

**Cathay Century Insurance Co., Ltd. and
Subsidiaries**

**Consolidated Financial Statements for the
Three Months Ended March 31, 2024 and 2023 and
Independent Auditors' Review Report**

INDEPENDENT AUDITORS' REVIEW REPORT

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

Introduction

We have reviewed the accompanying consolidated balance sheets of Cathay Century Insurance Co., Ltd. (the "Company") and its subsidiaries (collectively referred to as the "Group"), as of March 31, 2024 and 2023, and the related consolidated statements of comprehensive income, the consolidated statements of changes in equity and cash flows for the three months then ended, and the related notes to the consolidated financial statements, including a summary of significant accounting policies (collectively referred to as 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 Standard 34 "Interim Financial Reporting" endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China. Our responsibility is to express a conclusion on the consolidated financial statements based on our reviews.

Scope of Review

We conducted our reviews in accordance with the Standards on Review Engagements of the Republic of China 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our reviews, nothing has come to our attention that caused us to believe that the accompanying consolidated financial statements do not present fairly, in all material respects, the consolidated financial position of the Group as of March 31, 2024 and 2023, and its consolidated financial performance and its consolidated cash flows for the three months ended March 31, 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.

The engagement partners on the reviews resulting in this independent auditors' review report are Shiu-Han, Cheng and Yu-Hong, Kuo.

Deloitte & Touche
Taipei, Taiwan
Republic of China

May 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 review such consolidated financial statements are those generally applied in the Republic of China.

For the convenience of readers, the independent auditors' review 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' review report and consolidated financial statements shall prevail.

CATHAY CENTURY INSURANCE CO., LTD. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS (In Thousands of New Taiwan Dollars)

ASSETS	March 31, 2024		December 31, 2023		March 31, 2023	
	Amount	%	Amount	%	Amount	%
CASH AND CASH EQUIVALENTS (Notes 4, 6 and 27)	\$ 9,537,040	17	\$ 9,382,963	17	\$ 8,629,633	17
RECEIVABLES (Notes 4, 11, 27 and 34)	3,493,304	6	3,173,036	6	3,279,601	6
INVESTMENTS						
Financial assets at fair value through profit or loss (Notes 4, 7 and 27)	12,083,814	21	10,798,348	20	7,627,078	15
Financial assets at fair value through other comprehensive income (Notes 4 and 8)	667,696	1	678,881	1	686,506	1
Financial assets at amortized cost (Notes 4 and 9)	9,845,387	17	9,465,788	17	8,669,933	17
Investments accounted for using the equity method, net (Notes 4 and 14)	2,418,398	4	2,317,577	4	2,436,035	5
Loans (Notes 4, 10 and 27)	113,488	1	123,077	-	116,385	-
REINSURANCE CONTRACT ASSETS (Notes 4, 12, 20 and 34)	13,572,065	23	13,479,250	24	13,508,571	26
PROPERTY AND EQUIPMENT (Notes 4 and 15)	440,556	1	466,157	1	349,667	1
RIGHT-OF-USE ASSETS (Notes 4, 16 and 27)	254,119	-	270,871	1	80,523	-
INTANGIBLE ASSETS (Notes 4 and 17)	110,316	-	121,840	-	129,859	-
DEFERRED TAX ASSETS (Note 4)	4,548,404	8	4,512,922	8	4,550,218	9
OTHER ASSETS (Notes 18, 27 and 29)	<u>653,004</u>	<u>1</u>	<u>655,093</u>	<u>1</u>	<u>1,424,471</u>	<u>3</u>
TOTAL	<u>\$ 57,737,591</u>	<u>100</u>	<u>\$ 55,445,803</u>	<u>100</u>	<u>\$ 51,488,480</u>	<u>100</u>
LIABILITIES AND EQUITY						
PAYABLES (Notes 4, 19, 27 and 34)	\$ 4,245,187	7	\$ 4,102,639	7	\$ 3,719,086	7
FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS (Notes 4, 7 and 27)	183,967	-	63,746	-	63,778	-
LEASE LIABILITIES (Notes 4, 16 and 27)	253,540	-	269,303	-	80,486	-
INSURANCE LIABILITIES (Notes 4, 5 and 20)	34,345,445	60	33,713,924	61	33,150,342	65
OTHER LIABILITIES	1,753,366	3	1,556,604	3	1,159,088	2
PROVISIONS (Notes 4 and 21)	329,993	1	427,572	1	429,852	1
DEFERRED TAX LIABILITIES (Note 4)	<u>394,749</u>	<u>1</u>	<u>329,636</u>	<u>1</u>	<u>295,871</u>	<u>1</u>
Total liabilities	<u>41,506,247</u>	<u>72</u>	<u>40,463,424</u>	<u>73</u>	<u>38,898,503</u>	<u>76</u>
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY (Notes 4 and 22)						
Share capital						
Ordinary shares	<u>2,000,000</u>	<u>3</u>	<u>2,000,000</u>	<u>4</u>	<u>7,057,052</u>	<u>13</u>
Capital surplus	<u>7,861,133</u>	<u>14</u>	<u>7,861,133</u>	<u>14</u>	<u>16,557,317</u>	<u>32</u>
Retained earnings						
Legal reserve	-	-	-	-	3,995,920	8
Special reserve	4,674,882	8	4,674,882	8	3,968,168	8
Unappropriated earnings (deficit to be offset)	<u>1,406,079</u>	<u>3</u>	<u>538,325</u>	<u>1</u>	<u>(18,324,996)</u>	<u>(36)</u>
Total retained earnings	<u>6,080,961</u>	<u>11</u>	<u>5,213,207</u>	<u>9</u>	<u>(10,360,908)</u>	<u>(20)</u>
Other equity	<u>289,250</u>	<u>-</u>	<u>(91,961)</u>	<u>-</u>	<u>(663,484)</u>	<u>(1)</u>
Total equity attributable to owners of the Company	<u>16,231,344</u>	<u>28</u>	<u>14,982,379</u>	<u>27</u>	<u>12,589,977</u>	<u>24</u>
Total equity	<u>16,231,344</u>	<u>28</u>	<u>14,982,379</u>	<u>27</u>	<u>12,589,977</u>	<u>24</u>
TOTAL	<u>\$ 57,737,591</u>	<u>100</u>	<u>\$ 55,445,803</u>	<u>100</u>	<u>\$ 51,488,480</u>	<u>100</u>

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 March 31			
	2024		2023	
	Amount	%	Amount	%
OPERATING REVENUES				
Retained earned premium (Notes 4, 27 and 34)				
Written premium	\$ 8,776,074	129	\$ 7,431,243	121
Reinsurance premium	<u>270,430</u>	<u>4</u>	<u>333,827</u>	<u>5</u>
Premium income	9,046,504	133	7,765,070	126
Less: Reinsurance expenses	2,837,553	42	2,233,191	36
Less: Net change in unearned premium reserves (Notes 4, 20 and 34)	<u>301,111</u>	<u>4</u>	<u>(73,867)</u>	<u>(1)</u>
Total retained earned premium	<u>5,907,840</u>	<u>87</u>	<u>5,605,746</u>	<u>91</u>
Reinsurance commission income (Note 34)	<u>329,336</u>	<u>5</u>	<u>233,243</u>	<u>4</u>
Fee income	<u>14,305</u>	<u>-</u>	<u>13,804</u>	<u>-</u>
Net gain on investments				
Interest income (Notes 23 and 27)	182,520	3	163,035	3
Foreign exchange gains (losses) - investment (Note 4)	279,612	4	(49,639)	(1)
Gain on financial assets and liabilities at fair value through profit or loss (Note 4)	379,252	5	495,593	8
Net gain on derecognition of financial assets at amortized cost (Notes 4 and 9)	56	-	64	-
Share of profit of associates and joint ventures accounted for using equity method (Notes 4 and 14)	3,981	-	22,613	-
Expected credit impairment gain (losses) on investments (Note 4)	198	-	(223)	-
Loss on reclassification using overlay approach (Notes 4 and 7)	<u>(287,839)</u>	<u>(4)</u>	<u>(328,216)</u>	<u>(5)</u>
Total net gains on investments	<u>557,780</u>	<u>8</u>	<u>303,227</u>	<u>5</u>
Other operating income	<u>20,287</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total operating revenues	<u>6,829,548</u>	<u>100</u>	<u>6,156,020</u>	<u>100</u>
OPERATING COSTS				
Retained claims payments (Notes 4, 27 and 34)				
Insurance claims payments	3,700,880	54	13,935,625	227
Less: Claims and payments recovered from reinsurers	<u>781,523</u>	<u>11</u>	<u>1,095,151</u>	<u>18</u>
Total retained claims payments	<u>2,919,357</u>	<u>43</u>	<u>12,840,474</u>	<u>209</u>
Net changes in other insurance liabilities (Notes 4 and 20)	<u>286,381</u>	<u>4</u>	<u>(8,138,530)</u>	<u>(132)</u>
Commission expenses (Notes 4, 23, 27 and 34)	<u>1,098,452</u>	<u>16</u>	<u>1,017,143</u>	<u>16</u>
Other operating costs	<u>8,641</u>	<u>-</u>	<u>10,297</u>	<u>-</u>
Total operating costs	<u>4,312,831</u>	<u>63</u>	<u>5,729,384</u>	<u>93</u>

(Continued)

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 March 31			
	2024		2023	
	Amount	%	Amount	%
GROSS PROFIT	\$ 2,516,717	37	\$ 426,636	7
OPERATING EXPENSES (Notes 23 and 27)				
General expenses	1,177,252	17	942,063	15
Administrative expenses	328,014	5	246,908	4
Employee training expenses	2,699	-	1,529	-
Total operating expenses	1,507,965	22	1,190,500	19
OPERATING INCOME (LOSS)	1,008,752	15	(763,864)	(12)
NON-OPERATING INCOME AND EXPENSES (Note 27)	(1,089)	-	885	-
PROFIT (LOSS) BEFORE INCOME TAX	1,007,663	15	(762,979)	(12)
INCOME TAX (BENEFIT) EXPENSE (Notes 4 and 24)	(139,909)	(2)	187,611	3
NET (LOSS) PROFIT	867,754	13	(575,368)	(9)
OTHER COMPREHENSIVE INCOME (LOSS) (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	64,346	1	5,463	-
Share of the other comprehensive income of associates and joint ventures accounted for using the equity method	43,730	-	34,613	1
Unrealized (loss) gain on investments in debt instruments at fair value through other comprehensive income	(9,390)	-	2,412	-
Other comprehensive income reclassified under overlay approach	287,839	4	328,216	5
Income tax relating to items that may be reclassified subsequently to profit or loss	(5,314)	-	(5,131)	-
Other comprehensive income, net of income tax	381,211	5	365,573	6
TOTAL COMPREHENSIVE INCOME (LOSS)	\$ 1,248,965	18	\$ (209,795)	(3)

(Continued)

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 March 31			
	2024		2023	
	Amount	%	Amount	%
NET PROFIT (LOSS) ATTRIBUTABLE TO:				
Owner of the Company	\$ 867,754	13	\$ (575,368)	(9)
Non-controlling interests	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ 867,754</u>	<u>13</u>	<u>\$ (575,368)</u>	<u>(9)</u>
TOTAL COMPREHENSIVE INCOME (LOSS)				
ATTRIBUTABLE TO:				
Owner of the Company	\$ 1,248,965	18	\$ (209,795)	(3)
Non-controlling interests	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ 1,248,965</u>	<u>18</u>	<u>\$ (209,795)</u>	<u>(3)</u>
EARNINGS (LOSS) PER SHARE (Note 25)				
Basic	<u>\$ 4.34</u>		<u>\$ (2.88)</u>	

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						Other Equity				Total Equity
	Shares (In Thousands)	Share Capital	Capital Surplus	Retained Earnings			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 Overlay Approach	
				Legal Reserve	Special Reserve	Unappropriated Earnings (Deficit to Be Offset)					
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
Recognition of share-based payments granted by the parent company	-	-	46	-	-	-	-	-	-	-	46
Net loss for the three months ended March 31, 2023	-	-	-	-	-	(575,368)	-	-	-	-	(575,368)
Other comprehensive income for the three months ended March 31, 2023, net of income tax	-	-	-	-	-	-	5,463	37,025	-	323,085	365,573
Total comprehensive (loss) income for the three months ended March 31, 2023	-	-	-	-	-	(575,368)	5,463	37,025	-	323,085	(209,795)
BALANCE AT MARCH 31, 2023	<u>705,705</u>	<u>\$ 7,057,052</u>	<u>\$ 16,557,317</u>	<u>\$ 3,995,920</u>	<u>\$ 3,968,168</u>	<u>\$(18,324,996)</u>	<u>\$ (258,182)</u>	<u>\$ (30,950)</u>	<u>\$ (156,319)</u>	<u>\$ (218,033)</u>	<u>\$ 12,589,977</u>
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
Net profit for the three months ended March 31, 2024	-	-	-	-	-	867,754	-	-	-	-	867,754
Other comprehensive income (loss) for the three months ended March 31, 2024, net of income tax	-	-	-	-	-	-	64,346	34,340	-	282,525	381,211
Total comprehensive income (loss) for the three months ended March 31, 2024	-	-	-	-	-	867,754	64,346	34,340	-	282,525	1,248,965
BALANCE AT MARCH 31, 2024	<u>200,000</u>	<u>\$ 2,000,000</u>	<u>\$ 7,861,133</u>	<u>\$ -</u>	<u>\$ 4,674,882</u>	<u>\$ 1,406,079</u>	<u>\$ (264,884)</u>	<u>\$ (44,839)</u>	<u>\$ (154,495)</u>	<u>\$ 753,468</u>	<u>\$ 16,231,344</u>

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 Three Months Ended March 31	
	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES		
Income (loss) before income tax	\$ 1,007,663	\$ (762,979)
Depreciation expenses	78,560	64,724
Amortization expenses	17,198	18,825
Net gain on financial assets and liabilities at fair value through profit or loss	(379,252)	(495,593)
Interest expense	1,299	638
Net gain on derecognition of financial assets measured at amortized cost	(56)	(64)
Interest income	(182,520)	(163,035)
Net change in insurance liabilities	631,521	(9,095,620)
(Reversal of) expected credit impairment losses on investment	(198)	223
Recognition of share-based payments granted by the parent company	-	46
Share of profit of associates and joint ventures accounted for using the equity method	(3,981)	(22,613)
Loss on reclassification using overlay approach	287,839	328,216
Loss on disposal of property and equipment	1	3
Gain on lease modification	(10)	-
Changes in operating assets and liabilities		
Decrease (increase) in notes receivable	14,587	(836)
(Increase) decrease in premiums receivable	(244,844)	128,117
(Increase) decrease in other receivables	(49,871)	647
(Increase) decrease in financial instruments at fair value through profit or loss	(793,465)	303,846
Decrease in financial assets at fair value through other comprehensive income	1,797	1,752
(Increase) decrease in financial assets at amortized cost	(379,348)	183,195
(Increase) decrease in reinsurance contract assets	(92,815)	33,550
Decrease (increase) in other assets	2,090	(68,279)
Decrease in claims outstanding	857	1,314
Increase in commissions payable and fees	41,899	14,101
Increase in due to reinsurers and ceding companies	315,679	699,646
Decrease in other payables	(328,888)	(317,909)
Decrease in provisions	(97,579)	(123)
Increase (decrease) in other liabilities	196,762	(55,087)
Cash generated from (used in) operations	44,925	(9,203,295)
Interest received	147,140	134,053
Dividends received	2,712	2,740
Interest paid	(1,299)	(638)
Income tax paid	(2,596)	(2,911)
	<u>190,882</u>	<u>(9,070,051)</u>
Net cash generated from (used in) operating activities		(Continued)

CATHAY CENTURY INSURANCE CO., LTD. AND SUBSIDIARIES

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

	For the Three Months Ended March 31	
	2024	2023
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of property and equipment	\$ (13,157)	\$ (30,115)
Acquisition of intangible assets	(5,253)	(10,032)
Decrease in loans	<u>9,589</u>	<u>21,559</u>
Net cash used in investing activities	<u>(8,821)</u>	<u>(18,588)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Payment of the principal portion of lease liabilities	<u>(38,746)</u>	<u>(37,990)</u>
EFFECTS OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	<u>10,762</u>	<u>(2,450)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	154,077	(9,129,079)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	<u>9,382,963</u>	<u>17,758,712</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	<u>\$ 9,537,040</u>	<u>\$ 8,629,633</u>

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 THREE MONTHS ENDED MARCH 31, 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 May 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 in issue but not yet endorsed and issued into effect by the FSC

<u>New, Amended and Revised Standards and Interpretations</u>	<u>Effective Date Announced by IASB (Note 1)</u>
Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets between an Investor and its Associate or Joint Venture”	To be determined by IASB
IFRS 17 “Insurance Contracts”	January 1, 2023
Amendments to IFRS 17	January 1, 2023
Amendments to IFRS 17 “Initial Application of IFRS 9 and IFRS 17 - Comparative Information”	January 1, 2023
IFRS 18 “Presentation and Disclosures in Financial Statements”	January 1, 2027
Amendments to IAS 21 “Lack of Exchangeability”	January 1, 2025 (Note 2)

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

Note 2: An entity shall apply those amendments for annual reporting periods beginning on or after January 1, 2025. Upon initial application of the amendments 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.

1) IFRS 18 “Presentation and Disclosures 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 discounted 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:

Level of aggregation

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.

Recognition

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.

Measurement on initial recognition

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 the possible impact of the application of other standards and interpretations on the Group's financial position and financial performance and will disclose the relevant impact when the assessment is completed.

4. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION

a. Statement of compliance

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 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 are 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 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 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, which equals the gross carrying amount determined using the effective interest method less any impairment loss. Exchange differences are recognized in profit or loss.

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

- i) Purchased or originated credit-impaired financial 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 as 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 and Fifth category loan assets.
- ii. 1% of the sum of all the 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:

Financial liabilities at FVTPL

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

Financial liabilities held for trading are stated at fair value, with any gains or losses arising on remeasurement recognized in profit or loss. The net gain or loss recognized in profit or loss incorporates any interest or dividends paid on the financial liability. Fair value is determined in the manner described in Note 26.

b) Derecognition of financial liabilities

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

4) Derivative financial instruments

The Group enters into a variety of derivative financial instruments to manage its exposure to foreign exchange rate risks, including foreign exchange forward contracts, interest rate swaps, foreign exchange swaps, cross currency swaps 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 is within the scope of IFRS 9 are not separated; instead, the classification is determined in accordance with the entire hybrid contract. Derivatives embedded in non-derivative host contracts that are not financial assets within the scope of IFRS 9 (e.g., financial liabilities) are treated as separate derivatives when they meet the definition of a derivative; their risks and characteristics are not closely related to those of the host contracts; and the host contracts are not measured at FVTPL.

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 unexpired 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 event, special reserves for fluctuation of risk and special reserves for other special purpose.

In accordance with the Regulations for the Management of the Various Reserves 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 insurances 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 event is provided at the rates for each insurance type required by the authorities.

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

Special reserves for catastrophic event that have been provided for more than 15 years may be reversed in the recovery manner prescribed by the appointed actuary, which should be filed with the authorities. In addition, such reserve for commercial-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 event are higher than the expected claims, the difference may be debited to the existing special reserves for fluctuation of risk. If the special reserves for fluctuation of risk for an insurance type are insufficient to cover the difference, the shortfall may be debited to the special reserves for fluctuation of risk of other insurance type. The insurance type and debit amounts for covering the shortfall should be filed with the authorities.

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

4) Premium deficiency reserve

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

5) 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. Revenues 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 revenues 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 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 co-insurance organization. The business is calculated on the basis of 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.

The Group as lessee

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

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

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

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

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

t. Employee benefits

1) Short-term employee benefits

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

2) Retirement benefits

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

Defined benefit costs (including service cost, net interest and remeasurement) under defined benefit retirement benefit plans are determined using the projected unit credit method. Service cost (including current service cost and past service cost) and net interest on the net defined benefit liabilities are recognized as employee benefits expense in the period in which they occur. Remeasurement, comprising actuarial gains and losses and the return on plan assets (excluding interest), is recognized in other comprehensive income in the period in which it occurs. Remeasurement recognized in other comprehensive income is reflected immediately in 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

Adequacy test on loss reserve

Loss reserves are estimated for possible claims of both filed but not yet paid and not yet filed of all 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

	March 31, 2024	December 31, 2023	March 31, 2023
Cash on hand	\$ 37,736	\$ 33,903	\$ 35,308
Checking accounts and demand deposits	2,389,992	2,754,197	3,267,075
Cash equivalents (investments with original maturities of less than 3 months)			
Time deposits	3,997,868	4,070,191	3,540,476
Short-term notes	<u>3,111,444</u>	<u>2,524,672</u>	<u>1,786,774</u>
	<u>\$ 9,537,040</u>	<u>\$ 9,382,963</u>	<u>\$ 8,629,633</u>

7. FINANCIAL INSTRUMENTS AT FVTPL

	March 31, 2024	December 31, 2023	March 31, 2023
Financial assets mandatorily classified as at FVTPL			
Derivative financial assets (not under hedge accounting)			
Currency swaps contract	\$ -	\$ 59,225	\$ 33,225
Non-derivative financial assets			
Listed shares	6,653,127	6,313,540	4,747,429
Beneficiary certificates	5,168,625	4,167,315	2,584,774
Financial bonds	<u>262,062</u>	<u>258,268</u>	<u>261,650</u>
	<u>\$ 12,083,814</u>	<u>\$ 10,798,348</u>	<u>\$ 7,627,078</u>
Financial liabilities held for trading			
Derivative financial liabilities (not under hedge accounting)			
Currency swaps contract	<u>\$ 183,967</u>	<u>\$ 63,746</u>	<u>\$ 63,778</u>

- 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)
<u>March 31, 2024</u>			
Currency swaps contract	USD/NTD	2024.04.11-2025.03.18	USD 173,600
<u>December 31, 2023</u>			
Currency swaps contract	USD/NTD	2024.01.16-2024.12.23	USD 173,600
<u>March 31, 2023</u>			
Currency swaps contract	USD/NTD	2023.04.11-2024.03.18	USD 168,200
	EUR/NTD	2023.06.06	EUR 1,000

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:

	March 31, 2024	December 31, 2023	March 31, 2023
Financial assets at FVTPL			
Listed shares	\$ 6,653,127	\$ 6,313,540	\$ 4,747,429
Beneficiary certificates	5,168,625	4,167,315	2,584,774
Financial bonds	262,062	258,268	261,650

Reclassification from profit or loss to other comprehensive income of the financial assets designated to apply overlay approach for the three months ended March 31, 2024 and 2023 is as follows:

	For the Three Months Ended March 31	
	2024	2023
Gain due to application of IFRS 9 to profit or loss	\$ (645,402)	\$ (503,823)
Gain if applying IAS 39 to profit or loss	<u>357,563</u>	<u>175,607</u>
Loss from reclassification using the overlay approach	<u>\$ (287,839)</u>	<u>\$ (328,216)</u>

Due to application of overlay approach, the amount of gain and loss on financial assets and liabilities at FVTPL decreased from gain of \$379,252 thousand to gain of \$91,413 thousand and decreased from gain of \$495,593 thousand to gain of \$167,377 thousand for the three months ended March 31, 2024 and 2023, respectively.

8. FINANCIAL ASSETS AT FVTOCI

	March 31, 2024	December 31, 2023	March 31, 2023
Investments in debt instruments at FVTOCI			
Domestic investments			
Government bonds	<u>\$ 667,696</u>	<u>\$ 678,881</u>	<u>\$ 686,506</u>

- 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

	March 31, 2024	December 31, 2023	March 31, 2023
Domestic investments			
Financial bonds	\$ 200,000	\$ 100,000	\$ 100,000
Corporate bonds	1,599,970	1,599,988	1,599,969
Government bonds	949,789	949,742	1,099,572
Foreign bonds investments	<u>7,409,428</u>	<u>7,129,842</u>	<u>6,973,862</u>
	10,159,187	9,779,572	9,773,403
Less: Loss allowance	(14,160)	(14,182)	(3,937)
Less: Deposits in the Central Bank	<u>(299,640)</u>	<u>(299,602)</u>	<u>(1,099,533)</u>
	<u>\$ 9,845,387</u>	<u>\$ 9,465,788</u>	<u>\$ 8,669,933</u>

- a. The Group's gains on disposal of bonds resulting from repayments at maturities for the three months ended March 31, 2024 and 2023 were \$56 thousand and \$64 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

	March 31, 2024	December 31, 2023	March 31, 2023
Secured loans	\$ 115,099	\$ 124,832	\$ 117,946
Less: Loss allowance	<u>(1,611)</u>	<u>(1,755)</u>	<u>(1,561)</u>
	<u>\$ 113,488</u>	<u>\$ 123,077</u>	<u>\$ 116,385</u>

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 three months ended March 31, 2024 and 2023.

11. RECEIVABLES

	March 31, 2024	December 31, 2023	March 31, 2023
Notes receivable	\$ 166,658	\$ 181,332	\$ 179,583
Premiums receivables	2,980,638	2,734,422	1,929,570
Integrated income tax receivable	-	-	817,832
Other receivables	<u>388,103</u>	<u>297,720</u>	<u>417,639</u>
	3,535,399	3,213,474	3,344,624
Less: Loss allowance	<u>(42,095)</u>	<u>(40,438)</u>	<u>(65,023)</u>
	<u>\$ 3,493,304</u>	<u>\$ 3,173,036</u>	<u>\$ 3,279,601</u>

The allowance for impairment loss was reconciled as follows:

	For the Three Months Ended March 31	
	2024	2023
Beginning balance	\$ 40,438	\$ 70,139
Impairment losses (reversed) recognized	<u>1,657</u>	<u>(5,116)</u>
Ending balance	<u>\$ 42,095</u>	<u>\$ 65,023</u>

12. REINSURANCE ASSETS

	March 31, 2024	December 31, 2023	March 31, 2023
Claims and payments recoverable from reinsurers, net	\$ 455,204	\$ 835,448	\$ 904,839
Due from reinsurers and ceding companies, net	2,460,702	2,005,758	2,638,215
Reinsurance reserve assets			
Ceded unearned premium reserve	5,593,724	5,538,053	4,539,923
Ceded loss reserve	<u>5,062,435</u>	<u>5,099,991</u>	<u>5,425,594</u>
	<u>\$ 13,572,065</u>	<u>\$ 13,479,250</u>	<u>\$ 13,508,571</u>

a. Claims and payments recoverable from reinsurers

	March 31, 2024	December 31, 2023	March 31, 2023
Gross carrying amount	\$ 459,802	\$ 843,887	\$ 913,978
Less: Loss allowance	<u>(4,598)</u>	<u>(8,439)</u>	<u>(9,139)</u>
	<u>\$ 455,204</u>	<u>\$ 835,448</u>	<u>\$ 904,839</u>

The allowance for impairment loss was reconciled as follows:

	For the Three Months Ended March 31	
	2024	2023
Beginning balance	\$ 8,439	\$ 6,782
Impairment losses (reversed) recognized	<u>(3,841)</u>	<u>2,357</u>
Ending balance	<u>\$ 4,598</u>	<u>\$ 9,139</u>

b. Due from reinsurers and ceding companies

	March 31, 2024	December 31, 2023	March 31, 2023
Gross carrying amount	\$ 2,654,352	\$ 2,195,180	\$ 2,665,805
Less: Loss allowance	<u>(193,650)</u>	<u>(189,422)</u>	<u>(27,590)</u>
	<u>\$ 2,460,702</u>	<u>\$ 2,005,758</u>	<u>\$ 2,638,215</u>

The allowance for impairment loss was reconciled as follows:

	For the Three Months Ended March 31	
	2024	2023
Beginning balance	\$ 189,422	\$ 24,515
Impairment losses recognized	<u>4,228</u>	<u>3,075</u>
Ending balance	<u>\$ 193,650</u>	<u>\$ 27,590</u>

13. SUBSIDIARIES

Subsidiaries included in the consolidated financial statements:

Investor	Investee	Nature of Activities	Proportion of Ownership (%)		
			March 31, 2024	December 31, 2023	March 31, 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

	March 31, 2024	December 31, 2023	March 31, 2023
Investments in associates	<u>\$ 2,418,398</u>	<u>\$ 2,317,577</u>	<u>\$ 2,436,035</u>

Aggregate information of associates that are not individually material

	For the Three Months Ended March 31	
	2024	2023
The Group's share of:		
Profit from continuing operations	\$ 3,981	\$ 22,613
Other comprehensive income	<u>96,840</u>	<u>42,700</u>
Total comprehensive income for the period	<u>\$ 100,821</u>	<u>\$ 65,313</u>

Investments were calculated based on financial statements which have not been reviewed. 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 reviewed.

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

15. PROPERTY AND EQUIPMENT

	Computer Equipment	Other Equipment	Prepayments for Equipment	Total
<u>Cost</u>				
Balance at January 1, 2023	\$ 629,776	\$ 199,241	\$ 31,312	\$ 860,329
Additions	3,622	126	26,367	30,115
Disposals	(46)	(46)	-	(92)
Reclassification	20,192	-	(20,572)	(380)
Foreign exchange	-	(349)	-	(349)
Balance at March 31, 2023	<u>\$ 653,544</u>	<u>\$ 198,972</u>	<u>\$ 37,107</u>	<u>\$ 889,623</u>
<u>Accumulated depreciation and impairment</u>				
Balance at January 1, 2023	\$ 337,422	\$ 176,496	\$ -	\$ 513,918
Depreciation expenses	24,827	1,629	-	26,456
Disposals	(46)	(43)	-	(89)
Foreign exchange	-	(329)	-	(329)
Balance at March 31, 2023	<u>\$ 362,203</u>	<u>\$ 177,753</u>	<u>\$ -</u>	<u>\$ 539,956</u>
Carrying amounts at March 31, 2023	<u>\$ 291,341</u>	<u>\$ 21,219</u>	<u>\$ 37,107</u>	<u>\$ 349,667</u>
<u>Cost</u>				
Balance at January 1, 2024	\$ 782,198	\$ 253,437	\$ 49,466	\$ 1,085,101
Additions	3,677	5,920	3,560	13,157
Disposals	(189)	(274)	-	(463)
Reclassification	-	-	-	-
Foreign exchange	-	1,243	-	1,243
Balance at March 31, 2024	<u>\$ 785,686</u>	<u>\$ 260,326</u>	<u>\$ 53,026</u>	<u>\$ 1,099,038</u>
<u>Accumulated depreciation and impairment</u>				
Balance at January 1, 2024	\$ 446,204	\$ 172,740	\$ -	\$ 618,944
Disposals	33,300	5,508	-	38,808
Depreciation expenses	(189)	(273)	-	(462)
Foreign exchange	-	1,192	-	1,192
Balance at March 31, 2024	<u>\$ 479,315</u>	<u>\$ 179,167</u>	<u>\$ -</u>	<u>\$ 658,482</u>
Carrying amounts at December 31, 2023 and January 1, 2024	<u>\$ 335,994</u>	<u>\$ 80,697</u>	<u>\$ 49,466</u>	<u>\$ 466,157</u>
Carrying amounts at March 31, 2024	<u>\$ 306,371</u>	<u>\$ 81,159</u>	<u>\$ 53,026</u>	<u>\$ 440,556</u>

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

	March 31, 2024	December 31, 2023	March 31, 2023
<u>Carrying amounts</u>			
Buildings	\$ 242,648	\$ 267,459	\$ 76,443
Transportation equipment	<u>11,471</u>	<u>3,412</u>	<u>4,080</u>
	<u>\$ 254,119</u>	<u>\$ 270,871</u>	<u>\$ 80,523</u>
		For the Three Months Ended March 31	
		2024	2023
Additions to right-of-use assets		<u>\$ 23,593</u>	<u>\$ 3,802</u>
Depreciation charge for right-of-use assets			
Buildings		\$ 38,899	\$ 37,423
Transportation equipment		<u>853</u>	<u>845</u>
		<u>\$ 39,752</u>	<u>\$ 38,268</u>

b. Lease liabilities

	March 31, 2024	December 31, 2023	March 31, 2023
Carrying amounts	<u>\$ 253,540</u>	<u>\$ 269,303</u>	<u>\$ 80,486</u>

Range of discount rates for lease liabilities was as follows:

	March 31, 2024	December 31, 2023	March 31, 2023
Buildings	1.12%-8.57%	1.12%-8.57%	1.12%-8.57%
Transportation equipment	2.15%-2.76%	2.15%-3.49%	2.16%-3.49%

c. Other lease information

	For the Three Months Ended March 31	
	2024	2023
Expenses relating to short-term leases	<u>\$ 7,792</u>	<u>\$ 7,414</u>
Total cash outflow for leases	<u>\$ 47,722</u>	<u>\$ (45,786)</u>

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
<u>Cost</u>			
Balance at January 1, 2023	\$ 489,885	\$ -	\$ 489,885
Additions	10,032	-	10,032
Reclassification	380	-	380
Foreign exchange	<u>(417)</u>	<u>-</u>	<u>(417)</u>
Balance at March 31, 2023	<u>\$ 499,880</u>	<u>\$ -</u>	<u>\$ 499,880</u>
<u>Accumulated depreciation and impairment</u>			
Balance at January 1, 2023	\$ 351,458	\$ -	\$ 351,458
Amortization expenses	18,825	-	18,825
Foreign exchange	<u>(262)</u>	<u>-</u>	<u>(262)</u>
Balance at March 31, 2023	<u>\$ 370,021</u>	<u>\$ -</u>	<u>\$ 370,021</u>
Carrying amounts at March 31, 2023	<u>\$ 129,859</u>	<u>\$ -</u>	<u>\$ 129,859</u>
<u>Cost</u>			
Balance at January 1, 2024	\$ 544,332	\$ 598	\$ 544,930
Additions	5,253	-	5,253
Reclassification	-	-	-
Foreign exchange	<u>1,638</u>	<u>-</u>	<u>1,638</u>
Balance at March 31, 2024	<u>\$ 551,223</u>	<u>\$ 598</u>	<u>\$ 551,821</u>
<u>Accumulated depreciation and impairment</u>			
Balance at January 1, 2024	\$ 423,090	\$ -	\$ 423,090
Amortization expenses	17,198	-	17,198
Foreign exchange	<u>1,217</u>	<u>-</u>	<u>1,217</u>
Balance at March 31, 2024	<u>\$ 441,505</u>	<u>\$ -</u>	<u>\$ 441,505</u>
Carrying amounts at December 31, 2023 and January 1, 2024	<u>\$ 121,242</u>	<u>\$ 598</u>	<u>\$ 121,840</u>
Carrying amounts at March 31, 2024	<u>\$ 109,718</u>	<u>\$ 598</u>	<u>\$ 110,316</u>

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

	March 31, 2024	December 31, 2023	March 31, 2023
Deposits in the Central Bank	\$ 299,640	\$ 299,602	\$ 1,099,533
Statutory deposits	27,947	27,819	27,967
Other deposits	252,424	240,934	234,457
Prepayments	31,801	31,754	25,840
Others	<u>41,192</u>	<u>54,984</u>	<u>36,674</u>
	<u>\$ 653,004</u>	<u>\$ 655,093</u>	<u>\$ 1,424,471</u>

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

	March 31, 2024	December 31, 2023	March 31, 2023
Claims and payments payable	\$ 3,095	\$ 2,238	\$ 1,314
Commissions payable	439,951	398,052	360,189
Due to reinsurers and ceding companies	2,827,499	2,511,820	2,784,929
Integrated income tax payable	296,916	189,832	-
Other payables	<u>677,726</u>	<u>1,000,697</u>	<u>572,654</u>
	<u>\$ 4,245,187</u>	<u>\$ 4,102,639</u>	<u>\$ 3,719,086</u>

20. INSURANCE LIABILITIES

	March 31, 2024	December 31, 2023	March 31, 2023
Unearned premium reserve	\$ 17,868,357	\$ 17,487,375	\$ 15,845,079
Loss reserve	14,713,140	14,473,113	15,665,089
Special reserve	1,763,851	1,753,336	1,639,188
Premium deficiency reserve	16	12	834
Policy reserve	<u>81</u>	<u>88</u>	<u>152</u>
	<u>\$ 34,345,445</u>	<u>\$ 33,713,924</u>	<u>\$ 33,150,342</u>

a. Unearned premium reserve

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

March 31, 2024				
Insurance Type	Unearned Premium Reserve		Ceded Unearned Premium Reserve	Retained Business (4)=(1)+(2)-(3)
	Direct Underwriting Business (1)	Reinsurance Inward Business (2)	Ceded Reinsurance Business (3)	
	Fire insurance	\$ 2,105,703	\$ 33,657	
Marine insurance	270,773	4,801	233,914	41,660
Land and air insurance	8,011,584	(12)	405,974	7,605,598
Liability insurance	1,631,128	1,820	524,405	1,108,543
Guarantee insurance	55,818	761	43,924	12,655
Other property insurance	1,939,205	39,543	1,556,178	422,570
Accident insurance	1,698,473	3,896	111,436	1,590,933
Health insurance	50,657	-	-	50,657
Policy-oriented residential earthquake insurance	237,400	33,197	237,400	33,197
Compulsory automobile liability insurance	<u>1,268,884</u>	<u>481,069</u>	<u>761,331</u>	<u>988,622</u>
	<u>\$ 17,269,625</u>	<u>\$ 598,732</u>	<u>\$ 5,593,724</u>	<u>\$ 12,274,633</u>
December 31, 2023				
Insurance Type	Unearned Premium Reserve		Ceded Unearned Premium Reserve	Retained Business (4)=(1)+(2)-(3)
	Direct Underwriting Business (1)	Reinsurance Inward Business (2)	Ceded Reinsurance Business (3)	
	Fire insurance	\$ 2,183,228	\$ 42,158	
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	<u>1,267,647</u>	<u>474,151</u>	<u>760,588</u>	<u>981,210</u>
	<u>\$ 16,897,349</u>	<u>\$ 590,026</u>	<u>\$ 5,538,053</u>	<u>\$ 11,949,322</u>

March 31, 2023				
Insurance Type	Unearned Premium Reserve		Ceded Unearned Premium Reserve	Retained Business (4)=(1)+(2)-(3)
	Direct Underwriting Business (1)	Reinsurance Inward Business (2)	Ceded Reinsurance Business (3)	
	Fire insurance	\$ 1,666,855	\$ 91,780	
Marine insurance	236,150	9,013	190,232	54,931
Land and air insurance	7,241,364	1,681	331,606	6,911,439
Liability insurance	1,328,375	1,535	389,022	940,888
Guarantee insurance	57,221	3,857	47,405	13,673
Other property insurance	1,445,819	30,514	1,200,183	276,150
Accident insurance	1,653,683	4,880	158,794	1,499,769
Health insurance	81,469	1	10,875	70,595
Policy-oriented residential earthquake insurance	235,969	32,269	235,969	32,269
Compulsory automobile liability insurance	<u>1,257,855</u>	<u>464,789</u>	<u>754,713</u>	<u>967,931</u>
	<u>\$ 15,204,760</u>	<u>\$ 640,319</u>	<u>\$ 4,539,923</u>	<u>\$ 11,305,156</u>

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

	For the Three Months Ended March 31			
	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	17,865,914	5,592,675	15,843,469	4,539,224
Recovery	(17,514,637)	(5,542,509)	(15,868,037)	(4,489,925)
Foreign exchange	<u>29,705</u>	<u>5,505</u>	<u>31,375</u>	<u>8,541</u>
Ending balance	<u>\$ 17,868,357</u>	<u>\$ 5,593,724</u>	<u>\$ 15,845,079</u>	<u>\$ 4,539,923</u>

b. Loss reserve

1) Loss reserve and ceded loss reserve

March 31, 2024				
Items	Loss Reserve		Ceded Loss Reserve	Retained Business (4)=(1)+(2)-(3)
	Direct Underwriting Business (1)	Reinsurance Inward Business (2)	Ceded Reinsurance Business (3)	
	Filed but not yet paid	\$ 7,182,299	\$ 922,749	
Not yet filed	<u>6,101,365</u>	<u>506,727</u>	<u>1,923,760</u>	<u>4,684,332</u>
	<u>\$ 13,283,664</u>	<u>\$ 1,429,476</u>	<u>\$ 5,062,435</u>	<u>\$ 9,650,705</u>

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

March 31, 2023				
Items	Loss Reserve		Ceded Loss Reserve	Retained Business (4)=(1)+(2)-(3)
	Direct Underwriting Business (1)	Reinsurance Inward Business (2)	Ceded Reinsurance Business (3)	
	Filed but not yet paid	\$ 8,563,797	\$ 1,083,565	
Not yet filed	<u>5,483,941</u>	<u>533,786</u>	<u>1,680,876</u>	<u>4,336,851</u>
	<u>\$ 14,047,738</u>	<u>\$ 1,617,351</u>	<u>\$ 5,425,594</u>	<u>\$ 10,239,495</u>

2) Net changes in loss reserve and ceded loss reserve

For the three months ended March 31, 2024

Items	Direct Underwriting Business		Reinsurance Inward Business		Net Changes in Loss Reserve (5)=(1)-(2)+(3)-(4)
	Provision (1)	Recovery (2)	Provision (3)	Recovery (4)	
Filed but not yet paid	\$ 7,217,891	\$ 7,082,682	\$ 922,749	\$ 989,786	\$ 68,172
Not yet filed	<u>6,061,764</u>	<u>5,880,217</u>	<u>506,726</u>	<u>522,105</u>	<u>166,168</u>
	<u>\$ 13,279,655</u>	<u>\$ 12,962,899</u>	<u>\$ 1,429,475</u>	<u>\$ 1,511,891</u>	<u>\$ 234,340</u>

Items	Ceded Reinsurance Business		Net Changes in Ceded Loss Reserve
	Provision (6)	Recovery (7)	(8)=(6)-(7)
Filed but not yet paid	\$ 3,155,694	\$ 3,133,856	\$ 21,838
Not yet filed	<u>1,904,096</u>	<u>1,967,463</u>	<u>(63,367)</u>
	<u>\$ 5,059,790</u>	<u>\$ 5,101,319</u>	<u>\$ (41,529)</u>

For the three months ended March 31, 2023

Items	Direct Underwriting Business		Reinsurance Inward Business		Net Changes in Loss Reserve
	Provision (1)	Recovery (2)	Provision (3)	Recovery (4)	(5)=(1)-(2)+(3)-(4)
Filed but not yet paid	\$ 8,594,924	\$ 9,236,940	\$ 1,083,565	\$ 1,230,106	\$ (788,557)
Not yet filed	<u>5,449,980</u>	<u>12,593,469</u>	<u>533,786</u>	<u>475,820</u>	<u>(7,085,523)</u>
	<u>\$ 14,044,904</u>	<u>\$ 21,830,409</u>	<u>\$ 1,617,351</u>	<u>\$ 1,705,926</u>	<u>\$ (7,874,080)</u>

Items	Ceded Reinsurance Business		Net Changes in Ceded Loss Reserve
	Provision (6)	Recovery (7)	(8)=(6)-(7)
Filed but not yet paid	\$ 3,758,896	\$ 3,985,634	\$ (226,738)
Not yet filed	<u>1,665,262</u>	<u>2,402,699</u>	<u>(737,437)</u>
	<u>\$ 5,424,158</u>	<u>\$ 6,388,333</u>	<u>\$ (964,175)</u>

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

Insurance Type	March 31, 2024		
	Filed But Not Yet Paid	Not Yet Filed	Total
Fire insurance	\$ 2,430,997	\$ 239,877	\$ 2,670,874
Marine insurance	683,595	278,715	962,310
Land and air insurance	2,494,657	2,025,913	4,520,570
Liability insurance	1,065,565	1,083,658	2,149,223
Guarantee insurance	41,246	34,312	75,558
Other property insurance	751,893	368,597	1,120,490
Accident insurance	180,150	605,096	785,246
Health insurance	3,568	176,035	179,603
Policy-oriented residential earthquake insurance	-	-	-
Compulsory automobile liability insurance	<u>453,377</u>	<u>1,795,889</u>	<u>2,249,266</u>
	<u>\$ 8,105,048</u>	<u>\$ 6,608,092</u>	<u>\$ 14,713,140</u>

December 31, 2023			
Insurance Type	Filed But Not Yet Paid	Not Yet Filed	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	<u>433,152</u>	<u>1,786,293</u>	<u>2,219,445</u>
	<u>\$ 8,034,535</u>	<u>\$ 6,438,578</u>	<u>\$ 14,473,113</u>

March 31, 2023			
Insurance Type	Filed But Not Yet Paid	Not Yet Filed	Total
Fire insurance	\$ 3,693,129	\$ 309,961	\$ 4,003,090
Marine insurance	681,791	233,864	915,655
Land and air insurance	2,613,180	1,344,687	3,957,867
Liability insurance	555,218	810,235	1,365,453
Guarantee insurance	47,572	34,774	82,346
Other property insurance	886,921	162,785	1,049,706
Accident insurance	272,729	522,399	795,128
Health insurance	419,426	798,200	1,217,626
Policy-oriented residential earthquake insurance	-	-	-
Compulsory automobile liability insurance	<u>477,396</u>	<u>1,800,822</u>	<u>2,278,218</u>
	<u>\$ 9,647,362</u>	<u>\$ 6,017,727</u>	<u>\$ 15,665,089</u>

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

March 31, 2024			
Insurance Type	Filed But Not Yet Paid	Not Yet Filed	Total
Fire insurance	\$ 1,213,984	\$ 127,831	\$ 1,341,815
Marine insurance	505,875	168,690	674,565
Land and air insurance	103,312	58,772	162,084
Liability insurance	620,209	426,489	1,046,698
Guarantee insurance	11,460	24,426	35,886
Other property insurance	531,140	248,741	779,881
Accident insurance	13,238	57,439	70,677
Health insurance	310	34	344
Policy-oriented residential earthquake insurance	-	-	-
Compulsory automobile liability insurance	<u>139,147</u>	<u>811,338</u>	<u>950,485</u>
	<u>\$ 3,138,675</u>	<u>\$ 1,923,760</u>	<u>\$ 5,062,435</u>
December 31, 2023			
Insurance Type	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	<u>124,973</u>	<u>807,515</u>	<u>932,488</u>
	<u>\$ 3,114,797</u>	<u>\$ 1,985,194</u>	<u>\$ 5,099,991</u>

Insurance Type	March 31, 2023		
	Filed But Not Yet Paid	Not Yet Filed	Total
Fire insurance	\$ 2,084,631	\$ 142,780	\$ 2,227,411
Marine insurance	514,936	151,176	666,112
Land and air insurance	82,472	38,148	120,620
Liability insurance	223,619	297,282	520,901
Guarantee insurance	13,666	19,278	32,944
Other property insurance	634,841	80,738	715,579
Accident insurance	20,580	40,198	60,778
Health insurance	23,488	90,222	113,710
Policy-oriented residential earthquake insurance	-	-	-
Compulsory automobile liability insurance	<u>146,485</u>	<u>821,054</u>	<u>967,539</u>
	<u>\$ 3,744,718</u>	<u>\$ 1,680,876</u>	<u>\$ 5,425,594</u>

5) Reconciliation of loss reserve and ceded loss reserve

	For the Three Months Ended March 31			
	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	14,709,130	5,059,790	15,662,255	5,424,158
Recovery	(14,474,790)	(5,101,319)	(23,536,335)	(6,388,333)
Foreign exchange	<u>5,687</u>	<u>3,973</u>	<u>278</u>	<u>(787)</u>
Ending balance	<u>\$ 14,713,140</u>	<u>\$ 5,062,435</u>	<u>\$ 15,665,089</u>	<u>\$ 5,425,594</u>

c. Special reserve

1) Special reserve for compulsory automobile liability insurance

	For the Three Months Ended March 31	
	2024	2023
Beginning balance	\$ 1,070,300	\$ 926,605
Provision	50,498	23,808
Recovery	<u>(39,983)</u>	<u>(12,989)</u>
Ending balance	<u>\$ 1,080,815</u>	<u>\$ 937,424</u>

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 starting from April 1, 2021. 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 Three Months Ended March 31, 2024		
	Catastrophic Event	Fluctuation of Risk	Total
Beginning balance	\$ 374,537	\$ 308,499	\$ 683,036
Provision	-	-	-
Recovery	-	-	-
Ending balance	<u>\$ 374,537</u>	<u>\$ 308,499</u>	<u>\$ 683,036</u>

	For the Three Months Ended March 31, 2023		
	Catastrophic Event	Fluctuation of Risk	Total
Beginning balance	\$ 393,265	\$ 308,499	\$ 701,764
Provision	-	-	-
Recovery	-	-	-
Ending balance	<u>\$ 393,265</u>	<u>\$ 308,499</u>	<u>\$ 701,764</u>

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 will be no material impact on the Group's income before tax and earnings (loss) per share for the three months ended March 31, 2024 and 2023, respectively, 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

March 31, 2024				
Insurance Type	Premium Deficiency Reserve		Ceded Premium Deficiency Reserve	Retained Business (4)=(1)+(2)-(3)
	Direct Underwriting Business (1)	Reinsurance Inward Business (2)	Ceded Reinsurance Business (3)	
	Fire insurance	\$ -	\$ -	
Marine insurance	16	-	-	16
Land and air insurance	-	-	-	-
Liability insurance	-	-	-	-
Guarantee insurance	-	-	-	-
Other property insurance	-	-	-	-
Accident insurance	-	-	-	-
Health insurance	-	-	-	-
Policy-oriented residential earthquake insurance	-	-	-	-
Compulsory automobile liability insurance	-	-	-	-
	<u>\$ 16</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 16</u>

December 31, 2023				
Insurance Type	Premium Deficiency Reserve		Ceded Premium Deficiency Reserve	Retained Business (4)=(1)+(2)-(3)
	Direct Underwriting Business (1)	Reinsurance Inward Business (2)	Ceded Reinsurance Business (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	-	-	-	-
	<u>\$ 12</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 12</u>

March 31, 2023

Insurance Type	Premium Deficiency Reserve		Ceded Premium Deficiency Reserve	Retained Business (4)=(1)+(2)-(3)
	Direct Underwriting Business (1)	Reinsurance Inward Business (2)	Ceded Reinsurance Business (3)	
Fire insurance	\$ -	\$ -	\$ -	\$ -
Marine insurance	-	-	-	-
Land and air insurance	-	834	-	834
Liability insurance	-	-	-	-
Guarantee insurance	-	-	-	-
Other property insurance	-	-	-	-
Accident insurance	-	-	-	-
Health insurance	-	-	-	-
Policy-oriented residential earthquake insurance	-	-	-	-
Compulsory automobile liability insurance	-	-	-	-
	<u>\$ -</u>	<u>\$ 834</u>	<u>\$ -</u>	<u>\$ 834</u>

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

Insurance Type	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
	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	16	12	-	-	4	-	-	-	4
Land and air insurance	-	-	-	-	-	-	-	-	-
Liability insurance	-	-	-	-	-	-	-	-	-
Guarantee insurance	-	-	-	-	-	-	-	-	-
Other property insurance	-	-	-	-	-	-	-	-	-
Accident insurance	-	-	-	-	-	-	-	-	-
Health insurance	-	-	-	-	-	-	-	-	-
Policy-oriented residential earthquake insurance	-	-	-	-	-	-	-	-	-
Compulsory automobile liability insurance	-	-	-	-	-	-	-	-	-
	<u>\$ 16</u>	<u>\$ 12</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4</u>

Insurance Type	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
	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	-	-	834	94	740	-	-	-	740
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	-	-	-	-	-	-	-	-	-
	<u>\$ -</u>	<u>\$ 1,228,239</u>	<u>\$ 834</u>	<u>\$ 12,021</u>	<u>\$ (1,239,426)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (1,239,426)</u>

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

	For the Three Months Ended March 31			
	2024		2023	
	Premium Deficiency Reserve	Ceded Premium Deficiency Reserve	Premium Deficiency Reserve	Ceded Premium Deficiency Reserve
Beginning balance	\$ 12	\$ -	\$ 1,240,260	\$ -
Provision	16	-	834	-
Recovery	<u>(12)</u>	<u>-</u>	<u>(1,240,260)</u>	<u>-</u>
Ending balance	<u>\$ 16</u>	<u>\$ -</u>	<u>\$ 834</u>	<u>\$ -</u>

e. Policy reserve

1) Details of policy reserve and ceded policy reserve

March 31, 2024

Insurance Type	Policy Reserve		Ceded Reserve	Retained Business (4)=(1)+(2)-(3)
	Direct Underwriting Business (1)	Reinsurance Inward Business (2)	Ceded Reinsurance Business (3)	
Health insurance	<u>\$ 81</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 81</u>

December 31, 2023

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

March 31, 2023

Insurance Type	Policy Reserve		Ceded Reserve	Retained Business (4)=(1)+(2)-(3)
	Direct Underwriting Business (1)	Reinsurance Inward Business (2)	Ceded Reinsurance Business (3)	
Health insurance	<u>\$ 152</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 152</u>

2) Net changes in policy reserve and ceded policy reserve

For the three months ended March 31, 2024

Insurance Type	Direct Underwriting Business		Reinsurance Inward Business		Net Changes in Policy Reserve
	Provision (1)	Recovery (2)	Provision (3)	Recovery (4)	(5)=(1)-(2)+(3)-(4)
Health insurance	\$ -	\$ 7	\$ -	\$ -	\$ (7)

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

For the three months ended March 31, 2023

Insurance Type	Direct Underwriting Business		Reinsurance Inward Business		Net Changes in Policy Reserve
	Provision (1)	Recovery (2)	Provision (3)	Recovery (4)	(5)=(1)-(2)+(3)-(4)
Health insurance	\$ -	\$ 18	\$ -	\$ -	\$ (18)

Insurance Type	Ceded Reinsurance Business		Net Changes in Ceded Policy Reserve
	Provision (6)	Recovery (7)	(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 March 31	
	2024	2023
General expenses	\$ 6,342	\$ 7,092

22. EQUITY

a. Share capital

	March 31, 2024	December 31, 2023	March 31, 2023
Shares authorized (in thousands of shares)	<u>200,000</u>	<u>200,000</u>	<u>705,705</u>
Shares authorized	<u>\$ 2,000,000</u>	<u>\$ 2,000,000</u>	<u>\$ 7,057,052</u>
Shares issued and fully paid (in thousands of shares)	<u>200,000</u>	<u>200,000</u>	<u>705,705</u>
Shares issued	<u>\$ 2,000,000</u>	<u>\$ 2,000,000</u>	<u>\$ 7,057,052</u>

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

	March 31, 2024	December 31, 2023	March 31, 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	\$ 16,502,500
<u>May only be used to offset a deficit</u>			
Recognition of employee share options by the parent company (2)	<u>54,817</u>	<u>54,817</u>	<u>54,817</u>
	<u>\$ 7,861,133</u>	<u>\$ 7,861,133</u>	<u>\$ 16,557,317</u>

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 the proposing a distribution plan, which should be resolved in the shareholders' meeting for the distribution of dividends and bonuses to shareholders. In formulating its dividend policy, the 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. The Company chose to maintain the appropriation of legal reserve in order to enrich the Company's own capital. Legal reserve 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, was 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 shares	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, 2022
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 Three Months Ended March 31, 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	-	-	-	-	-
Ending balance	<u>\$ 786,571</u>	<u>\$ 3,839,063</u>	<u>\$ -</u>	<u>\$ 49,248</u>	<u>\$ 4,674,882</u>

	For the Three Months Ended March 31, 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	-	-	-	-	-
Ending balance	<u>\$ 527,695</u>	<u>\$ 3,403,810</u>	<u>\$ -</u>	<u>\$ 36,663</u>	<u>\$ 3,968,168</u>

According to the Regulations Governing the Setting Aside of Various Reserves by Insurance Enterprises, the increased reserved amounts of special reserve for catastrophic event 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 Three Months Ended March 31	
	2024	2023
Beginning balance	\$ (329,230)	\$ (263,645)
Recognized for the period		
Exchange differences on the translating of the financial statements of foreign operations	11,236	(2,624)
Share from associates accounted for using the equity method	<u>53,110</u>	<u>8,087</u>
Other comprehensive income recognized for the period	<u>64,346</u>	<u>5,463</u>
Ending balance	<u>\$ (264,884)</u>	<u>\$ (258,182)</u>

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

	For the Three Months Ended March 31	
	2024	2023
Beginning balance	\$ (79,179)	\$ (67,975)
Recognized for the period		
Unrealized (loss) gain - debt instruments	(9,388)	2,411
Adjustments of (loss) gain allowance in debt instruments	(2)	1
Shares from associates accounted for using the equity method	<u>43,730</u>	<u>34,613</u>
Other comprehensive income recognized for the period	<u>34,340</u>	<u>37,025</u>
Ending balance	<u>\$ (44,839)</u>	<u>\$ (30,950)</u>

3) Remeasurement of defined benefit plans

	For the Three Months Ended March 31	
	2024	2023
Beginning balance	\$ (154,495)	\$ (156,319)
Changes for the period	<u>-</u>	<u>-</u>
Ending balance	<u>\$ (154,495)</u>	<u>\$ (156,319)</u>

4) Other comprehensive income reclassified under the overlay approach

	For the Three Months Ended March 31	
	2024	2023
Beginning balance	\$ 470,943	\$ (541,118)
Recognized for the period	637,930	497,384
Reclassification adjustments		
Disposal of financial instruments	(350,091)	(169,168)
Tax effects	<u>(5,314)</u>	<u>(5,131)</u>
Other comprehensive income recognized for the period	<u>282,525</u>	<u>323,085</u>
Ending balance	<u>\$ 753,468</u>	<u>\$ (218,033)</u>

23. PROFIT BEFORE INCOME TAX

a. Interest income

	For the Three Months Ended March 31	
	2024	2023
Bank deposits	\$ 16,083	\$ 22,747
Financial instruments at FVTPL	45,267	27,529
Financial assets at amortized cost	104,750	98,662
Others	<u>16,420</u>	<u>14,097</u>
	<u>\$ 182,520</u>	<u>\$ 163,035</u>

b. Employee benefits expense

	For the Three Months Ended March 31	
	2024	2023
Short-term employee benefits		
Salaries and wages	\$ 804,474	\$ 762,335
Labor and health insurance	83,989	75,395
Post-employment benefits		
Defined contribution plans	26,941	25,323
Defined benefit plans (Note 21)	6,342	7,092
Remuneration of directors	6,084	3,815
Other employee benefits	<u>16,102</u>	<u>12,892</u>
	<u>\$ 943,932</u>	<u>\$ 886,852</u>
An analysis of employee benefits expense by function		
Operating costs	\$ 106,452	\$ 93,228
Operating expenses	<u>837,480</u>	<u>793,624</u>
	<u>\$ 943,932</u>	<u>\$ 886,852</u>

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 Company did not accrue employees' compensation and remuneration of directors because of the losses for the three months ended March 31, 2023. Estimated compensation of employees and remuneration of directors and supervisors for the three months ended March 31, 2024 are as follows:

Accrual rate

	For the Three Months Ended March 31	
	2024	2023
Compensation of employees	0.1%	-
Remuneration of directors and supervisors	-	-

Amount

	For the Three Months Ended March 31	
	2024	2023
Compensation of employees	\$ 1,006	\$ -
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, 2023
	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 March 31	
	2024	2023
Right-of-use assets	\$ 39,752	\$ 38,268
Property and equipment	38,808	26,456
Intangible assets	<u>17,198</u>	<u>18,825</u>
	<u>\$ 95,758</u>	<u>\$ 83,549</u>
An analysis of depreciation by function		
Operating expenses	<u>\$ 78,560</u>	<u>\$ 64,724</u>
An analysis of amortization by function		
Operating expenses	<u>\$ 17,198</u>	<u>\$ 18,825</u>

24. INCOME TAX

- a. Major components of income tax expense (benefit) recognized are as follows

	For the Three Months Ended March 31	
	2024	2023
Current tax		
In respect of the current period	\$ 115,594	\$ 3,263
Deferred tax		
In respect of the current period	<u>24,315</u>	<u>(190,874)</u>
Income tax expense (benefit) recognized in profit or loss	<u>\$ 139,909</u>	<u>\$ (187,611)</u>

- b. Income tax recognized in other comprehensive income

	For the Three Months Ended March 31	
	2024	2023
<u>Deferred tax</u>		
In respect of the current period:		
Other comprehensive losses (income) reclassified under overlay approach	<u>\$ 5,314</u>	<u>\$ 5,131</u>

- c. Income tax assessments

Income tax returns through 2017 of the Company have been assessed by the tax authorities.

25. EARNINGS (LOSS) PER SHARE

The weighted average number of shares outstanding used for the earnings per share computation was adjusted retroactively for the capital reduction to offset accumulated losses, with the record date of June 19, 2023. The basic earnings per share adjusted retrospectively for the three months ended March 31, 2023 were as follows:

	Unit: NT\$ Per Share	
	Before Retrospective Adjustment	After Retrospective Adjustment
Basic earnings per share	<u>\$ (0.82)</u>	<u>\$ (2.88)</u>

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

Net profit (loss) for the period

	For the Three Months Ended March 31	
	2024	2023
Profit (loss) for the period attributable to owners of the Company	<u>\$ 867,754</u>	<u>\$ (575,368)</u>

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

	For the Three Months Ended March 31	
	2024	2023
Weighted average number of ordinary shares used in the computation of basic earnings (loss) per share	<u>200,000</u>	<u>200,000</u>

26. FINANCIAL INSTRUMENTS

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

March 31, 2024

	Carrying Amount	Fair Value			Total
		Level 1	Level 2	Level 3	
<u>Financial assets</u>					
Financial assets at amortized cost	<u>\$ 9,845,387</u>	<u>\$ -</u>	<u>\$ 9,494,857</u>	<u>\$ -</u>	<u>\$ 9,494,857</u>
Other assets					
Domestic government bonds (deposits in the Central Bank)	<u>\$ 299,640</u>	<u>\$ -</u>	<u>\$ 293,331</u>	<u>\$ -</u>	<u>\$ 293,331</u>

December 31, 2023

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

March 31, 2023

	Carrying Amount	Fair Value			Total
		Level 1	Level 2	Level 3	
<u>Financial assets</u>					
Financial assets at amortized cost	\$ 8,669,933	\$ _____	\$ 8,416,898	\$ _____	\$ 8,416,898
Other assets					
Domestic government bonds (deposits in the Central Bank)	\$ 1,099,533	\$ _____	\$ 1,091,774	\$ _____	\$ 1,091,774

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

1) Fair value hierarchy

March 31, 2024

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Listed shares	\$ 6,653,127	\$ -	\$ -	\$ 6,653,127
Beneficiary certificates	5,168,625	-	-	5,168,625
Domestic financial bonds	_____	262,062	_____	262,062
	\$ 11,821,752	\$ 262,062	\$ _____	\$ 12,083,814
Financial assets at FVTOCI				
Domestic government bonds	\$ _____	\$ 667,696	\$ _____	\$ 667,696
Financial liabilities at FVTPL				
Derivative instruments	\$ _____	\$ 183,967	\$ _____	\$ 183,967

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

March 31, 2023

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Derivative instruments	\$ -	\$ 33,225	\$ -	\$ 33,225
Listed shares	4,747,429	-	-	4,747,429
Beneficiary certificates	2,584,774	-	-	2,584,774
Domestic financial bonds	<u>-</u>	<u>261,650</u>	<u>-</u>	<u>261,650</u>
	<u>\$ 7,332,203</u>	<u>\$ 294,875</u>	<u>\$ -</u>	<u>\$ 7,627,078</u>
Financial assets at FVTOCI				
Domestic government bonds	<u>\$ -</u>	<u>\$ 686,506</u>	<u>\$ -</u>	<u>\$ 686,506</u>
Financial liabilities at FVTPL				
Derivative instruments	<u>\$ -</u>	<u>\$ 63,778</u>	<u>\$ -</u>	<u>\$ 63,778</u>

There were no transfers between Levels 1 and 2 for the three months ended March 31, 2024 and 2023.

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

<u>Financial Instrument</u>	<u>Valuation Technique and Inputs</u>
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

	March 31, 2024	December 31, 2023	March 31, 2023
<u>Financial assets</u>			
FVTPL			
Mandatorily classified as at FVTPL	\$ 12,083,814	\$ 10,798,348	\$ 7,627,078
Financial assets at amortized cost (1)	23,569,230	22,713,219	22,057,509
Financial assets at FVTOCI			
Debt instruments	667,696	678,881	686,506
<u>Financial liabilities</u>			
FVTPL			
Held for trading	183,967	63,746	63,778
Amortized cost (2)	4,245,187	4,102,639	3,719,086

- 1) The balances include financial assets at amortized cost, which comprise cash and cash equivalents, financial assets at amortized cost, receivables, 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, 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 99% confidence level.

b) Stress testing

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

The Group conducts stress testing regularly on positions by simple sensitivity analysis test 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 follows 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 simulate 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 (+/-)	March 31, 2024	December 31, 2023	March 31, 2023
Equity price risk (index)	-10%	\$ (1,157,257)	\$ (1,034,864)	\$ (700,406)
Interest rate risk (yield curve)	+20bps	(160,160)	(160,607)	(153,845)
Foreign currency risk (exchange rate)	USD exchange NTD devalue 1 dollar	(114,413)	(133,847)	(121,912)

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 liability, 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 Three Months Ended March 31, 2024			
Risk Factors	Variation (+/-)	Effect on Profit and Loss	Effect on Equity
Foreign currency risk sensitivity	USD appreciates 1%	\$ 28,211	\$ 6,085
	CNY appreciates 1%	718	-
	HKD appreciates 1%	229	-
	EUR appreciates 1%	8	-
	VND appreciates 1%	-	7,179
Interest rate risk sensitivity	Yield curve (USD): Upward parallel shift by 1bp	(4,823)	-
	Yield curve (CNY): Upward parallel shift by 1bp	(21)	-
	Yield curve (NTD): Upward parallel shift by 1bp	(2,350)	(784)
Equity securities price sensitivity	Increases 1% in equity price	-	115,726
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 Three Months March 31, 2023			
Risk Factors	Variation (+/-)	Effect on Profit and Loss	Effect on Equity
Foreign currency risk sensitivity	USD appreciates 1%	\$ 27,655	\$ 4,597
	CNY appreciates 1%	661	-
	HKD appreciates 1%	904	540
	EUR appreciates 1%	446	106
	VND appreciates 1%	-	7,071
Interest rate risk sensitivity	Yield curve (USD): Upward parallel shift by 1bp	(4,669)	-
	Yield curve (CNY): Upward parallel shift by 1bp	(27)	-
	Yield curve (NTD): Upward parallel shift by 1bp	(2,045)	(870)
Equity securities price sensitivity	Increases 1% in equity price	-	70,041

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 a financial instruments.

b) Credit concentration risk analysis

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

March 31, 2024

Financial Assets	Taiwan	Asia	Europe	North Americas	Emerging Market and Others	Total
Cash and cash equivalents	\$ 9,190,084	\$ -	\$ -	\$ -	\$ 309,220	\$ 9,499,304
Financial assets at FVTPL	262,062	-	-	-	-	262,062
Financial assets at FVTOCI	667,696	-	-	-	-	667,696
Financial assets at amortized cost	3,039,832	190,032	989,423	4,176,786	1,748,954	10,145,027
Total	\$ 13,159,674	\$ 190,032	\$ 989,423	\$ 4,176,786	\$ 2,058,174	\$ 20,574,089
Proportion	63.96%	0.92%	4.81%	20.30%	10.01%	100.00%

December 31, 2023

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%

March 31, 2023

Financial Assets	Taiwan	Asia	Europe	North Americas	Emerging Market and Others	Total
Cash and cash equivalents	\$ 8,307,653	\$ -	\$ -	\$ -	\$ 286,672	\$ 8,594,325
Financial assets at FVTPL	294,875	-	-	-	-	294,875
Financial assets at FVTOCI	686,506	-	-	-	-	686,506
Financial assets at amortized cost	3,070,562	-	1,093,824	3,818,085	1,786,995	9,769,466
Total	\$ 12,359,596	\$ -	\$ 1,093,824	\$ 3,818,085	\$ 2,073,667	\$ 19,345,172
Proportion	63.89%	-	5.65%	19.74%	10.72%	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 model.

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 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 that 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

	March 31, 2024					
	Stage 1	Stage 2	Stage 3			Gross Carrying Amount
			12-month Expected Credit Losses	Lifetime Expected Credit Losses	Lifetime Expected Credit Losses	
<u>Investment grade</u>						
Debt instruments at FVTOCI	\$ 667,696	\$ -	\$ -	\$ -	\$ -	\$ 667,696
Financial assets measured at amortized cost	10,159,187	-	-	-	(14,160)	10,145,027
	December 31, 2023					
	Stage 1	Stage 2	Stage 3			Gross Carrying Amount
			12-month Expected Credit Losses	Lifetime Expected Credit Losses	Lifetime Expected Credit Losses	
<u>Investment grade</u>						
Debt instruments at FVTOCI	\$ 678,881	\$ -	\$ -	\$ -	\$ -	\$ 678,881
Financial assets measured at amortized cost	9,779,572	-	-	-	(14,182)	9,765,390

	March 31, 2023					
	Stage 1	Stage 2	Stage 3			Gross Carrying Amount
			12-month Expected Credit Losses	Lifetime Expected Credit Losses	Lifetime Expected Credit Losses	
<u>Investment grade</u>						
Debt instruments at FVTOCI	\$ 686,506	\$ -	\$ -	\$ -	\$ -	\$ 686,506
Financial assets measured at amortized cost	9,773,403	-	-	-	(3,937)	9,769,466

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

	March 31, 2024					
	Stage 1	Stage 2	Stage 3			Gross Carrying Amount
			12-month Expected Credit Losses	Lifetime Expected Credit Losses	Lifetime Expected Credit Losses	
Secured loans	\$ 115,099	\$ -	\$ -	\$ -	\$ (1,611)	\$ 113,488

	December 31, 2023					
	Stage 1	Stage 2	Stage 3			Gross Carrying Amount
			12-month Expected Credit Losses	Lifetime Expected Credit Losses	Lifetime Expected Credit Losses	
Secured loans	\$ 124,832	\$ -	\$ -	\$ -	\$ (1,755)	\$ 123,077

	March 31, 2023					
	Stage 1	Stage 2	Stage 3			Gross Carrying Amount
			12-month Expected Credit Losses	Lifetime Expected Credit Losses	Lifetime Expected Credit Losses	
Secured loans	\$ 117,946	\$ -	\$ -	\$ -	\$ (1,561)	\$ 116,385

g) Reconciliation for loss allowance is summarized below:

i. Debt instrument at FVTOCI

	12-month Expected Credit Losses	Lifetime Expected Credit Losses			Total of Impairment Charged in Accordance with IFRS 9
		Collectively Assessed	Not Purchased or Originated Credit-impaired Financial Assets	Purchased or Originated Credit-impaired Financial Assets	
January 1, 2024	\$ 42	\$ -	\$ -	\$ -	\$ 42
Changes in models/risk parameters	(2)	-	-	-	(2)
March 31, 2024	<u>\$ 40</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 40</u>
January 1, 2023	\$ 34	\$ -	\$ -	\$ -	\$ 34
Changes in models/risk parameters	1	-	-	-	1
March 31, 2023	<u>\$ 35</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 35</u>

ii. Financial assets at amortized cost

	12-month Expected Credit Losses	Lifetime Expected Credit Losses			Total of Impairment Charged in Accordance with IFRS 9
		Collectively Assessed	Not Purchased or Originated Credit- impaired Financial Assets	Purchased or Originated Credit- impaired Financial Assets	
January 1, 2024	\$ 14,182	\$ -	\$ -	\$ -	\$ 14,182
Changes in models/risk parameters	(22)	-	-	-	(22)
March 31, 2024	<u>\$ 14,160</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 14,160</u>
January 1, 2023	\$ 3,715	\$ -	\$ -	\$ -	\$ 3,715
Changes in models/risk parameters	222	-	-	-	222
March 31, 2023	<u>\$ 3,937</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,937</u>

iii. Secured loans

	12-month Expected Credit Losses	Lifetime Expected Credit Losses			Total of Impairment Charged in Accordance with IFRS 9	Difference from Impairment Charged in Accordance with Guidelines for Handling Assessment of Assets	Total
		Collectively Assessed	Not Purchased or Originated Credit- impaired Financial Assets	Purchased or Originated Credit- impaired Financial Assets			
January 1, 2024	\$ 13	\$ -	\$ -	\$ -	\$ 13	\$ 1,742	\$ 1,755
Changes in models/ risk parameters	(2)	-	-	-	(2)	-	(2)
Difference from impairment charged in accordance with guidelines for handling assessment of assets	-	-	-	-	-	(142)	(142)
March 31, 2024	<u>\$ 11</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 11</u>	<u>\$ 1,600</u>	<u>\$ 1,611</u>
January 1, 2023	\$ 70	\$ -	\$ -	\$ -	\$ 70	\$ 1,814	\$ 1,884
Changes in models/ risk parameters	(10)	-	-	-	(10)	-	(10)
Difference from impairment charged in accordance with guidelines for handling assessment of assets	-	-	-	-	-	(313)	(313)
March 31, 2023	<u>\$ 60</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 60</u>	<u>\$ 1,501</u>	<u>\$ 1,561</u>

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:

March 31, 2024	Not Overdue	Overdue	Total
Carrying amount	\$ 2,357,117	\$ 790,179	\$ 3,147,296
Expected loss rate	1.03%	2.02%	
Lifetime expected credit losses	\$ 24,186	\$ 15,972	\$ 40,158

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

March 31, 2023	Not Overdue	Overdue	Total
Carrying amount	\$ 1,368,843	\$ 740,310	\$ 2,109,153
Expected loss rate	1.06%	6.49%	
Lifetime expected credit losses	\$ 14,548	\$ 48,069	\$ 62,617

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 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 to the amounts on consolidated balance sheets.

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

March 31, 2024

	Less than 6 Months	6-12 Months	1-2 Years	2-5 Years	5+ Years
<u>Non-derivative financial liabilities</u>					
Payables	\$ 4,130,648	\$ 60,981	\$ 44,700	\$ 2,830	\$ 6,028
Lease liabilities	77,180	74,747	68,828	22,380	17,937
<u>Derivative financial liabilities</u>					
Currency swaps contract	2,324,273	2,930,207	-	-	-

December 31, 2023

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

March 31, 2023

	Less than 6 Months	6-12 Months	1-2 Years	2-5 Years	5+ Years
<u>Non-derivative financial liabilities</u>					
Payables	\$ 3,625,857	\$ 72,943	\$ 5,068	\$ 9,222	\$ 5,996
Lease liabilities	66,362	8,630	4,169	1,859	-
<u>Derivative financial liabilities</u>					
Currency swaps contract	2,552,758	1,019,567	-	-	-

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
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
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
Cathay Real Estate Development Co., Ltd.	Other related party
Ally Logistic Property Co., Ltd.	Other related party
CMG INTERNATIONAL ONE CO. LTD.	Other related party
Others (including directors, supervisors, key management and its spouse or relatives within second degree)	Other related parties

b. Operating transactions

Line Item	Related Party Category/Name	For the Three Months Ended	
		2024	2023
Premium income	Fellow subsidiary		
	Cathay Life Insurance Co., Ltd.	\$ 113,431	\$ 104,268
	Cathay United Bank Co., Ltd.	41,031	39,100
	Other related parties		
	San Ching Engineering Co., Ltd.	11,596	1,412
	Ally Logistic Property Co., Ltd.	5,812	711
	Cathay Hospitality Consulting Co., Ltd.	5,882	4,980
	Cathay Hospitality Management Co., Ltd.	5,346	4,437
	CMG INTERNATIONAL ONE CO. LTD.	<u>62,797</u>	<u>-</u>
		<u>\$ 245,895</u>	<u>\$ 154,908</u>
Operating costs			
Marketing costs	Fellow subsidiary		
	Cathay Life Insurance Co., Ltd.	\$ 211,112	\$ 207,725
	Cathay United Bank Co., Ltd.	29,616	30,435
Processing fees	Fellow subsidiary		
	Cathay United Bank Co., Ltd.	<u>37,272</u>	<u>33,048</u>
		<u>\$ 278,000</u>	<u>\$ 271,208</u>
Operating expenses			
Group insurance expenses	Fellow subsidiary		
	Cathay Life Insurance Co., Ltd.	\$ 8,037	\$ 4,959
Other expenses	Other related party		
	Symphox Information Co., Ltd.	<u>10,559</u>	<u>6,437</u>
		<u>\$ 18,596</u>	<u>\$ 11,396</u>

c. Receivables from related parties

Line Item	Related Party Category/Name	March 31, 2024	December 31, 2023	March 31, 2023
Premiums receivable	Fellow subsidiary and its subsidiary			
	Cathay Life Insurance Co., Ltd.	\$ 180	\$ 8,011	\$ -
	Cathay United Bank Co., Ltd.	25,132	64,278	18,754
	Cathay Power Inc.	130	3,777	74
	Other related party			
	San Ching Engineering Co., Ltd.	225	3,700	-
Other receivables	The Company's parent			
	Cathay Financial Holdings Co., Ltd. (Note)	<u>-</u>	<u>-</u>	<u>817,832</u>
		<u>\$ 25,667</u>	<u>\$ 79,766</u>	<u>\$ 836,660</u>

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

d. Payables to related parties

Line Item	Related Party Category/Name	March 31, 2024	December 31, 2023	March 31, 2023
Other payables	The Company's parent			
	Cathay Financial Holdings Co., Ltd. (Note)	\$ 300,816	\$ 189,832	\$ -
	Fellow subsidiary			
	Cathay Life Insurance Co., Ltd.	92,616	80,749	80,891
	Other related party			
	Symphox Information Co., Ltd.	<u>4,483</u>	<u>-</u>	<u>3,162</u>
		<u>\$ 397,915</u>	<u>\$ 270,581</u>	<u>\$ 84,053</u>

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

e. Cash in bank

Line Item	Related Party Category/Name	March 31, 2024	December 31, 2023	March 31, 2023
Checking accounts and demand deposits	Fellow subsidiary and its subsidiary Cathay United Bank Co., Ltd.	\$ 1,916,815	\$ 2,505,546	\$ 2,611,965
Time deposits	Indovina Bank Limited	11,138	10,548	15,473
	Fellow subsidiary and its subsidiary Cathay United Bank Co., Ltd.	20,059	20,059	20,030
	Indovina Bank Limited	<u>291,577</u>	<u>261,778</u>	<u>242,762</u>
		<u>\$ 2,239,589</u>	<u>\$ 2,797,931</u>	<u>\$ 2,890,230</u>

As of March 31, 2024, December 31, 2023 and March 31, 2023, time deposits pledged recognized in guarantee deposits were \$27,949 thousand, \$27,819 thousand and \$27,967 thousand, respectively.

f. Interest income

Related Party Category/Name	For the Three Months Ended March 31	
	2024	2023
Fellow subsidiary and its subsidiary Cathay United Bank Co., Ltd.	\$ 6,058	\$ 4,339
Indovina Bank Limited	<u>4,506</u>	<u>3,419</u>
	<u>\$ 10,564</u>	<u>\$ 7,758</u>

g. Financial asset at FVTPL (beneficiary certificates)

Related Party Category/Name	March 31, 2024	December 31, 2023	March 31, 2023
Other related party Funds managed by Cathay Securities Investment Trust Co., Ltd.	<u>\$ 742,407</u>	<u>\$ 741,869</u>	<u>\$ 308,449</u>

h. Discretionary account management balance

Related Party Category/Name	March 31, 2024	December 31, 2023	March 31, 2023
Fellow subsidiary Cathay Securities Investment Trust Co., Ltd.	<u>\$ 1,773,482</u>	<u>\$ 1,697,518</u>	<u>\$ 1,469,964</u>

i. Guarantee deposits

Related Party Category/Name	March 31, 2024	December 31, 2023	March 31, 2023
Fellow subsidiary and its subsidiary			
Cathay Life Insurance Co., Ltd.	\$ 38,140	\$ 35,818	\$ 34,630
Cathay United Bank Co., Ltd.	22,062	22,062	22,023
Cathay Futures Co., Ltd.	58,403	58,378	58,139
Indovina Bank Limited	<u>7,888</u>	<u>7,760</u>	<u>7,937</u>
	<u>\$ 126,493</u>	<u>\$ 124,018</u>	<u>\$ 122,729</u>

j. Secured loans

Related Party Category/Name	For the Three Months Ended March 31, 2024			
	Maximum Amount	Ending Balance	Interest Rate	Interest Income
Other related parties	<u>\$ 20,927</u>	<u>\$ 14,582</u>	2.07%	<u>\$ 85</u>
Related Party Category/Name	For the Three Months Ended March 31, 2023			
	Maximum Amount	Ending Balance	Interest Rate	Interest Income
Other related parties	<u>\$ 15,283</u>	<u>\$ 4,961</u>	1.95%-2.095%	<u>\$ 25</u>

k. Lease arrangements

Related Party Category/Name	For the Three Months Ended March 31			
	2024	2023		
<u>Acquisitions of right-of-use assets</u>				
Fellow subsidiary				
Cathay United Bank Co., Ltd.	<u>\$ 5,616</u>	<u>\$ -</u>		
Line Item	Related Party Category/Name	March 31, 2024	December 31, 2023	March 31, 2023
Lease liabilities	Fellow subsidiary			
	Cathay Life Insurance Co., Ltd.	\$ 196,617	\$ 226,960	\$ 51,031
	Cathay United Bank Co., Ltd.	<u>1,921</u>	<u>3,945</u>	<u>7,603</u>
		<u>\$ 198,538</u>	<u>\$ 230,905</u>	<u>\$ 58,634</u>

Related Party Category/Name	For the Three Months Ended March 31	
	2024	2023
<u>Lease expense</u>		
Fellow subsidiary		
Cathay Life Insurance Co., Ltd.	<u>\$ 3,626</u>	<u>\$ 2,834</u>

l. Currency swaps contract

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

Related Party Category/Name	March 31, 2024	December 31, 2023	March 31, 2023
Fellow subsidiary			
Cathay United Bank Co., Ltd.	US\$ 88,400	US\$ 88,400	US\$ 90,900
	EUR -	EUR -	EUR 1,000

m. Remuneration of key management personnel

	For the Three Months Ended March 31	
	2024	2023
Short-term employee benefits	\$ 15,275	\$ 24,278
Post-employment benefits	<u>1,501</u>	<u>1,907</u>
	<u>\$ 16,776</u>	<u>\$ 26,185</u>

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 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	March 31, 2024	December 31, 2023	March 31, 2023
Guarantee deposits - government bonds	\$ 299,640	\$ 299,602	\$ 1,099,533
Guarantee deposits - time deposits	<u>20,059</u>	<u>20,059</u>	<u>20,030</u>
	<u>\$ 319,699</u>	<u>\$ 319,661</u>	<u>\$ 1,119,563</u>

The pledged assets are stated at book value. As of March 31, 2024, December 31, 2023 and March 31, 2023, the Company provided government bonds amounting to \$299,652 thousand, \$299,615 thousand and \$1,099,572 thousand to the Central Bank for insurance business in accordance with the Insurance Act, respectively. Loss allowance amounted to \$12 thousand, \$13 thousand and \$39 thousand, respectively which are in the scope of the impairment requirements under IFRS 9.

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

Item of Assets	March 31, 2024	December 31, 2023	March 31, 2023
Government deposits - time deposits	<u>\$ 7,888</u>	<u>\$ 7,760</u>	<u>\$ 7,937</u>

The pledged assets are stated at book value. As of March 31, 2024, December 31, 2023 and March 31, 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 RBC ratio as the management indicator for capital adequacy. The Company calculates RBC ratio periodically and a periodically to monitor the status of short and mid-term capital adequacy and the calculation would serve as reference for business objectives, asset allocation and dividend policy.

3) Management procedures

a) Periodical calculation

The Company provides 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 ensure the soundness of capital structure and implement 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 arrangement, 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	March 31, 2024		
	Recovery/ Settlement within 12 Months	Recovery/ Settlement Over 12 Months	Total
Cash and cash equivalents	\$ 9,537,040	\$ -	\$ 9,537,040
Receivables	3,493,304	-	3,493,304
Investments			
Financial assets at FVTPL	11,821,752	262,062	12,083,814
Financial assets at FVTOCI	-	667,696	667,696
Financial assets at amortized cost	1,158,989	8,686,398	9,845,387
Investments accounted for using the equity method	-	2,418,398	2,418,398
Loans	151	113,337	113,488
Total investments	<u>12,980,892</u>	<u>12,147,891</u>	<u>25,128,783</u>
Reinsurance assets	2,915,906	10,656,159	13,572,065
Property and equipment	-	440,556	440,556
Right-of-use assets	-	254,119	254,119
Intangible assets	-	110,316	110,316
Deferred tax assets	-	4,548,404	4,548,404
Other assets	<u>41,192</u>	<u>611,812</u>	<u>653,004</u>
Total assets	<u>\$ 28,968,334</u>	<u>\$ 28,769,257</u>	<u>\$ 57,737,591</u>

(Continued)

March 31, 2024			
Items	Recovery/ Settlement within 12 Months	Recovery/ Settlement Over 12 Months	Total
Payables	\$ 4,191,629	\$ 53,558	\$ 4,245,187
Financial liabilities at FVTPL	183,967	-	183,967
Insurance liabilities			
Unearned premium reserve	14,728,403	3,139,954	17,868,357
Loss reserve	-	14,713,140	14,713,140
Policy reserve	-	81	81
Special reserve	-	1,763,851	1,763,851
Premium deficiency reserve	-	16	16
Total insurance liabilities	<u>14,728,403</u>	<u>19,617,042</u>	<u>34,345,445</u>
Provisions	-	329,993	329,993
Lease liabilities	146,740	106,800	253,540
Deferred tax liabilities	-	394,749	394,749
Other liabilities	<u>1,724,557</u>	<u>28,809</u>	<u>1,753,366</u>
Total liabilities	<u>\$ 20,975,296</u>	<u>\$ 20,530,951</u>	<u>\$ 41,506,247</u>

(Concluded)

December 31, 2023			
Items	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	<u>262</u>	<u>122,815</u>	<u>123,077</u>
Total investments	<u>11,661,725</u>	<u>11,721,946</u>	<u>23,383,671</u>
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	<u>54,984</u>	<u>600,109</u>	<u>655,093</u>
Total assets	<u>\$ 27,113,914</u>	<u>\$ 28,331,889</u>	<u>\$ 55,445,803</u>

(Continued)

December 31, 2023			
Items	Recovery/ Settlement within 12 Months	Recovery/ Settlement Over 12 Months	Total
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	<u>14,634,261</u>	<u>19,079,663</u>	<u>33,713,924</u>
Provisions	-	427,572	427,572
Lease liabilities	141,309	127,994	269,303
Deferred tax liabilities	-	329,636	329,636
Other liabilities	<u>1,528,360</u>	<u>28,244</u>	<u>1,556,604</u>
Total liabilities	<u>\$ 20,417,130</u>	<u>\$ 20,046,294</u>	<u>\$ 40,463,424</u>

(Concluded)

March 31, 2023			
Items	Recovery/ Settlement within 12 Months	Recovery/ Settlement Over 12 Months	Total
Cash and cash equivalents	\$ 8,629,633	\$ -	\$ 8,629,633
Receivables	3,279,601	-	3,279,601
Investments			
Financial assets at FVTPL	7,365,427	261,651	7,627,078
Financial assets at FVTOCI	-	686,506	686,506
Financial assets at amortized cost	91,557	8,578,376	8,669,933
Investments accounted for using the equity method	-	2,436,035	2,436,035
Loans	-	116,385	116,385
Total investments	<u>7,456,984</u>	<u>12,078,953</u>	<u>19,535,937</u>
Reinsurance assets	3,543,054	9,965,517	13,508,571
Property and equipment	-	349,667	349,667
Right-of-use assets	-	80,523	80,523
Intangible assets	-	129,859	129,859
Deferred tax assets	-	4,550,218	4,550,218
Other assets	<u>36,673</u>	<u>1,387,797</u>	<u>1,424,471</u>
Total assets	<u>\$ 22,945,945</u>	<u>\$ 28,542,534</u>	<u>\$ 51,488,480</u>

(Continued)

March 31, 2023			
Items	Recovery/ Settlement within 12 Months	Recovery/ Settlement Over 12 Months	Total
Payables	\$ 3,698,799	\$ 20,287	\$ 3,719,086
Financial liabilities at FVTPL	63,778	-	63,778
Insurance liabilities			
Unearned premium reserve	13,269,492	2,575,587	15,845,079
Loss reserve	1,211,774	14,453,315	15,665,089
Policy reserve	-	152	152
Special reserve	-	1,639,188	1,639,188
Premium deficiency reserve	-	834	834
Total insurance liabilities	<u>14,481,266</u>	<u>18,669,076</u>	<u>33,150,342</u>
Provisions	-	429,852	429,852
Lease liabilities	74,533	5,953	80,486
Deferred tax liabilities	-	295,871	295,871
Other liabilities	<u>1,133,759</u>	<u>25,329</u>	<u>1,159,088</u>
Total liabilities	<u>\$ 19,452,135</u>	<u>\$ 19,446,368</u>	<u>\$ 38,898,503</u>

(Concluded)

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:

March 31, 2024

	Foreign Currency	Exchange Rate	Carrying Amount
<u>Financial assets</u>			
Monetary items			
USD	\$ 233,692	31.990 (USD:NTD)	\$ 7,473,962
EUR	5,265	34.450 (EUR:NTD)	181,665
CNY	18,803	4.427 (CNY:NTD)	83,329
Non-monetary items			
USD	40,206	31.990 (USD:NTD)	1,286,183
SGD	4,117	23.708 (SGD:NTD)	97,610
Investments accounted for using the equity method			
CNY	546,062	4.427 (CNY:NTD)	2,418,398

(Continued)

	Foreign Currency	Exchange Rate	Carrying Amount
<u>Financial liabilities</u>			
Monetary items			
USD	\$ 6,094	31.990 (USD:NTD)	\$ 193,650
EUR	440	34.450 (EUR:NTD)	15,450
CNY	4,168	4.427 (CNY:NTD)	18,301
THB	5,343	0.880 (THB:NTD)	4,920
INR	28,928	0.386 (INR:NTD)	11,165
Non-monetary items			
Derivative instruments (Note)			
USD	173,600	31.990 (USD:NTD)	183,967 (Concluded)

December 31, 2023

	Foreign Currency	Exchange Rate	Carrying Amount
<u>Financial assets</u>			
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
<u>Financial liabilities</u>			
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

March 31, 2023

	Foreign Currency	Exchange Rate	Carrying Amount
<u>Financial assets</u>			
Monetary items			
USD	\$ 239,658	30.454 (USD:NTD)	\$ 7,298,831
EUR	7,589	33.149 (EUR:NTD)	250,890
Non-monetary items			
USD	33,410	30.454 (USD:NTD)	1,017,464
HKD	6,997	3.880 (HKD:NTD)	27,148
SGD	4,117	22.911 (SGD:NTD)	94,340
Investments accounted for using the equity method			
CNY	549,635	4.431 (CNY:NTD)	2,436,035
Derivative instruments (Note)			
USD	48,000	30.454 (USD:NTD)	33,225
<u>Financial liabilities</u>			
Monetary items			
USD	7,489	30.454 (USD:NTD)	231,601
EUR	1,365	33.149 (EUR:NTD)	44,517
CNY	1,996	4.431 (CNY:NTD)	8,825
JPY	57,819	0.228 (JPY:NTD)	13,291
INR	33,091	0.372 (INR:NTD)	12,267
Non-monetary items			
Derivative instruments (Note)			
USD	120,200	30.454 (USD:NTD)	61,976
EUR	1,000	33.149 (EUR:NTD)	1,802

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

For the three months ended March 31, 2024 and 2023 (realized and unrealized) net foreign exchange gains (losses) were \$279,612 thousand and \$(49,639) thousand, respectively. It is impractical to disclose net foreign exchange (losses) 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 contracts products and it has no different channel, client type and supervision environment. The supervisor 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 March 31, 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	\$ 1,209,016	\$ 16,035	\$ 834,976	\$ 390,075	\$ 46,832	\$ 343,243
Marine insurance	376,247	3,127	311,534	67,840	(7,190)	75,030
Land and air insurance	3,702,322	872	206,242	3,496,952	133,855	3,363,097
Liability insurance	775,432	1,792	255,478	521,746	67,519	454,227
Guarantee insurance	20,456	393	13,203	7,646	(946)	8,592
Other property insurance	718,674	24,077	720,982	21,769	87,538	(65,769)
Accident insurance	1,060,707	2,524	80,930	982,301	(34,328)	1,016,629
Health insurance	87,680	-	-	87,680	(2,893)	90,573
Policy-oriented residential earthquake insurance	117,011	17,851	117,011	17,851	3,312	14,539
Compulsory automobile liability insurance	<u>708,529</u>	<u>203,759</u>	<u>297,197</u>	<u>615,091</u>	<u>7,412</u>	<u>607,679</u>
	<u>\$ 8,776,074</u>	<u>\$ 270,430</u>	<u>\$ 2,837,553</u>	<u>\$ 6,208,951</u>	<u>\$ 301,111</u>	<u>\$ 5,907,840</u>

For the three months ended March 31, 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	\$ 884,379	\$ 91,089	\$ 638,492	\$ 336,976	\$ (162,175)	\$ 499,151
Marine insurance	312,718	8,059	237,088	83,689	(2,397)	86,086
Land and air insurance	3,366,741	97	248,407	3,118,431	109,027	3,009,404
Liability insurance	598,995	1,725	172,258	428,462	50,242	378,220
Guarantee insurance	28,096	3,297	30,077	1,316	(6,924)	8,240
Other property insurance	460,621	18,350	416,840	62,131	(33,207)	95,338
Accident insurance	907,277	2,709	80,291	829,695	36,646	793,049
Health insurance	52,012	-	(24)	52,036	(70,278)	122,314
Policy-oriented residential earthquake insurance	114,807	17,086	114,807	17,086	2,423	14,663
Compulsory automobile liability insurance	<u>705,597</u>	<u>191,415</u>	<u>294,955</u>	<u>602,057</u>	<u>2,776</u>	<u>599,281</u>
	<u>\$ 7,431,243</u>	<u>\$ 333,827</u>	<u>\$ 2,233,191</u>	<u>\$ 5,531,879</u>	<u>\$ (73,867)</u>	<u>\$ 5,605,746</u>

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

For the three months ended March 31, 2024

Insurance Type	Written Premium (1)	Reinsurance Premium (2)	Reinsurance Expenses (3)	Retained Premium (4)=(1)+(2)-(3)
Compulsory insurance	\$ 708,529	\$ 203,759	\$ 297,197	\$ 615,091
Non-compulsory insurance	<u>8,067,545</u>	<u>66,671</u>	<u>2,540,356</u>	<u>5,593,860</u>
	<u>\$ 8,776,074</u>	<u>\$ 270,430</u>	<u>\$ 2,837,553</u>	<u>\$ 6,208,951</u>

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	\$ 1,268,884	\$ 1,267,647	\$ 481,069	\$ 474,151	\$ 8,155
Non-compulsory insurance	<u>15,998,298</u>	<u>15,656,964</u>	<u>117,663</u>	<u>115,875</u>	<u>343,122</u>
	<u>\$ 17,267,182</u>	<u>\$ 16,924,611</u>	<u>\$ 598,732</u>	<u>\$ 590,026</u>	<u>\$ 351,277</u>

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	\$ 761,331	\$ 760,588	\$ 743	\$ 607,679
Non-compulsory insurance	<u>4,831,344</u>	<u>4,781,921</u>	<u>49,423</u>	<u>5,300,161</u>
	<u>\$ 5,592,675</u>	<u>\$ 5,542,509</u>	<u>\$ 50,166</u>	<u>\$ 5,907,840</u>

For the three months ended March 31, 2023

Insurance Type	Written Premium (1)	Reinsurance Premium (2)	Reinsurance Expenses (3)	Retained Premium (4)=(1)+(2)-(3)
Compulsory insurance	\$ 705,597	\$ 191,415	\$ 294,955	\$ 602,057
Non-compulsory insurance	<u>6,725,646</u>	<u>142,412</u>	<u>1,938,236</u>	<u>4,929,822</u>
	<u>\$ 7,431,243</u>	<u>\$ 333,827</u>	<u>\$ 2,233,191</u>	<u>\$ 5,531,879</u>

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	\$ 1,257,855	\$ 1,250,469	\$ 464,789	\$ 464,968	\$ 7,207
Non-compulsory insurance	<u>13,945,295</u>	<u>13,946,426</u>	<u>175,530</u>	<u>206,174</u>	<u>(31,775)</u>
	<u>\$ 15,203,150</u>	<u>\$ 15,196,895</u>	<u>\$ 640,319</u>	<u>\$ 671,142</u>	<u>\$ (24,568)</u>

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	\$ 754,713	\$ 750,282	\$ 4,431	\$ 599,281
Non-compulsory insurance	<u>3,784,511</u>	<u>3,739,643</u>	<u>44,868</u>	<u>5,006,465</u>
	<u>\$ 4,539,224</u>	<u>\$ 4,489,925</u>	<u>\$ 49,299</u>	<u>\$ 5,605,746</u>

b. Retained claims

For the Three Months Ended March 31, 2024				
Insurance Type	Loss Incurred (Claims Expense Included) (1)	Reinsurance Claims (2)	Claims Recovered from Reinsurances (3)	Retained Claims (4)=(1)+(2)-(3)
Fire insurance	\$ 202,474	\$ 75,612	\$ 116,648	\$ 161,438
Marine insurance	94,068	5,881	62,274	37,675
Land and air insurance	1,779,385	594	86,810	1,693,169
Liability insurance	290,088	507	72,688	217,907
Guarantee insurance	14,584	885	11,054	4,415
Other property insurance	142,161	5,888	113,190	34,859
Accident insurance	374,330	451	27,013	347,768
Health insurance	25,039	6	2,703	22,342
Policy-oriented residential earthquake insurance	-	-	-	-
Compulsory automobile liability insurance	<u>499,260</u>	<u>189,667</u>	<u>289,143</u>	<u>399,784</u>
	<u>\$ 3,421,389</u>	<u>\$ 279,491</u>	<u>\$ 781,523</u>	<u>\$ 2,919,357</u>

For the Three Months Ended March 31, 2023				
Insurance Type	Loss Incurred (Claims Expense Included) (1)	Reinsurance Claims (2)	Claims Recovered from Reinsurances (3)	Retained Claims (4)=(1)+(2)-(3)
Fire insurance	\$ 445,004	\$ 144,525	\$ 284,039	\$ 305,490
Marine insurance	79,301	12,957	38,562	53,696
Land and air insurance	1,615,371	3,104	76,517	1,541,958
Liability insurance	344,484	(271)	141,207	203,006
Guarantee insurance	1,209	26	118	1,117
Other property insurance	763,667	9,959	129,662	643,964
Accident insurance	342,106	6	37,466	304,646
Health insurance	9,465,755	-	80,095	9,385,660
Policy-oriented residential earthquake insurance	23	-	23	-
Compulsory automobile liability insurance	<u>530,220</u>	<u>178,179</u>	<u>307,462</u>	<u>400,937</u>
	<u>\$ 13,587,140</u>	<u>\$ 348,485</u>	<u>\$ 1,095,151</u>	<u>\$ 12,840,474</u>

Retained claims of compulsory insurance and non-compulsory insurance:

For the Three Months Ended March 31, 2024				
Insurance Type	Loss Incurred (Claims Expense Included) (1)	Reinsurance Claims (2)	Claims	Retained Claims (4)=(1)+(2)-(3)
			Recovered from Reinsurances (3)	
Compulsory insurance	\$ 499,260	\$ 189,667	\$ 289,143	\$ 399,784
Non-compulsory insurance	<u>2,922,129</u>	<u>89,824</u>	<u>492,380</u>	<u>2,519,573</u>
	<u>\$ 3,421,389</u>	<u>\$ 279,491</u>	<u>\$ 781,523</u>	<u>\$ 2,919,357</u>

For the Three Months Ended March 31, 2023				
Insurance Type	Loss Incurred (Claims Expense Included) (1)	Reinsurance Claims (2)	Claims	Retained Claims (4)=(1)+(2)-(3)
			Recovered from Reinsurances (3)	
Compulsory insurance	\$ 530,220	\$ 178,179	\$ 307,462	\$ 400,937
Non-compulsory insurance	<u>13,056,920</u>	<u>170,306</u>	<u>787,689</u>	<u>12,439,537</u>
	<u>\$ 13,587,140</u>	<u>\$ 348,485</u>	<u>\$ 1,095,151</u>	<u>\$ 12,840,474</u>

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		
	March 31, 2024	December 31, 2023	March 31, 2023
Fire insurance	45,509	\$ 382,340	\$ 272,196
Marine insurance	39,509	87,706	24,907
Land and air insurance	81,020	75,949	37,946
Liability insurance	76,937	89,521	251,291
Guarantee insurance	604	601	121
Other property insurance	48,635	28,374	42,663
Accident insurance	19,126	15,419	24,366
Health insurance	1,364	67	80,724
Policy-oriented residential earthquake insurance	-	-	23
Compulsory automobile liability insurance	<u>147,098</u>	<u>163,910</u>	<u>179,741</u>
	459,802	843,887	913,978
Less: Loss allowance	<u>(4,598)</u>	<u>(8,439)</u>	<u>(9,139)</u>
Net amount	<u>\$ 455,204</u>	<u>\$ 835,448</u>	<u>\$ 904,839</u>

d. Receivables and payables of insurance contracts

Receivables

Insurance Type	Premiums Receivable		
	March 31, 2024	December 31, 2023	March 31, 2023
Fire insurance	\$ 1,214,120	\$ 1,008,491	\$ 568,093
Marine insurance	502,694	340,128	418,615
Land and air insurance	182,355	157,690	161,859
Liability insurance	510,287	581,224	334,681
Guarantee insurance	48,937	56,504	30,374
Other property insurance	327,273	412,614	232,086
Accident insurance	142,893	124,222	136,724
Health insurance	4,126	2,814	3,351
Policy-oriented residential earthquake insurance	35,425	34,831	31,827
Compulsory automobile liability insurance	<u>12,528</u>	<u>15,904</u>	<u>11,960</u>
	2,980,638	2,734,422	1,929,570
Less: Loss allowance	<u>(38,321)</u>	<u>(36,950)</u>	<u>(60,676)</u>
Net amount	<u>\$ 2,942,317</u>	<u>\$ 2,697,472</u>	<u>\$ 1,868,894</u>

Aging analysis of premiums receivable:

	March 31, 2024	December 31, 2023	March 31, 2023
Up to 90 days	\$ 2,190,631	\$ 1,889,950	\$ 1,189,407
Over 90 days	<u>790,007</u>	<u>844,472</u>	<u>740,163</u>
	<u>\$ 2,980,638</u>	<u>\$ 2,734,422</u>	<u>\$ 1,929,570</u>

The overdue amounts as of March 31, 2024, December 31, 2023 and March 31, 2023 in the above premiums receivable were \$790,007 thousand, \$844,472 thousand and \$740,163 thousand, respectively, and loss allowance of \$15,800 thousand, \$17,807 thousand and \$47,922 thousand were provided, respectively.

Payables

	March 31, 2024		
Insurance Type	Commission Payable	Others	Total
Fire insurance	\$ 48,477	\$ 14,764	\$ 63,241
Marine insurance	21,998	15,361	37,359
Land and air insurance	281,070	126,823	407,893
Liability insurance	40,082	42,836	82,918
Guarantee insurance	5,137	610	5,747
Other property insurance	14,388	15,488	29,876
Accident insurance	10,033	49,143	59,176
Health insurance	635	3,933	4,568
Policy-oriented residential earthquake insurance	329	3,774	4,103
Compulsory automobile liability insurance	<u>17,802</u>	<u>-</u>	<u>17,802</u>
	<u>\$ 439,951</u>	<u>\$ 272,732</u>	<u>\$ 712,683</u>

	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	<u>18,930</u>	<u>-</u>	<u>18,930</u>
	<u>\$ 398,052</u>	<u>\$ 264,371</u>	<u>\$ 662,423</u>

	March 31, 2023		
Insurance Type	Commission Payable	Others	Total
Fire insurance	\$ 37,872	\$ 15,446	\$ 53,318
Marine insurance	16,666	14,065	30,731
Land and air insurance	225,618	125,006	350,624
Liability insurance	30,369	35,745	66,114
Guarantee insurance	4,872	901	5,773
Other property insurance	11,324	11,275	22,599
Accident insurance	11,888	43,845	55,733
Health insurance	1,156	2,398	3,554
Policy-oriented residential earthquake insurance	443	3,466	3,909
Compulsory automobile liability insurance	<u>19,981</u>	<u>-</u>	<u>19,981</u>
	<u>\$ 360,189</u>	<u>\$ 252,147</u>	<u>\$ 612,336</u>

Due from (to) reinsurers and ceding companies - reinsurance

	March 31, 2024	
	Due from Reinsurers and Ceding Companies	Due to Reinsurers and Ceding Companies
Central Re	\$ 124,063	\$ 289,253
Guy Carpenter	137,251	99,486
Hannover Re in Shanghai	200,573	53,282
Marsh	1,030,426	290,644
Munich Re	130,139	207,828
Association of the R.O.C.	145,464	344,213
Others (individually below 5%)	<u>886,436</u>	<u>1,542,793</u>
	2,654,352	2,827,499
Less: Loss allowance	<u>(193,650)</u>	<u>-</u>
Net amount	<u>\$ 2,460,702</u>	<u>\$ 2,827,499</u>

	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%)	<u>560,619</u>	<u>1,569,530</u>
	2,195,180	2,511,820
Less: Loss allowance	<u>(189,422)</u>	<u>-</u>
Net amount	<u>\$ 2,005,758</u>	<u>\$ 2,511,820</u>

	March 31, 2023	
	Due from Reinsurers and Ceding Companies	Due to Reinsurers and Ceding Companies
Central Re	\$ 100,644	\$ 261,857
Hannover Re in Shanghai	220,538	62,820
Marsh	1,169,250	213,497
Munich Re	101,912	221,899
Transatlantic Re	91,470	141,938
Association of the R.O.C.	137,291	339,239
Others (individually below 5%)	<u>844,700</u>	<u>1,543,679</u>
	2,665,805	2,784,929
Less: Loss allowance	<u>(27,590)</u>	<u>-</u>
Net amount	<u>\$ 2,638,215</u>	<u>\$ 2,784,929</u>

The overdue amounts as of March 31, 2024, December 31, 2023 and March 31, 2023 in the above amounts due from (to) reinsurers and ceding companies were \$1,206,393 thousand, \$1,185,311 thousand and \$25,890 thousand, respectively, and loss allowances of \$178,214 thousand, \$174,157 thousand and \$1,295 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 the 30% of its most recent retained earned pure premiums, as audited or reviewed by an independent certified public accountant, the full amount of the special reserve should be invested in treasury bills or placed in a financial institution.

Under Article 6 of the Regulations for the Management of the Various Reserves for Compulsory Automobile Liability Insurance, funds, except for 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 March 31, 2024				
	Commission Expenses	Service and Handling Charge	Reinsurance Commission Expenses	Others	Total
Fire insurance	\$ 64,422	\$ 1,326	\$ 1,772	\$ 9,146	\$ 76,666
Marine insurance	28,626	3	327	787	29,743
Land and air insurance	416,411	-	135	161,429	577,975
Liability insurance	79,674	6	139	13,187	93,006
Guarantee insurance	2,117	(1)	(18)	280	2,378
Other property insurance	44,428	215	6,209	2,283	53,135
Accident insurance	120,798	-	155	45,665	166,618
Health insurance	11,985	-	-	4,174	16,159
Policy-oriented residential earthquake insurance	2,871	5	-	3,365	6,241
Compulsory automobile liability insurance	-	76,531	-	-	76,531
	<u>\$ 771,332</u>	<u>\$ 78,085</u>	<u>\$ 8,719</u>	<u>\$ 240,316</u>	<u>\$ 1,098,452</u>

For the Three Months Ended March 31, 2023					
Insurance Type	Commission Expenses	Service and Handling Charge	Reinsurance Commission Expenses	Others	Total
Fire insurance	\$ 49,117	\$ 2,030	\$ 23,481	\$ 9,643	\$ 84,271
Marine insurance	23,665	132	379	951	25,127
Land and air insurance	379,252	-	23	162,792	542,067
Liability insurance	66,928	5	65	13,627	80,625
Guarantee insurance	2,303	1	128	138	2,570
Other property insurance	34,709	257	3,924	1,884	40,774
Accident insurance	104,920	8	12	42,460	147,400
Health insurance	9,065	-	-	1,992	11,057
Policy-oriented residential earthquake insurance	3,027	16	-	3,233	6,276
Compulsory automobile liability insurance	-	76,976	-	-	76,976
	<u>\$ 672,986</u>	<u>\$ 79,425</u>	<u>\$ 28,012</u>	<u>\$ 236,720</u>	<u>\$ 1,017,143</u>

Acquisition costs of insurance contracts were not deferred.

g. Profit and loss analysis of insurance business

Direct underwriting business

For the Three Months Ended March 31, 2024						
Insurance Type	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	\$ 1,209,016	\$ (82,960)	\$ 74,894	\$ 202,474	\$ 60,208	\$ 954,400
Marine insurance	376,247	52,329	29,416	94,068	(18,336)	218,770
Land and air insurance	3,702,322	112,654	577,840	1,779,385	313,771	918,672
Liability insurance	775,432	79,594	92,867	290,088	129,488	183,395
Guarantee insurance	20,456	(14,309)	2,396	14,584	(7,262)	25,047
Other property insurance	718,674	229,147	46,926	142,161	(172,626)	473,066
Accident insurance	1,060,707	(30,768)	166,463	374,330	(12,641)	563,323
Health insurance	87,680	(2,894)	16,159	25,039	(14,306)	63,682
Policy-oriented residential earthquake insurance	117,011	(1,459)	6,241	-	-	112,229
Compulsory automobile liability insurance	708,529	1,237	76,531	499,260	38,460	93,041
	<u>\$ 8,776,074</u>	<u>\$ 342,571</u>	<u>\$ 1,089,733</u>	<u>\$ 3,421,389</u>	<u>\$ 316,756</u>	<u>\$ 3,605,625</u>

For the Three Months Ended March 31, 2023						
Insurance Type	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	\$ 884,379	\$ (234,568)	\$ 60,790	\$ 445,004	\$ (202,587)	\$ 815,740
Marine insurance	312,718	32,167	24,748	79,301	44,226	132,276
Land and air insurance	3,366,741	209,422	542,044	1,615,371	264,018	735,886
Liability insurance	598,995	35,706	80,559	344,484	(59,008)	197,254
Guarantee insurance	28,096	(514)	2,442	1,209	(1,644)	26,603
Other property insurance	460,621	(604)	36,849	763,667	(277,980)	(61,311)
Accident insurance	907,277	52,078	147,388	342,106	11,022	354,683
Health insurance	52,012	(92,566)	11,057	9,465,755	(7,577,525)	(1,754,709)
Policy-oriented residential earthquake insurance	114,807	(2,252)	6,278	23	-	110,758
Compulsory automobile liability insurance	705,597	7,386	76,976	530,220	13,973	77,042
	<u>\$ 7,431,243</u>	<u>\$ 6,255</u>	<u>\$ 989,131</u>	<u>\$ 13,587,140</u>	<u>\$ (7,785,505)</u>	<u>\$ 634,222</u>

Reinsurance inward business

For the Three Months Ended March 31, 2024

Insurance Type	Reinsurance Premium	Net Changes in		Reinsurance Claim	Net Changes in Loss Reserve	Profit (Loss)
		Unearned Premium Reserve	Reinsurance Commission Expense			
Fire insurance	\$ 16,035	\$ (8,501)	\$ 1,772	\$ 75,612	\$ (58,408)	\$ 5,560
Marine insurance	3,127	482	327	5,881	(9,394)	5,831
Land and air insurance	872	(8)	135	594	2,904	(2,753)
Liability insurance	1,792	728	139	507	(335)	753
Guarantee insurance	393	(473)	(18)	885	612	(613)
Other property insurance	24,077	6,183	6,209	5,888	(8,656)	14,453
Accident insurance	2,524	65	155	451	(331)	2,184
Health insurance	-	-	-	6	(169)	163
Policy-oriented residential earthquake insurance	17,851	3,312	-	-	-	14,539
Compulsory automobile liability insurance	<u>203,759</u>	<u>6,918</u>	<u>-</u>	<u>189,667</u>	<u>(8,639)</u>	<u>15,813</u>
	<u>\$ 270,430</u>	<u>\$ 8,706</u>	<u>\$ 8,719</u>	<u>\$ 279,491</u>	<u>\$ (82,416)</u>	<u>\$ 55,930</u>

For the Three Months Ended March 31, 2023

Insurance Type	Reinsurance Premium	Net Changes in		Reinsurance Claim	Net Changes in Loss Reserve	Profit (Loss)
		Unearned Premium Reserve	Reinsurance Commission Expense			
Fire insurance	\$ 91,089	\$ (35,949)	\$ 23,481	\$ 144,525	\$ (59,241)	\$ 18,273
Marine insurance	8,059	1,146	379	12,957	(8,135)	1,712
Land and air insurance	97	(1,167)	23	3,104	(7,281)	5,418
Liability insurance	1,725	524	65	(271)	(56)	1,463
Guarantee insurance	3,297	2,387	128	26	615	141
Other property insurance	18,350	1,165	3,924	9,959	(2,269)	5,571
Accident insurance	2,709	(324)	12	6	(9)	3,024
Health insurance	-	(850)	-	-	(431)	1,281
Policy-oriented residential earthquake insurance	17,086	2,424	-	-	-	14,662
Compulsory automobile liability insurance	<u>191,415</u>	<u>(179)</u>	<u>-</u>	<u>178,179</u>	<u>(11,768)</u>	<u>25,183</u>
	<u>\$ 333,827</u>	<u>\$ (30,823)</u>	<u>\$ 28,012</u>	<u>\$ 348,485</u>	<u>\$ (88,575)</u>	<u>\$ 76,728</u>

Reinsurance outward business

For the Three Months Ended March 31, 2024

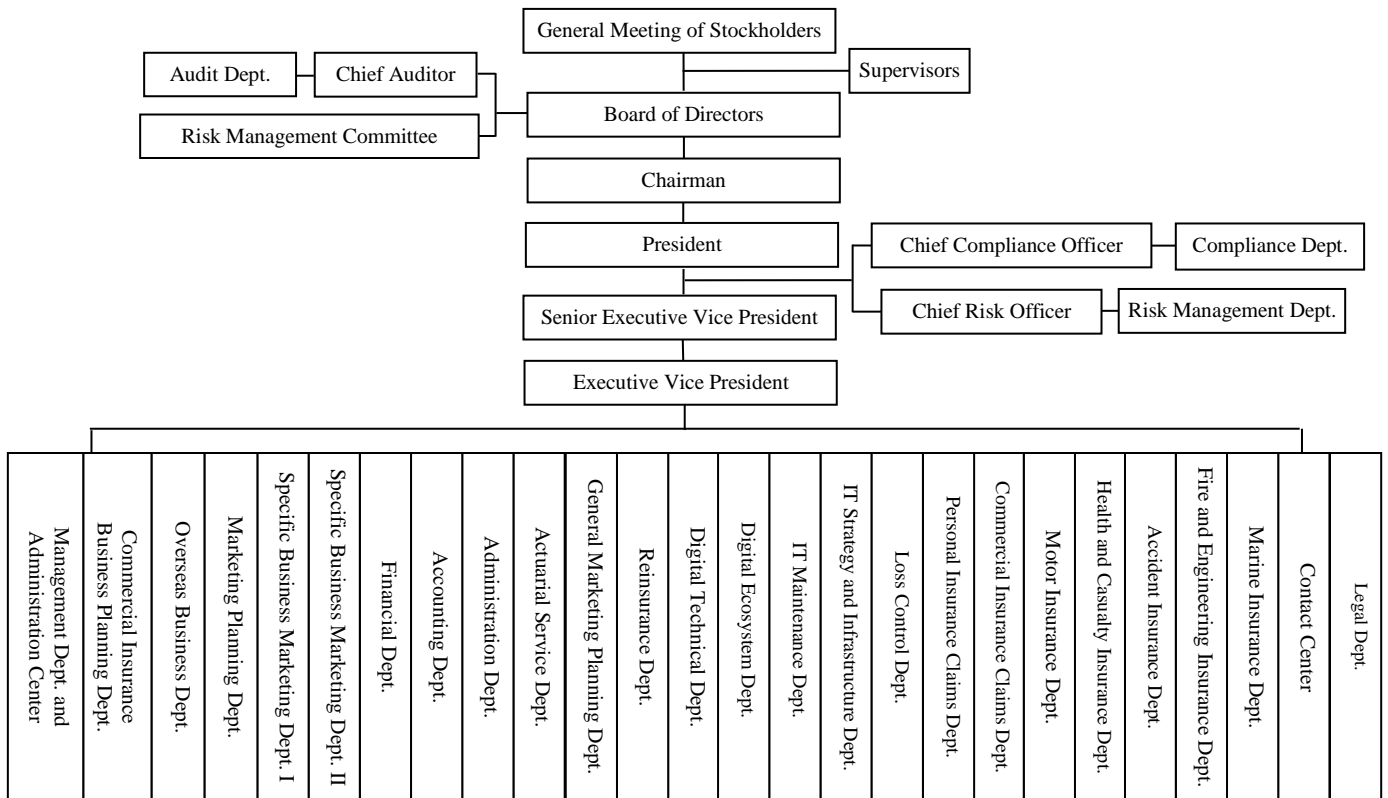
Insurance Type	Reinsurance Expenses	Net Changes in Ceded		Claims and Payments (Recovered from Reinsurers)	Net Changes in Ceded Loss Reserve	Profit (Loss)
		Unearned Premium Reserve	Reinsurance Commission Income			
Fire insurance	\$ 834,976	\$ (138,293)	\$ 83,197	\$ 116,648	\$ (1,784)	\$ 775,208
Marine insurance	311,534	60,001	26,125	62,274	(17,169)	180,303
Land and air insurance	206,242	(21,210)	61,497	86,810	7,975	71,170
Liability insurance	255,478	12,803	40,328	72,688	93,776	35,883
Guarantee insurance	13,203	(13,835)	2,683	11,054	(7,138)	20,439
Other property insurance	720,982	147,791	99,344	113,190	(130,233)	490,890
Accident insurance	80,930	3,625	16,162	27,013	1,040	33,090
Health insurance	-	-	-	2,703	(5,993)	3,290
Policy-oriented residential earthquake insurance	117,011	(1,459)	-	-	-	118,470
Compulsory automobile liability insurance	<u>297,197</u>	<u>743</u>	<u>-</u>	<u>289,143</u>	<u>17,997</u>	<u>(10,686)</u>
	<u>\$ 2,837,553</u>	<u>\$ 50,166</u>	<u>\$ 329,336</u>	<u>\$ 781,523</u>	<u>\$ (41,529)</u>	<u>\$ 1,718,057</u>

For the Three Months Ended March 31, 2023

Insurance Type	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	\$ 638,492	\$ (108,342)	\$ 26,191	\$ 284,039	\$ (189,752)	\$ 626,356
Marine insurance	237,088	35,710	19,585	38,562	49,930	93,301
Land and air insurance	248,407	99,228	73,816	76,517	(25,849)	24,695
Liability insurance	172,258	(14,012)	36,228	141,207	(44,026)	52,861
Guarantee insurance	30,077	8,797	3,768	118	(221)	17,615
Other property insurance	416,840	33,768	55,841	129,662	116,911	80,658
Accident insurance	80,291	15,108	17,827	37,466	(3,678)	13,568
Health insurance	(24)	(23,138)	(13)	80,095	(869,571)	812,603
Policy-oriented residential earthquake insurance	114,807	(2,251)	-	23	-	117,035
Compulsory automobile liability insurance	<u>294,955</u>	<u>4,431</u>	<u>-</u>	<u>307,462</u>	<u>2,081</u>	<u>(19,019)</u>
	<u>\$ 2,233,191</u>	<u>\$ 49,299</u>	<u>\$ 233,243</u>	<u>\$ 1,095,151</u>	<u>\$ (964,175)</u>	<u>\$ 1,819,673</u>

h. Organization chart and responsibilities of risk management

1) Organization chart of risk management



2) Responsibility of each department:

Board of directors

- 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.

Risk management department

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 has 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 its use of 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 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 report 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 limit, 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 insurance risk of the property insurance business and underwriting 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 limit, 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, claim, 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 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:

Insurance Type	For the Year Ended December 31	
	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 department 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 department should take appropriate reactions to coordinated asset-liability risk, and report to the risk management department and propose to the risk management committee evaluation of the risk.

n. Procedures to manage, monitor and control a special event for which 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 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 three months ended March 31, 2024

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	\$ 1,144,258	47.99%	\$ (57,213)	\$ (35,080)
Marine insurance	373,587	72.93%	(18,679)	(7,036)
Land and air insurance	3,637,970	59.06%	(181,899)	(175,923)
Liability insurance	774,154	49.75%	(38,708)	(24,502)
Guarantee insurance	20,456	11.29%	(1,023)	(307)
Other property insurance	717,688	43.79%	(35,883)	(8,086)
Accident insurance	1,045,956	41.88%	(52,298)	(47,454)
Health insurance	87,680	37.61%	(4,384)	(4,012)
Policy-oriented residential earthquake insurance	117,011	0.47%	(5,851)	(5,851)
Compulsory automobile liability insurance	<u>708,529</u>	Not applicable	<u>Not applicable</u>	<u>Not applicable</u>
	<u>\$ 8,627,289</u>		<u>\$ (395,938)</u>	<u>\$ (308,251)</u>

For the three months ended March 31, 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	\$ 837,490	45.83%	\$ (41,875)	\$ (16,700)
Marine insurance	311,110	64.84%	(15,556)	(6,047)
Land and air insurance	3,315,224	60.02%	(165,761)	(161,012)
Liability insurance	597,851	48.66%	(29,893)	(21,039)
Guarantee insurance	28,096	18.59%	(1,405)	(702)
Other property insurance	459,880	46.87%	(22,993)	(12,755)
Accident insurance	892,868	44.31%	(44,643)	(41,026)
Health insurance	52,012	37.26%	(2,601)	(1,951)
Policy-oriented residential earthquake insurance	114,807	4.07%	(5,740)	(4,592)
Compulsory automobile liability insurance	<u>705,597</u>	Not applicable	<u>Not applicable</u>	<u>Not applicable</u>
	<u>\$ 7,314,935</u>		<u>\$ (330,467)</u>	<u>\$ (265,824)</u>

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 three months ended March 31, 2024

Insurance Type	Premium Income	Expected Loss Rate	Impact on Profit or Loss of 5% Increase in Expected Loss Rate	
			Before Reinsurance	After Reinsurance
Automobile insurance	\$ 64,352	14.78 %	\$ (3,218)	\$ (3,212)
Marine insurance	2,660	12.54 %	(133)	(43)
Fire insurance	64,758	34.70 %	(3,238)	(111)
Engineering insurance	986	21.65 %	(42)	(10)
Accident insurance	14,751	36.88 %	(738)	(736)
Liability insurance	<u>1,278</u>	1.67 %	<u>(71)</u>	<u>(50)</u>
	<u>\$ 148,785</u>		<u>\$ (7,440)</u>	<u>\$ (4,162)</u>

For the three months ended March 31, 2023

Insurance Type	Premium Income	Expected Loss Rate	Impact on Profit or Loss of 5% Increase in Expected Loss Rate	
			Before Reinsurance	After Reinsurance
Automobile insurance	\$ 51,517	15.52%	\$ (2,576)	\$ (2,563)
Marine insurance	1,608	12.09%	(80)	(29)
Fire insurance	46,889	38.16%	(2,344)	(185)
Engineering insurance	742	26.44%	(37)	(6)
Accident insurance	14,408	35.17%	(720)	(714)
Liability insurance	<u>1,144</u>	1.30%	<u>(57)</u>	<u>(22)</u>
	<u>\$ 116,308</u>		<u>\$ (5,814)</u>	<u>\$ (3,519)</u>

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 March 31, 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 project meeting.

ii. Exposure to unanticipated change in trend

As of March 31, 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 March 31, 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 insured, insure the Company's continuous operation, and to 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 rate 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, typhoon and floods are 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 March 31, 2024 and 2023 reinsurance by insurance type:

Insurance Type	For the Three Months Ended March 31, 2024				
	Premium Income	Reinsurance Premium	Reinsurance Expenses	Net Premium Income	%
Fire insurance	\$ 1,144,258	\$ 12,045	\$ 771,869	\$ 384,434	6.29
Marine insurance	373,587	3,043	309,624	67,006	1.09
Land and air insurance	3,637,970	752	206,225	3,432,497	56.07
Liability insurance	774,154	1,233	254,099	521,288	8.52
Guarantee insurance	20,456	393	13,203	7,646	0.12
Other property insurance	717,688	23,014	719,829	20,873	0.34
Accident insurance	1,045,956	2,065	80,930	967,091	15.80
Health insurance	87,680	-	-	87,680	1.43
Policy-oriented residential earthquake insurance	117,011	17,851	117,011	17,851	0.29
Compulsory automobile liability insurance	708,529	203,759	297,197	615,091	10.05
Total	\$ 8,627,289	\$ 264,155	\$ 2,769,987	\$ 6,121,457	100.00

Insurance Type	For the Three Months Ended March 31, 2023				
	Premium Income	Reinsurance Premium	Reinsurance Expenses	Net Premium Income	%
Fire insurance	\$ 837,490	\$ 83,295	\$ 590,472	\$ 330,313	6.05
Marine insurance	311,110	7,865	235,843	83,132	1.52
Land and air insurance	3,315,224	-	248,384	3,066,840	56.19
Liability insurance	597,851	1,389	171,189	428,051	7.84
Guarantee insurance	28,096	3,297	30,077	1,316	0.03
Other property insurance	459,880	16,372	414,569	61,683	1.13
Accident insurance	892,868	2,709	80,291	815,286	14.94
Health insurance	52,012	-	(24)	52,036	0.96
Policy-oriented residential earthquake insurance	114,807	17,086	114,807	17,086	0.31
Compulsory automobile liability insurance	705,597	191,415	294,955	602,057	11.03
Total	\$ 7,314,935	\$ 323,428	\$ 2,180,563	\$ 5,457,800	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 March 31, 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 March 31, 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 March 31, 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 execute 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 March 31, 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 are 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 the Cathay Insurance (Vietnam)'s concentration of risk before and after for the three months ended March 31, 2024 and 2023 by insurance type:

Insurance Type	For the Three Months Ended March 31, 2024				
	Premium Income	Reinsurance Premium	Reinsurance Expenses	Net Premium Income	%
Automobile insurance	\$ 64,352	\$ 120	\$ 17	\$ 64,455	73.67
Flood insurance	2,660	84	1,910	834	0.95
Fire insurance	64,758	4,209	63,326	5,641	6.45
Engineering insurance	986	1,063	1,153	896	1.02
Accident insurance	14,751	459	-	15,210	17.38
Liability insurance	1,278	559	1,379	458	0.53
Total	\$ 148,785	\$ 6,494	\$ 67,785	\$ 87,494	100.00

Insurance Type	For the Three Months Ended March 31, 2023				
	Premium Income	Reinsurance Premium	Reinsurance Expenses	Net Premium Income	%
Automobile insurance	\$ 51,517	\$ 97	\$ 23	\$ 51,591	69.64
Flood insurance	1,608	194	1,245	557	0.75
Fire insurance	46,889	8,376	48,602	6,663	8.99
Engineering insurance	741	1,978	2,271	448	0.61
Accident insurance	14,409	-	-	14,409	19.45
Liability insurance	1,144	336	1,069	411	0.56
Total	\$ 116,308	\$ 10,981	\$ 53,210	\$ 74,079	100.00

- 3) Disclosure of the past performance of property insurance business regarding the 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 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 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

March 31, 2024

Accident Year	≤2017	2018	2019	2020	2021	2022	2023	2024	Total
Accumulated estimated claim payments									
End of the underwriting year	\$ -	\$ 9,090,990	\$ 10,190,448	\$ 9,508,911	\$ 10,259,775	\$ 43,545,821	\$ 14,539,239	\$ 3,676,661	
After the first year	-	8,574,948	10,063,196	11,023,615	10,637,168	44,819,446	13,984,603	-	
After the second year	-	8,479,083	9,915,122	11,009,236	10,420,320	44,801,602	-	-	
After the third year	-	8,447,631	9,900,713	10,856,229	10,439,214	-	-	-	
After the fourth year	-	8,413,409	10,203,863	10,947,303	-	-	-	-	
After the fifth year	-	8,415,865	10,182,145	-	-	-	-	-	
After the sixth year	-	8,419,597	-	-	-	-	-	-	
Final estimated claim payments	-	8,419,597	10,182,145	10,947,303	10,439,214	44,801,602	13,984,603	3,676,661	
Accumulated claims disbursed	-	8,389,534	9,911,975	10,595,096	9,701,333	42,382,612	10,112,296	343,487	
	246,320	30,063	270,170	352,207	737,881	2,418,990	3,872,307	3,333,174	\$ 11,261,112
Adjustment	-	-	-	-	-	-	-	236,065	236,065
Amount recognized in balance sheet	\$ 246,320	\$ 30,063	\$ 270,170	\$ 352,207	\$ 737,881	\$ 2,418,990	\$ 3,872,307	\$ 3,569,239	\$ 11,497,177

December 31, 2023

Accident Year	≤2016	2017	2018	2019	2020	2021	2022	2023	Total
Accumulated estimated claim payments									
End of the underwriting 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

March 31, 2023

Accident Year	≤2016	2017	2018	2019	2020	2021	2022	2023	Total
Accumulated estimated claim payments									
End of the underwriting year	\$ -	\$ 8,134,147	\$ 9,090,990	\$ 10,190,448	\$ 9,508,911	\$ 10,259,775	\$ 43,545,821	\$ 5,232,959	
After the first year	-	8,025,062	8,574,948	10,063,196	11,023,615	10,637,168	43,639,505	-	
After the second year	-	7,965,701	8,479,083	9,915,122	11,009,236	10,542,283	-	-	
After the third year	-	8,000,179	8,447,631	9,900,713	10,901,359	-	-	-	
After the fourth year	-	7,977,104	8,413,409	9,925,191	-	-	-	-	
After the fifth year	-	7,993,176	8,418,881	-	-	-	-	-	
After the sixth year	-	7,993,344	-	-	-	-	-	-	
Final estimated claim payments	-	7,993,344	8,418,881	9,925,191	10,901,359	10,542,283	43,639,505	5,232,959	
Accumulated claims disbursed	-	7,939,490	8,369,945	9,709,365	9,874,857	9,034,050	38,299,870	1,801,036	
	262,734	53,854	48,936	215,826	1,026,502	1,508,233	5,339,635	3,431,923	\$ 11,887,643
Adjustment	-	-	-	-	-	-	-	225,207	225,207
Amount recognized in balance sheet	\$ 262,734	\$ 53,854	\$ 48,936	\$ 215,826	\$ 1,026,502	\$ 1,508,233	\$ 5,339,635	\$ 3,657,130	\$ 12,112,850

Note 1: The upper part of table illustrates claim payments estimated in underwriting years by property insurance business. 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 \$1,604,365 thousand and \$1,429,476 thousand as of March 31, 2024, \$1,565,904 thousand and \$1,511,891 thousand as of December 31, 2023, \$1,638,417 thousand and \$1,617,351 thousand as of March 31, 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 of insurance contract is 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:

March 31, 2024

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 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

December 31, 2023

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

March 31, 2023

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 three months ended March 31, 2024 and 2023, the unqualified ceded reinsurance expense is \$14,747 thousand and \$10,021 thousand, respectively.

3) The reserves for unauthorized reinsurance consist of:

	March 31, 2024	December 31, 2023	March 31, 2023
Unearned premium reserve	\$ 7,374	\$ 7,373	\$ 5,010
Claims recoverable from reinsurers of paid claims overdue in nine months	166	1,032	1,163
Claims recoverable from reinsurers which were reported but unpaid	<u>120</u>	<u>207</u>	<u>257</u>
	<u>\$ 7,660</u>	<u>\$ 8,612</u>	<u>\$ 6,430</u>

35. INFORMATION OF DISCRETIONARY INVESTMENTS

	March 31, 2024	December 31, 2023	March 31, 2023
Listed stocks	\$ 2,574,204	\$ 2,245,254	\$ 1,738,704
Bank deposit	566,202	593,738	734,134
Future margins	<u>38,437</u>	<u>38,437</u>	<u>38,272</u>
	<u>\$ 3,178,843</u>	<u>\$ 2,877,429</u>	<u>\$ 2,511,110</u>

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

As of March 31, 2024, December 31, 2023 and March 31, 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:

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

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

	March 31, 2024	December 31, 2023	March 31, 2023
Securitization vehicle			
Financial assets at FVTPL	\$ 331,492	\$ 329,684	\$ 335,547
Financial assets at amortized cost	<u>322,493</u>	<u>312,255</u>	<u>318,429</u>
	<u>\$ 653,985</u>	<u>\$ 641,939</u>	<u>\$ 653,976</u>

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		
	March 31, 2024	December 31, 2023	March 31, 2023		March 31, 2024	December 31, 2023	March 31, 2023
Assets				Liabilities			
Cash and bank deposits	\$ 2,598,920	\$ 2,564,668	\$ 2,417,012	Notes payable	\$ -	\$ -	\$ -
Notes receivable	5,919	5,789	5,750	Claims payable	-	-	-
Premiums receivable	5,187	6,735	5,171	Reinsurance indemnity payable	-	-	-
Claims recoverable from reinsurers	147,098	163,910	179,741	Due to reinsurers and ceding companies	193,409	222,513	207,934
Due from reinsurers and ceding companies	129,846	128,026	126,247	Unearned premium reserves	1,749,953	1,741,798	1,722,644
Other receivables	-	-	-	Loss reserves	2,249,266	2,219,445	2,278,218
Financial assets at FVTOCI	667,696	678,881	686,506	Special reserves	1,080,815	1,070,300	937,424
Ceded unearned premium reserve	761,331	760,588	754,713	Temporary receipts and suspense accounts	-	-	-
Ceded loss reserve	950,485	932,488	967,539	Other liabilities	-	-	-
Temporary payments and suspense accounts	6,961	12,971	3,541				
Other assets	-	-	-				
Total assets	\$ 5,273,443	\$ 5,254,056	\$ 5,146,220	Total liabilities	\$ 5,273,443	\$ 5,254,056	\$ 5,146,220

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 Three Months Ended March 31	
	2024	2023
Operating revenues	\$ 398,692	\$ 388,635
Written premium	495,328	491,592
Reinsurance premium	203,759	191,415
Premiums income	699,087	683,007
Less: Reinsurance expenses	(297,197)	(294,955)
Net changes in unearned premium reserve	(7,412)	(2,776)
Earned retained premium	394,478	385,276
Interest income	4,214	3,359
Operating costs (Note)	422,123	411,880
Retained claims payments	499,260	530,220
Reinsurance claims payments	189,667	178,179
Less: Claim and payments recoverable from reinsurers	(289,143)	(307,462)
Retained claims payments	399,784	400,937
Net change in loss reserve	11,824	124
Net change in special reserve	10,515	10,819

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 THREE MONTHS ENDED MARCH 31, 2024
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)**

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	\$ 113,431	1.25	Based on agreement	\$ -	-	\$ 180	0.01	

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 THREE MONTHS ENDED MARCH 31, 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	\$ 219	Based on agreement	-
				Insurance claims payments	102	Based on agreement	-
				Due from reinsurers and ceding companies	8,879	Based on agreement	0.02

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.

CATHAY CENTURY INSURANCE CO., LTD. AND SUBSIDIARIES

**INFORMATION ON INVESTEEES
FOR THE THREE MONTHS ENDED MARCH 31, 2024
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)**

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		As of March 31, 2024			Net Income (Loss) of the Investee	Share of Profit (Loss)	Note
				March 31, 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	\$ 717,936	\$ 5,939	\$ 5,939	Note

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

CATHAY CENTURY INSURANCE CO., LTD. AND SUBSIDIARIES

INFORMATION ON INVESTMENTS IN MAINLAND CHINA
FOR THE THREE MONTHS ENDED MARCH 31, 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, 2023	Remittance of Funds		Accumulated Outward Remittance for Investment from Taiwan as of March 31, 2024	Net Income (Loss) of the Investee	% Ownership of Direct or Indirect Investment	Investment Gain (Loss) (Note 3)	Carrying Amount as of March 31, 2024	Accumulated Repatriation of Investment Income as of March 31, 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	\$ 16,252	24.5	\$ 3,981	\$ 2,418,398	\$ -

Accumulated Outward Remittance for Investments in Mainland China as of March 31, 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 (CNY645,000 thousand)	\$2,964,730 (CNY645,000 thousand)	\$9,738,806

Note 1: The investment amount is calculated based on historic exchange rate, and other columns are disclosed based on the exchange rate on March 31, 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 unreviewed 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 March 31, 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 March 31, 2024, the assets for investments of Cathay Insurance Co., Ltd. (China) were \$9,040,125 thousand, and the net investment loss was \$123,796 thousand.

(Continued)

c. Reserves recognized and balances of reserves:

As of March 31, 2024, the balances of reserves of Cathay Insurance Co., Ltd. (China) were as follows:

	March 31, 2024
Unearned premium reserve	\$ 7,698,967
Loss reserve	4,250,936
Policy reserve	<u>59,682</u>
	<u>\$ 12,009,585</u>

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 three months ended March 31, 2024, the premium income of Cathay Insurance Company Limited (China) amounted to \$7,369,289 thousand, and the percentage of the Company's premium income is 82.88%.
- e. Percentage of insurance claim and payments: For the three months ended March 31, 2024, the insurance claim and payments of Cathay Insurance Company Limited (China) amounted to \$4,508,682 thousand, and the percentage of the Company's insurance claim and payments is 122.35%.

(Concluded)