025	307,826	605,405	9.55
Total	$ 9,914,348	$ 240,931	$ 3,818,534	$ 6,336,745	100.00

Insurance Type	For the Three Months Ended June 30, 2023				
	Premium Income	Reinsurance Premium	Reinsurance Expenses	Net Premium Income	%
Fire insurance	$ 1,630,716	$ 32,654	$ 1,306,160	$ 357,210	6.23
Marine insurance	394,696	4,486	302,158	97,024	1.69
Land and air insurance	3,322,347	-	243,124	3,079,223	53.71
Liability insurance	583,476	536	139,167	444,845	7.76
Guarantee insurance	41,779	714	37,080	5,413	0.09
Other property insurance	559,785	16,086	452,611	123,260	2.15
Accident insurance	993,115	2,568	58,347	937,336	16.35
Health insurance	69,981	-	(1)	69,982	1.22
Policy-oriented residential earthquake insurance	117,603	14,453	117,603	14,453	0.25
Compulsory automobile liability insurance	723,798	185,841	304,899	604,740	10.55
Total	$ 8,437,296	$ 257,338	$ 2,961,148	$ 5,733,486	100.00

Insurance Type	For the Six Months Ended June 30, 2024				
	Premium Income	Reinsurance Premium	Reinsurance Expenses	Net Premium Income	%
Fire insurance	$ 2,900,078	$ 24,476	$ 2,352,771	$ 571,783	4.59
Marine insurance	744,615	5,682	593,153	157,144	1.26
Land and air insurance	7,345,862	688	448,142	6,898,408	55.37
Liability insurance	1,496,322	1,739	413,670	1,084,391	8.70
Guarantee insurance	77,773	(840)	55,654	21,279	0.17
Other property insurance	1,913,993	43,360	1,735,981	221,372	1.78
Accident insurance	2,188,862	4,407	137,284	2,055,985	16.50
Health insurance	189,554	-	-	189,554	1.53
Policy-oriented residential earthquake insurance	246,843	37,790	246,843	37,790	0.30
Compulsory automobile liability insurance	1,437,735	387,784	605,023	1,220,496	9.80
Total	$ 18,541,637	$ 505,086	$ 6,588,521	$ 12,458,202	100.00

Insurance Type	For the Six Months Ended June 30, 2023				
	Premium Income	Reinsurance Premium	Reinsurance Expenses	Net Premium Income	%
Fire insurance	$ 2,468,206	$ 115,949	$ 1,896,632	$ 687,523	6.15
Marine insurance	705,806	12,351	538,001	180,156	1.61
Land and air insurance	6,637,571	-	491,508	6,146,063	54.92
Liability insurance	1,181,327	1,925	310,356	872,896	7.80
Guarantee insurance	69,875	4,011	67,157	6,729	0.06
Other property insurance	1,019,665	32,458	867,180	184,943	1.65
Accident insurance	1,885,983	5,277	138,638	1,752,622	15.66
Health insurance	121,993	-	(25)	122,018	1.09
Policy-oriented residential earthquake insurance	232,410	31,539	232,410	31,539	0.28
Compulsory automobile liability insurance	1,429,395	377,256	599,854	1,206,797	10.78
Total	$ 15,752,231	$ 580,766	$ 5,141,711	$ 11,191,286	100.00

c) Disclosure of the past performance of property insurance business regarding the management risks with low frequency of occurrence but enormous impact, to the user of financial statement assess the uncertainty of cash flows related to such risks

Catastrophes such as earthquake, typhoon, and flood along with related huge claims, result in tremendous impact to the property insurance business.

To control and manage risk with low frequency of occurrence but enormous impact, Cathay Century assesses the risk of natural disasters and special insured items (for example, high-tech factory, power plant, and traffic engineering), transfers these risks through reinsurance, control cumulative risks according to retention limits, and holds loss prevention seminars regularly to help clients lower the incidence rate of disasters.

2) Cathay Insurance Co., Ltd. (Vietnam)

a) Situations that may cause concentration of insurance risk:

i. Single insurance contract or several related contracts

As of June 30, 2024, commercial insurance products with low frequency of occurrence and enormous possible losses have been reviewed and discussed in compliance with the underwriting guidelines by the underwriting department, reinsurance department and risk management department or in project meetings.

ii. Exposure to unanticipated change in trend

As of June 30, 2024, the subsidiaries have not yet been exposed to risks arising from changes in unanticipated trends.

iii. Material litigation or legal risks that may lead to huge losses incurred by a single contract or have an extensive effect on several contracts

“The Procedure for Subrogation” and “The Proceedings of the Court” are set up to safeguard the rights of Cathay Insurance Co., Ltd. (Vietnam) and the insured and to implement process control of lawsuit cases of insurance claims. In addition, each unit has appointed staff for compliance matters to minimize possible legal risk. As of June 30, 2024, there are no material litigation or legal risks that may lead to huge losses incurred by a single contract or have an extensive effect on several contracts.

iv. Correlation and interaction among different risks

When a catastrophe occurs, the underwritten cases will incur huge claims, and other risks, such as market risk, credit risk, and liquidity risk, may be derived accordingly. To avoid the operations being severely endangered by these derived risks from a catastrophe, Cathay Insurance Co., Ltd. (Vietnam) established the Points for Handling Major Events of Cathay Insurance Co., Ltd. (Vietnam), under which an emergency team is set up in response to the event and executes emergency actions such as resource coordination and fund procurement to protect the rights of the insured and the Company and to maintain financial stability. As of June 30, 2024, there is no interaction among risks resulting from a catastrophe.

v. Concentration of geographic regions and operating segments

Cathay Insurance Co., Ltd. (Vietnam)'s catastrophe insurance for earthquakes and floods is mainly in the areas of Ho Chi Minh City, Tinh Dong Nai and Tinh Ha Tinh.

b) Disclosure of concentration of insurance risk, including explanation of indicators used to identify the common features of insurance risk concentration and exposure to related insurance liabilities related to such feature.

The following table summarizes Cathay Insurance's (Vietnam) concentration of risk before and after for the six months ended June 30, 2024 and 2023 insurance types:

Insurance Type	For the Three Months Ended June 30, 2024				
	Premium Income	Reinsurance Premium	Reinsurance Expenses	Net Premium Income	%
Automobile insurance	$ 68,997	$ 34	$ -	$ 69,031	73.59
Flood insurance	3,014	37	2,071	980	1.04
Fire insurance	108,715	6,123	107,669	7,169	7.64
Engineering insurance	1,601	3,016	3,063	1,554	1.66
Accident insurance	14,948	-	5	14,943	15.93
Liability insurance	329	55	252	132	0.14
Total	$ 197,604	$ 9,265	$ 113,060	$ 93,809	100.00

Insurance Type	For the Three Months Ended June 30, 2023				
	Premium Income	Reinsurance Premium	Reinsurance Expenses	Net Premium Income	%
Automobile insurance	$ 71,911	$ 258	$ 23	$ 72,146	76.24
Flood insurance	2,642	1,595	3,225	1,012	1.07
Fire insurance	139,171	8,901	141,608	6,464	6.83
Engineering insurance	1,690	1,116	1,959	847	0.89
Accident insurance	13,379	272	-	13,651	14.43
Liability insurance	595	217	303	509	0.54
Total	$ 229,388	$ 12,359	$ 147,118	$ 94,629	100.00

Insurance Type	For the Six Months Ended June 30, 2024				
	Premium Income	**Reinsurance Premium**	**Reinsurance Expenses**	**Net Premium Income**	**%**
Automobile insurance	$ 133,349	$ 154	$ 17	$ 133,486	73.63
Flood insurance	5,674	121	3,981	1,814	1.00
Fire insurance	173,473	10,332	170,995	12,810	7.07
Engineering insurance	2,587	4,079	4,216	2,450	1.34
Accident insurance	29,699	459	5	30,153	16.63
Liability insurance	1,607	614	1,631	590	0.33
Total	$ 346,389	$ 15,759	$ 180,845	$ 181,303	100.00

Insurance Type	For the Six Months Ended June 30, 2023				
	Premium Income	**Reinsurance Premium**	**Reinsurance Expenses**	**Net Premium Income**	**%**
Automobile insurance	$ 123,428	$ 355	$ 46	$ 123,737	73.34
Flood insurance	4,250	1,789	4,470	1,569	0.93
Fire insurance	186,060	17,277	190,210	13,127	7.78
Engineering insurance	2,431	3,094	4,230	1,295	0.77
Accident insurance	27,788	272	-	28,060	16.63
Liability insurance	1,739	553	1,372	920	0.55
Total	$ 345,696	$ 23,340	$ 200,328	$ 168,708	100.00

3) Disclosure of the past performance of property insurance businesses regarding management risks with low frequency of occurrence but enormous impact to the users of financial statements to assess the uncertainty of cash flows related to risks.

   Catastrophes, such as typhoons and floods along with related huge claims, result in tremendous impact on the property insurance business. To control and manage risk with low frequency occurrence but enormous impact, Cathay Insurance Co., Ltd. (Vietnam) assesses the risk of natural disasters and special insured items and holds loss prevention seminars regularly to help clients lower the incidence rate of disasters.

q. Development trend of claims

1) The Company

   June 30, 2024

Accident Year	≦2017	2018	2019	2020	2021	2022	2023	2024	Total
Accumulated estimated claim payments									
End of the accident year	$ -	$ 9,090,990	$ 10,190,448	$ 9,508,911	$ 10,259,775	$ 43,545,821	$ 14,539,239	$ 11,250,195	
After the first year	-	8,574,948	10,063,196	11,023,615	10,637,168	44,819,446	14,210,195	-	
After the second year	-	8,479,083	9,915,122	11,009,236	10,420,320	44,819,197	-	-	
After the third year	-	8,447,631	9,900,713	10,856,229	10,447,873	-	-	-	
After the fourth year	-	8,413,409	10,203,863	10,951,902	-	-	-	-	
After the fifth year	-	8,415,865	10,182,756	-	-	-	-	-	
After the sixth year	-	8,418,975	-	-	-	-	-	-	
Final estimated claim payments	-	8,418,975	10,182,756	10,951,902	10,447,873	44,819,197	14,210,195	11,250,195	
Accumulated claims disbursed	-	8,388,832	10,128,207	10,663,676	9,781,323	42,648,480	11,178,660	1,940,029	
	234,286	30,143	54,549	288,226	666,550	2,170,717	3,031,535	9,310,166	$ 15,786,172
Adjustment	-	-	-	-	-	-	-	255,724	255,724
Amount recognized in balance sheet	$ 234,286	$ 30,143	$ 54,549	$ 288,226	$ 666,550	$ 2,170,717	$ 3,031,535	$ 9,565,890	$ 16,041,896

December 31, 2023

Accident Year	≦2016	2017	2018	2019	2020	2021	2022	2023	Total
Accumulated estimated claim payments									
End of the accident year	$ -	$ 8,134,147	$ 9,090,990	$ 10,190,448	$ 9,508,911	$ 10,259,775	$ 43,545,821	$ 14,539,239	
After the first year	-	8,025,062	8,574,948	10,063,196	11,023,615	10,637,168	44,819,446	-	
After the second year	-	7,965,701	8,479,083	9,915,122	11,009,236	10,420,320	-	-	
After the third year	-	8,000,179	8,447,631	9,900,713	10,856,230	-	-	-	
After the fourth year	-	7,977,104	8,413,409	10,203,863	-	-	-	-	
After the fifth year	-	7,993,176	8,415,865	-	-	-	-	-	
After the sixth year	-	8,020,320	-	-	-	-	-	-	
Final estimated claim payments	-	8,020,320	8,415,865	10,203,863	10,856,230	10,420,320	44,819,446	14,539,239	
Accumulated claims disbursed	-	7,988,110	8,384,897	9,884,786	10,538,970	9,597,612	41,965,320	8,168,724	
	224,492	32,210	30,968	319,077	317,260	822,708	2,854,126	6,370,515	$ 10,971,356
Adjustment	-	-	-	-	-	-	-	246,769	246,769
Amount recognized in balance sheet	$ 224,492	$ 32,210	$ 30,968	$ 319,077	$ 317,260	$ 822,708	$ 2,854,126	$ 6,617,284	$ 11,218,125

June 30, 2023

Accident Year	≦2017	2018	2019	2020	2021	2022	2023	2024	Total
Accumulated estimated claim payments									
End of the accident year	$ -	$ 8,134,147	$ 9,090,990	$ 10,190,448	$ 9,508,911	$ 10,259,775	$ 43,545,821	$ 7,770,844	
After the first year	-	8,025,062	8,574,948	10,063,196	11,023,615	10,637,168	44,295,720	-	
After the second year	-	7,965,701	8,479,083	9,915,122	11,009,236	10,540,097	-	-	
After the third year	-	8,000,179	8,447,631	9,900,713	10,954,244	-	-	-	
After the fourth year	-	7,977,104	8,413,409	9,972,216	-	-	-	-	
After the fifth year	-	7,993,176	8,417,490	-	-	-	-	-	
After the sixth year	-	7,992,814	-	-	-	-	-	-	
Final estimated claim payments	-	7,992,814	8,417,490	9,972,216	10,954,244	10,540,097	44,295,720	7,770,844	
Accumulated claims disbursed	-	7,944,303	8,371,206	9,752,233	10,082,281	9,168,787	39,917,251	3,616,836	
	313,393	48,511	46,284	219,983	871,963	1,371,310	4,378,469	4,154,008	$ 11,403,921
Adjustment	-	-	-	-	-	-	-	234,723	234,723
Amount recognized in balance sheet	$ 313,393	$ 48,511	$ 46,284	$ 219,983	$ 871,963	$ 1,371,310	$ 4,378,469	$ 4,388,731	$ 11,638,644

Note 1: The upper part of the table illustrates claim payments estimated in underwriting years by property insurance businesses. The lower part of the table illustrates the reconciliation of the accumulated claims disbursed to the balance sheet.

Note 2: The above tables exclude direct loss reserve of compulsory insurance, policy-oriented residential earthquake insurance and inward loss reserve of $1,708,963 thousand and $1,451,596 thousand as of June 30, 2024, $1,565,904 thousand and $1,511,891 thousand as of December 31, 2023, $1,649,279 thousand and $1,602,461 thousand as of June 30, 2023.

2) Cathay Insurance Co., Ltd. (Vietnam)

Since the claim data of Cathay Insurance Co., Ltd. (Vietnam) is still immature, the historical experience for development trend of claim is not available. Cathay Insurance Co., Ltd. (Vietnam) provided loss reserve for claims incurred but not yet filed at 5% of retained premiums following the suggestion by Vietnamese Ministry of Finance 2842/BTC/QLBH.

r. Credit risk of insurance contract

The main source of credit risk in an insurance contract is the reinsurance business. The Group arranges its reinsurance business under the Regulations Governing Insurance Enterprises, and it is engaged in operating reinsurance and other risk-diversification mechanisms. Most of the insurance enterprises chose to have a certain level of credit rating and are qualified for reinsurance business. The Group regularly monitors the net changes in the credit rating of these enterprises. The Group discloses its transactions with unqualified ceded reinsurer as follows, based on Regulations for the Management of the Reserve for Unqualified Reinsurance.

1) The summary of unqualified reinsurance contracts and related insurance type are listed below:

June 30, 2023

Name	Type
Tugu Insurance Company HK	Facultative reinsurance of marine insurance
Trust International Insurance and Reinsurance Company B.S.C	Treaty reinsurance of marine insurance
Asia Capital Reinsurance Group Pte Ltd	Facultative reinsurance of marine insurance

December 31, 2022

Name	Type
Tugu Insurance Company HK	Facultative reinsurance of marine insurance
Cathay Insurance Co., Ltd. (China)	Facultative reinsurance of marine insurance
Trust International Insurance and Reinsurance Company B.S.C.	Treaty reinsurance of marine insurance and facultative reinsurance of fire insurance
Asia Capital Reinsurance Group Pte Ltd	Facultative reinsurance of marine insurance
S-Squared Insurance Company, Inc.	Facultative reinsurance of fire insurance

June 30, 2022

Name	Type
Tugu Insurance Company HK	Facultative reinsurance of marine insurance
Cathay Insurance Co., Ltd. (China)	Facultative reinsurance of marine insurance
Trust International Insurance and Reinsurance Company B.S.C	Treaty reinsurance of marine insurance and facultative reinsurance of fire insurance
Asia Capital Reinsurance Group Pte Ltd	Facultative reinsurance of marine insurance
S-Squared Insurance Company, Inc.	Facultative reinsurance of fire insurance

2) For the six months ended June 30, 2024 and 2023, the unqualified ceded reinsurance expense is $0 thousand and $9,997 thousand, respectively.

3) The reserves for unauthorized reinsurance consist of:

	June 30, 2024	December 31, 2023	June 30, 2023
Unearned premium reserve	$ -	$ 7,373	$ 4,998
Claims recoverable from reinsurers of paid claims overdue in nine months	135	1,032	1,076
Claims recoverable from reinsurers which were reported but unpaid	119	207	256
	$ 254	$ 8,612	$ 6,330

35. INFORMATION OF DISCRETIONARY INVESTMENTS

	June 30, 2024	December 31, 2023	June 30, 2023
Listed stocks	$ 2,842,549	$ 2,245,254	$ 2,109,945
Bank deposit	530,229	593,738	533,169
Future margins	38,535	38,437	38,348
	$ 3,411,313	$ 2,877,429	$ 2,681,462

The fair values of the financial assets operated discretionarily by securities investment trust enterprises are equal to their carrying amounts.

As of June 30, 2024, December 31, 2023 and June 30, 2023 the discretionary investment limits is $1,200,000 thousand.

36. INTERESTS IN UNCONSOLIDATED STRUCTURED ENTITIES

a. Unconsolidated structured entities

The Group does not provide financial support or other support to the unconsolidated structured entities. The Group's maximum exposure to loss from its interests in the unconsolidated structured entities is limited to the carrying amount of assets the Group recognized. The information of the recognized unconsolidated structured entities is disclosed as follows:

Types of Structured Entity	Nature and Purpose	Interests Owned
Securitization vehicle	Investment in asset - backed security to receive returns	Investment in securitization vehicles issued by the entity

b. As of June 30, 2024, December 31, 2023 and June 30, 2023, the carrying amounts of the Group's assets related to its interests in unconsolidated structured entities are disclosed as follows:

	June 30, 2024	December 31, 2023	June 30, 2023
Securitization vehicle			
Financial assets at FVTPL	$ 340,447	$ 329,684	$ 332,566
Financial assets at amortized cost	323,431	312,255	322,659
	$ 663,878	$ 641,939	$ 655,225

TABLE 1

CATHAY CENTURY INSURANCE CO., LTD. AND SUBSIDIARIES

BALANCE SHEET OF COMPULSORY AUTOMOBILE LIABILITY INSURANCE
(In Thousands of New Taiwan Dollars)

Items	Amount			Items	Amount		
Assets	**June 30, 2024**	**December 31, 2023**	**June 30, 2023**	**Liabilities**	**June 30, 2024**	**December 31, 2023**	**June 30, 2023**
Cash and bank deposits	$ 2,622,920	$ 2,564,668	$ 2,434,825	Notes payable	$ -	$ -	$ -
Notes receivable	6,027	5,789	5,698	Claims and payable	-	-	-
Premiums receivable	5,347	6,735	5,915	Reinsurance indemnity payable	-	-	-
Claims and payments recoverable from reinsurers	194,248	163,910	192,660	Due to reinsurers and ceding companies	206,462	222,513	214,811
Due from reinsurers and ceding companies	129,734	128,026	127,281	Unearned premium reserves	1,750,994	1,741,798	1,729,456
Other receivables	-	-	-	Loss reserves	2,342,072	2,219,445	2,296,380
Financial assets at FVTOCI	656,215	678,881	685,967	Special reserves	1,082,561	1,070,300	949,032
Ceded unearned premium reserve	762,401	760,588	757,986	Temporary receipts and suspense accounts	-	-	-
Ceded loss reserve	1,001,216	932,488	974,193	Other liabilities	-	-	-
Temporary payments and suspense accounts	3,981	12,971	5,154				
Other assets	-	-	-				
Total assets	$ 5,382,089	$ 5,254,056	$ 5,189,679	Total liabilities	$ 5,382,089	$ 5,254,056	$ 5,189,679

TABLE 2

CATHAY CENTURY INSURANCE CO., LTD. AND SUBSIDIARIES

OPERATING REVENUE AND COST OF COMPULSORY AUTOMOBILE LIABILITY
(In Thousands of New Taiwan Dollars)

Item	For the Six Months Ended June 30	
	2024	2023
Operating revenue	$ 792,515	$ 777,854
Written premium	1,008,372	999,758
Reinsurance premium	387,784	377,256
Premiums income	1,396,156	1,377,014
Less: Reinsurance expenses	605,023	599,854
Net changes in unearned premium reserve	7,383	6,315
Retained earned premium	783,750	770,845
Interest income	8,765	7,009
Operating costs (Note)	840,131	825,040
Retained claims payments	1,024,109	1,052,578
Reinsurance claims payments	352,330	354,349
Less: Claim and payments recoverable from reinsurers	602,468	615,947
Retained claims payments	773,971	790,980
Net change in loss reserve	53,899	11,633
Net change in special reserve	12,261	22,427

Note: Pursuant to Instruction Jin-Guan-Bao-Chan-Zi No. 11004107771, the Company is required to make reserve (recognized as expenses) in relation to this particular service at $30 per insurance policy on a monthly basis starting from April 1, 2021.

CATHAY CENTURY INSURANCE CO., LTD. AND SUBSIDIARIES

TRANSACTIONS WITH RELATED PARTIES INVOLVING MAIN BUSINESS ITEMS REACHING NT$100 MILLION OR 20% OF PAID-IN CAPITAL OR MORE
FOR THE SIX MONTHS ENDED JUNE 30, 2024
(In Thousands of New Taiwan Dollars)

The Company Involving Main Business Items	Related Party	Relationship	Transaction Details				Abnormal Transaction (Note 1)		Notes/Accounts Receivable (Payable)		Note (Note 2)
			Purchase/Sale	Amount	% of Total	Payment Terms	Unit Price	Payment Terms	Ending Balance	% of Total	
Cathay Century Insurance Co., Ltd.	Cathay Life Insurance Co., Ltd.	Fellow subsidiary	Premiums income	$ 128,406	0.66	Based on agreement	$ -	-	$ 22,320	0.62	

Note 1: If the transaction terms of related parties are different with the general terms, the differences and reasons should be described in the column of unit price and payment terms.

Note 2: If there is any payments (receipts) in advance, it should be stated the reason, contractual terms, amount, and differences from the general transaction type in the remarks column.

Note 3: Paid-up capital refers to the paid-up capital of the Company.

CATHAY CENTURY INSURANCE CO., LTD. AND SUBSIDIARIES

INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT INTERCOMPANY TRANSACTIONS
FOR THE SIX MONTHS ENDED JUNE 30, 2024
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

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	Cathay Century Insurance Co., Ltd.	Cathay Insurance Co., Ltd (Vietnam)	a	Reinsurance premium	$ 3,318	Based on agreement	0.02
				Reinsurance claims payments	1,679	Based on agreement	0.01
				Due from reinsurers and ceding companies	6,350	Based on agreement	0.01

Note 1: The parent company and subsidiaries 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, 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 includes balances and transactions that have been eliminated on consolidation between the Group and its subsidiaries.

TABLE 5

CATHAY CENTURY INSURANCE CO., LTD. AND SUBSIDIARIES

INFORMATION ON INVESTEES
FOR THE SIX MONTHS ENDED JUNE 30, 2024
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		As of June 30, 2024			Net Income (Loss) of the Investee	Share of Profit (Loss)	Note
				June 30, 2024	December 31, 2023	Number of Shares	%	Carrying Amount			
Cathay Century Insurance Co., Ltd.	Cathay Insurance Co., Ltd. (Vietnam)	Vietnam	Property insurance businesses	$ 845,585	$ 845,585	-	100	$ 711,943	$ 7,739	$ 7,739	Note

Note: Share of profit or loss and OCI are recognized on the basis of the audited financial statements.

CATHAY CENTURY INSURANCE CO., LTD. AND SUBSIDIARIES

INFORMATION ON INVESTMENTS IN MAINLAND CHINA
FOR THE SIX MONTHS ENDED JUNE 30, 2024
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Investee Company	Main Businesses and Products	Paid-in Capital	Method of Investment (Note 2)	Accumulated Outward Remittance for Investment from Taiwan as of January 1, 2024	Remittance of Funds		Accumulated Outward Remittance for Investment from Taiwan as of June 30, 2024	Net Income (Loss) of the Investee	% Ownership of Direct or Indirect Investment	Investment Gain (Loss) (Note 3)	Carrying Amount as of June 30, 2024	Accumulated Repatriation of Investment Income as of June 30, 2024
					Outward	Inward						
Cathay Insurance Co., Ltd. (China)	Property insurance businesses	$ 12,196,844 (CNY 2,632,653 thousand)	a	$ 2,964,730	$ -	$ -	$ 2,964,730	$ (257,496)	24.5	$ (63,087)	$ 2,345,916	$ -

Accumulated Outward Remittance for Investments in Mainland China as of June 30, 2024	Investment Amount Authorized by the Investment Commission, MOEA	Upper Limit on the Amount of Investments Stipulated by the Investment Commission, MOEA (Note 4)
$ 2.964,730 (CNY 645,000 thousand)	$ 2,964,730 (CNY 645,000 thousand)	$ 10,078,923

Note 1: The investment amount is calculated based on historic exchange rate, and other columns are disclosed based on the exchange rate on June 30, 2024.

Note 2: Investment type is as follows:

a. The Company made the investment directly.
b. The Company made the investment through a company registered in a third region.
c. Others.

Note 3: The calculation was based on unaudited financial statement.

Note 4: The limit is up to 60% of the investor's net worth as stated in the Principles Governing the Review of Investment or Technical Corporation in Mainland China, which was issued on August 29, 2008 by the Investment Commission of the MOEA.

Note 5: On December 31, 2006, according to letter No. 094022847 issued by the Investment Commission of the Ministry of Economic Affairs (MOEAIC), the Company is authorized to invest US$28,963 thousand and establish an insurance subsidiary, engaging in the property insurance business. On October 8, 2007, according to letter No. 1272 (2007) issued by China Insurance Regulatory Commission (CIRC), the Company is authorized to establish a property insurance company in the form of joint venture with Cathay Life Insurance. The joint venture company named Cathay Insurance Company Ltd. (China) was established in Shanghai and has acquired a business license of an enterprise as a legal person on August 26, 2008. On May 28, 2013, according to letter No. 10200136010 issued by the MOEAIC, the Company is authorized to remit CNY200,000 thousand to increase the share capital. The Company was authorized by CIRC to remit CNY100,000 thousand each on June 13, 2013 and March 18, 2014. On November 23, 2018, according to No. 10700281680 issued by the MOEAIC, the Company was authorized to remit CNY245,000 thousand to increase the share capital. On November 26, 2019, according to No. 10800291980 issued by the MOEAIC, the Company was authorized to remit CNY245,000 thousand to increase the share capital. Since the solvency of Cathay Insurance Company Ltd. (China) was compliant with the regulatory requirements, the Company's board of directors resolved to suspend capital increase on January 26, 2022. On March 31, 2022, according to No. 11100514060 issued by the MOEAIC, the Company was authorized to write down CNY245,000 thousand which had been remitted according to No. 10800291980 issued by the MOEAIC. As of June 30, 2024, the Company has remitted US$97,292 thousand in total.

Note 6: The relevant information about Cathay Insurance Co., Ltd. (China) is as follows:

a. The location: Shanghai, China.

b. Status of capital operation and related income: As of June 30, 2024, the assets for investments of Cathay Insurance Co., Ltd. (China) were $9,518,611 thousand, and the net investment income was $56,803 thousand.

(Continued)

c. Reserves recognized and balances of reserves:

As of June 30, 2024, the balances of reserves of Cathay Insurance Co., Ltd. (China) were as follows:

(In Thousands of New Taiwan Dollars)

	June 30, 2024
Unearned premium reserve	$ 7,834,393
Loss reserve	4,576,136
Policy reserve	105,173
	$ 12,515,702

Reserves recognized as follows:

1) Unearned premium reserve: For an unexpired in-force contract with a policy period shorter than one year, the calculation of the unearned premium reserve is based on the unexpired risk.

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

3) Policy reserve: Reserve in accordance with the life table and interest rates by reserves regulations and laws of the mainland China and Regulations Governing the Setting Aside of Various Reserves by Insurance Enterprises.

d. Percentage of the premium income: For the six months ended June 30, 2024, the premium income of Cathay Insurance Company Limited (China) amounted to $20,467,679 thousand, and the percentage of the Company’s premium income is 107.46%.

e. Percentage of insurance claim and payments: For the six months ended June 30, 2024, the insurance claim and payments of Cathay Insurance Company Limited (China) amounted to $15,002,747 thousand, and the percentage of the Company’s insurance claim and payments is 193.89%.

(Concluded)