

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

**Consolidated Financial Statements for the
Nine Months Ended September 30, 2024 and 2023 and
Independent Auditors' Review Report**

INDEPENDENT AUDITORS' REVIEW REPORT

The Board of Directors and Shareholders
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 September 30, 2024 and 2023, the related consolidated statements of comprehensive income for the three months ended September 30, 2024 and 2023 and for the nine months ended September 30, 2024 and 2023, the consolidated statements of changes in equity and cash flows for the nine months then ended, and the related notes to the consolidated financial statements, including material accounting policy information (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 September 30, 2024 and 2023, its consolidated financial performance for the three months ended September 30, 2024 and 2023, and its consolidated financial performance and its consolidated cash flows for the nine months ended September 30, 2024 and 2023, in accordance with the Regulations Governing the Preparation of Financial Reports by Insurance Enterprises and International Accounting Standard 34 “Interim Financial Reporting” endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

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

Deloitte & Touche
Taipei, Taiwan
Republic of China

November 7, 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)

	September 30, 2024		December 31, 2023		September 30, 2023	
ASSETS	Amount	%	Amount	%	Amount	%
CASH AND CASH EQUIVALENTS (Notes 4, 6 and 27)	\$ 9,954,838	15	\$ 9,382,963	17	\$ 9,508,929	17
RECEIVABLES (Notes 4, 11, 27 and 34)	3,711,609	6	3,173,036	6	3,437,642	6
INVESTMENTS						
Financial assets at fair value through profit or loss (Notes 4, 7 and 27)	13,804,728	21	10,798,348	20	9,336,819	17
Financial assets at fair value through other comprehensive income (Notes 4 and 8)	662,364	1	678,881	1	680,716	1
Financial assets at amortized cost (Notes 4 and 9)	10,248,878	16	9,465,788	17	9,714,449	17
Investments accounted for using the equity method, net (Notes 4 and 14)	2,464,233	4	2,317,577	4	2,553,141	5
Loans (Notes 4, 10 and 27)	103,573	-	123,077	-	126,197	-
REINSURANCE CONTRACT ASSETS (Notes 4, 12, 20 and 34)	18,477,715	28	13,479,250	24	14,529,348	26
PROPERTY AND EQUIPMENT (Notes 4 and 15)	440,338	1	466,157	1	365,606	1
RIGHT-OF-USE ASSETS (Notes 4, 16 and 27)	236,669	-	270,871	1	266,778	1
INTANGIBLE ASSETS (Notes 4 and 17)	99,460	-	121,840	-	115,431	-
DEFERRED TAX ASSETS (Note 4)	4,531,723	7	4,512,922	8	4,548,246	8
OTHER ASSETS (Notes 18, 27 and 29)	<u>621,559</u>	<u>1</u>	<u>655,093</u>	<u>1</u>	<u>651,069</u>	<u>1</u>
TOTAL	<u>\$ 65,357,687</u>	<u>100</u>	<u>\$ 55,445,803</u>	<u>100</u>	<u>\$ 55,834,371</u>	<u>100</u>
LIABILITIES AND EQUITY						
PAYABLES (Notes 4, 19, 27 and 34)	\$ 4,534,746	7	\$ 4,102,639	7	\$ 4,688,240	8
FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS (Notes 4, 7 and 27)	110,721	-	63,746	-	295,986	-
LEASE LIABILITIES (Notes 4, 16 and 27)	236,250	-	269,303	-	264,643	-
INSURANCE LIABILITIES (Notes 4, 5 and 20)	40,686,455	62	33,713,924	61	33,955,471	61
OTHER LIABILITIES	1,458,087	2	1,556,604	3	1,441,893	3
PROVISIONS (Notes 4 and 21)	324,283	1	427,572	1	429,852	1
DEFERRED TAX LIABILITIES (Note 4)	<u>391,907</u>	<u>1</u>	<u>329,636</u>	<u>1</u>	<u>393,377</u>	<u>1</u>
Total liabilities	<u>47,742,449</u>	<u>73</u>	<u>40,463,424</u>	<u>73</u>	<u>41,469,462</u>	<u>74</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>2,000,000</u>	<u>4</u>
Capital surplus	<u>7,861,133</u>	<u>12</u>	<u>7,861,133</u>	<u>14</u>	<u>7,861,133</u>	<u>14</u>
Retained earnings						
Legal reserve	249,102	1	-	-	-	-
Special reserve	4,674,251	7	4,674,882	8	3,967,696	7
Unappropriated earnings	<u>2,202,415</u>	<u>3</u>	<u>538,325</u>	<u>1</u>	<u>970,741</u>	<u>2</u>
Total retained earnings	<u>7,125,768</u>	<u>11</u>	<u>5,213,207</u>	<u>9</u>	<u>4,938,437</u>	<u>9</u>
Other equity	<u>628,337</u>	<u>1</u>	<u>(91,961)</u>	<u>-</u>	<u>(434,661)</u>	<u>(1)</u>
Total equity attributable to owners of the Company	<u>17,615,238</u>	<u>27</u>	<u>14,982,379</u>	<u>27</u>	<u>14,364,909</u>	<u>26</u>
Total equity	<u>17,615,238</u>	<u>27</u>	<u>14,982,379</u>	<u>27</u>	<u>14,364,909</u>	<u>26</u>
TOTAL	<u>\$ 65,357,687</u>	<u>100</u>	<u>\$ 55,445,803</u>	<u>100</u>	<u>\$ 55,834,371</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 Earnings Per Share)

	For the Three Months Ended September 30				For the Nine Months Ended September 30			
	2024		2023		2024		2023	
	Amount	%	Amount	%	Amount	%	Amount	%
OPERATING REVENUES								
Retained earned premium (Notes 4, 27 and 34)								
Written premium	\$ 9,236,042	130	\$ 8,338,038	123	\$ 28,124,068	134	\$ 24,435,965	126
Reinsurance premium	294,752	4	284,070	4	812,279	4	879,404	5
Premium income	9,530,794	134	8,622,108	127	28,936,347	138	25,315,369	131
Less: Reinsurance expenses	2,759,682	39	2,630,361	39	9,525,730	46	7,963,628	41
Less: Net change in unearned premium reserves (Notes 4, 20 and 34)	263,880	4	(26,658)	(1)	673,570	3	(76,924)	-
Total retained earned premium	6,507,232	91	6,018,405	89	18,737,047	89	17,428,665	90
Reinsurance commission income (Note 34)	270,118	4	314,174	5	933,982	5	832,308	4
Fee income	12,663	-	12,155	-	40,729	-	38,768	-
Net gains on investments								
Interest income (Notes 23 and 27)	222,532	3	162,076	2	620,656	3	491,664	2
Foreign exchange gains (losses) – investment (Note 4)	(185,235)	(2)	244,845	3	198,065	1	337,947	2
Gains (losses) on financial assets and liabilities at fair value through profit or loss (Note 4)	88,824	1	(139,566)	(2)	995,624	5	586,538	3
Net gain on derecognition of financial assets at amortized cost (Notes 4 and 9)	54	-	58	-	178	-	186	-
Share of (loss) profit of associates and joint ventures accounted for using equity method (Notes 4 and 14)	(4,934)	-	119,271	2	(68,021)	-	234,767	1
Expected credit impairment (loss) gain on investments (Note 4)	140	-	(10,780)	-	(104)	-	(11,091)	-
Gain (loss) on reclassification using overlay approach (Notes 4 and 7)	216,541	3	(5,265)	-	(526,357)	(3)	(654,003)	(3)
Total net gains on investments	337,922	5	370,639	5	1,220,041	6	986,008	5
Other operating income	8,838	-	64,320	1	47,402	-	90,227	1
Total operating revenues	7,136,773	100	6,779,693	100	20,979,201	100	19,375,976	100
OPERATING COSTS								
Retained claims payments (Notes 4 and 34)								
Insurance claims payments	4,554,536	64	4,656,677	68	12,322,388	58	23,298,246	120
Less: Claims and payments recovered from reinsurers	1,399,077	20	1,309,424	19	3,196,705	15	3,319,510	17
Total retained claims payments	3,155,459	44	3,347,253	49	9,125,683	43	19,978,736	103
Net changes in other insurance liabilities (Notes 4 and 20)	216,190	3	(22,385)	-	1,226,384	6	(8,879,371)	(46)
Commission expenses (Notes 4, 23, 27 and 34)	1,174,888	17	1,093,553	16	3,420,466	16	3,158,991	17
Other operating costs	9,075	-	8,178	-	27,643	-	23,955	-
Total operating costs	4,555,612	64	4,426,599	65	13,800,176	65	14,282,311	74
GROSS PROFIT	2,581,161	36	2,353,094	35	7,179,025	35	5,093,665	26

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CATHAY CENTURY INSURANCE CO., LTD. AND SUBSIDIARIES

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

	For the Three Months Ended September 30				For the Nine Months Ended September 30			
	2024		2023		2024		2023	
	Amount	%	Amount	%	Amount	%	Amount	%
OPERATING EXPENSES (Notes 23 and 27)								
General expenses	\$ 1,241,887	17	\$ 1,103,686	16	\$ 3,672,769	18	\$ 3,090,053	16
Administrative expenses	259,267	4	302,209	5	881,481	4	800,084	4
Employee training expenses	5,806	-	5,292	-	13,349	-	11,422	-
Expected credit impairment loss (gain) of non-investments	(8,868)	-	21,898	-	6,170	-	21,898	-
Total operating expenses	1,498,092	21	1,433,085	21	4,573,769	22	3,923,457	20
OPERATING INCOME	1,083,069	15	920,009	14	2,605,256	13	1,170,208	6
NON-OPERATING INCOME AND EXPENSES	2,936	-	(1,027)	-	518	-	(282)	-
PROFIT BEFORE INCOME TAX	1,086,005	15	918,982	14	2,605,774	13	1,169,926	6
INCOME TAX BENEFIT (Notes 4 and 24)	(187,088)	(3)	(129,731)	(2)	(403,359)	(2)	(199,185)	(1)
NET PROFIT	898,917	12	789,251	12	2,202,415	11	970,741	5
OTHER COMPREHENSIVE (LOSS) INCOME (Notes 4, 22 and 24)								
Items that may be reclassified subsequently to profit or loss:								
Exchange differences on translation of the financial statements of foreign operations	32,313	1	79,422	1	109,020	-	13,772	-
Share of the other comprehensive income (loss) of associates and joint ventures accounted for using the equity method	98,184	1	(68,515)	(1)	116,346	1	(55,178)	-
Unrealized gain (loss) on investments in debt instruments at fair value through other comprehensive income	8,014	-	(3,438)	-	(11,061)	-	216	-
Other comprehensive (loss) income reclassified under the overlay approach	(216,541)	(3)	5,265	-	526,357	2	654,003	3
Income tax relating to items that may be reclassified subsequently to profit or loss	(3,854)	-	(4,631)	-	(20,364)	-	(18,417)	-
Other comprehensive income (loss), net of income tax	(81,884)	(1)	8,103	-	720,298	3	594,396	3
TOTAL COMPREHENSIVE INCOME	\$ 817,033	11	\$ 797,354	12	\$ 2,922,713	14	\$ 1,565,137	8

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CATHAY CENTURY INSURANCE CO., LTD. AND SUBSIDIARIES

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

	For the Three Months Ended September 30				For the Nine Months Ended September 30			
	2024		2023		2024		2023	
	Amount	%	Amount	%	Amount	%	Amount	%
NET PROFIT ATTRIBUTABLE								
TO:								
Owners of the Company	\$ 898,917	13	\$ 789,251	12	\$ 2,202,415	10	\$ 970,741	5
Non-controlling interests	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ 898,917</u>	<u>13</u>	<u>\$ 789,251</u>	<u>12</u>	<u>\$ 2,202,415</u>	<u>10</u>	<u>\$ 970,741</u>	<u>5</u>
TOTAL COMPREHENSIVE								
INCOME ATTRIBUTABLE								
TO:								
Owners of the Company	\$ 817,033	11	\$ 797,354	12	\$ 2,922,713	14	\$ 1,565,137	8
Non-controlling interests	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ 817,033</u>	<u>11</u>	<u>\$ 797,354</u>	<u>12</u>	<u>\$ 2,922,713</u>	<u>14</u>	<u>\$ 1,565,137</u>	<u>8</u>
EARNINGS PER SHARE								
(Note 25)								
Basic	<u>\$ 4.49</u>		<u>\$ 3.95</u>		<u>\$ 11.01</u>		<u>\$ 4.85</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
							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	
Shares (In Thousands)	Share Capital	Capital Surplus	Legal Reserve	Special Reserve	Unappropriated Earnings (Accumulated Deficit)						
BALANCE AT JANUARY 1, 2023	705,705	\$ 7,057,052	\$ 16,557,271	\$ 3,995,920	\$ 3,968,168	\$(17,749,628)	\$ (263,645)	\$ (67,975)	\$ (156,319)	\$ (541,118)	\$ 12,799,726
Appropriation of 2022 earnings											
Special reserve	-	-	-	-	(472)	472	-	-	-	-	-
Recognition of share-based payments granted by the parent company	-	-	46	-	-	-	-	-	-	-	46
Capital reduction to offset accumulated losses	(505,705)	(5,057,052)	(8,696,184)	(3,995,920)	-	17,749,156	-	-	-	-	-
Net profit for the nine months ended September 30, 2023	-	-	-	-	-	970,741	-	-	-	-	970,741
Other comprehensive income (loss) for the nine months ended September 30, 2023, net of income tax	-	-	-	-	-	-	13,772	(54,962)	-	635,586	594,396
Total comprehensive income (loss) for the nine months ended September 30, 2023	-	-	-	-	-	970,741	13,772	(54,962)	-	635,586	1,565,137
BALANCE AT SEPTEMBER 30, 2023	200,000	\$ 2,000,000	\$ 7,861,133	\$ -	\$ 3,967,696	\$ 970,741	\$ (249,873)	\$ (122,937)	\$ (156,319)	\$ 94,468	\$ 14,364,909
BALANCE AT JANUARY 1, 2024	200,000	\$ 2,000,000	\$ 7,861,133	\$ -	\$ 4,674,882	\$ 538,325	\$ (329,230)	\$ (79,179)	\$ (154,495)	\$ 470,943	\$ 14,982,379
Appropriation of 2023 earnings											
Legal reserve	-	-	-	249,102	-	(249,102)	-	-	-	-	-
Special reserve	-	-	-	-	(631)	631	-	-	-	-	-
Cash dividends distributed by the Company	-	-	-	-	-	(289,854)	-	-	-	-	(289,854)
Net profit for the nine months ended September 30, 2024	-	-	-	-	-	2,202,415	-	-	-	-	2,202,415
Other comprehensive income for the nine months ended September 30, 2024, net of income tax	-	-	-	-	-	-	109,020	105,285	-	505,993	720,298
Total comprehensive income for the nine months ended September 30, 2024	-	-	-	-	-	2,202,415	109,020	105,285	-	505,993	2,922,713
BALANCE AT SEPTEMBER 30, 2024	200,000	\$ 2,000,000	\$ 7,861,133	\$ 249,102	\$ 4,674,251	\$ 2,202,415	\$ (220,210)	\$ 26,106	\$ (154,495)	\$ 976,936	\$ 17,615,238

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 Nine Months Ended September 30	
	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	\$ 2,605,774	\$ 1,169,926
Depreciation expenses	235,715	200,934
Amortization expenses	50,660	55,654
Recognition of share-based payments granted by the parent company	-	46
Net gain on financial assets and liabilities at fair value through profit or loss	(995,624)	(586,538)
Interest expense	4,512	1,638
Net gain on derecognition of financial assets measured at amortized cost	(178)	(186)
Interest income	(620,656)	(491,664)
Net change in insurance liabilities	6,972,531	(8,290,491)
Expected credit impairment losses on investments	104	11,091
Expected credit impairment losses of non-investment	6,170	21,898
Share of loss (profit) of associates and joint ventures accounted for using the equity method	68,021	(234,767)
Loss on reclassification using the overlay approach	526,357	654,003
Loss on disposal of property and equipment	57	75
Gain on lease modification	(10)	-
Changes in operating assets and liabilities		
Decrease (increase) in notes receivable	2,706	(7,730)
Increase in premiums receivable	(393,214)	(923,377)
(Increase) decrease in other receivables	(67,579)	73,411
(Increase) decrease in financial instruments at fair value through profit or loss	(2,179,304)	(1,252,500)
Decrease in financial assets at fair value through other comprehensive income	5,445	5,338
Increase in financial assets at amortized cost	(783,002)	(872,085)
Increase in reinsurance contract assets	(4,998,465)	(987,227)
Decrease in other assets	33,531	705,149
Decrease in claims outstanding	(2,238)	-
Increase in commissions payable and fees	79,009	63,269
Increase in due to reinsurers and ceding companies	173,776	1,252,112
Decrease in other payables	(283,271)	(29,392)
Decrease in provisions	(103,289)	(123)
(Decrease) increase in other liabilities	(98,517)	230,981
Cash generated from (used in) operations	239,021	(9,230,555)
Interest received	540,942	436,107
Dividends received	208,581	170,374
Interest paid	(4,512)	(1,638)
Income tax (paid) received	(204,930)	607,922
Net cash generated from (used in) operating activities	779,102	(8,017,790)

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CATHAY CENTURY INSURANCE CO., LTD. AND SUBSIDIARIES

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

	For the Nine Months Ended September 30	
	2024	2023
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of property and equipment	\$ (90,511)	\$ (108,233)
Acquisition of intangible assets	(26,107)	(29,382)
Decrease in loans	<u>19,504</u>	<u>11,747</u>
Net cash used in investing activities	<u>(97,114)</u>	<u>(125,868)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of the principal portion of lease liabilities	(120,409)	(116,557)
EFFECTS OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	<u>10,296</u>	<u>10,432</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	571,875	(8,249,783)
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>\$ 9,954,838</u>	<u>\$ 9,508,929</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 NINE MONTHS ENDED SEPTEMBER 30, 2024 AND 2023 (In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

1. GENERAL INFORMATION

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

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

2. APPROVAL OF FINANCIAL STATEMENTS

The consolidated financial statements were approved by the Company’s board of directors on November 7, 2024.

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

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

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

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

New, Amended and Revised Standards and Interpretations	Effective Date Announced by International Accounting Standards Board (IASB)
Amendments to IAS 21 “Lack of Exchangeability”	January 1, 2025 (Note 1)
Note 1: An entity shall apply those amendments for annual reporting periods beginning on or after January 1, 2025. Upon initial application of the amendments to IAS 21, the Group shall not restate the comparative information and shall recognize any effect of initially applying the amendments as an adjustment to the opening balance of retained earnings or, if applicable, to the cumulative amount of translation differences in equity as well as affected assets or liabilities.	

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

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

New, Amended and Revised Standards and Interpretations	Effective Date Announced by IASB (Note 1)
Annual Improvements to IFRS Accounting Standards - Volume 11	January 1, 2026
Amendments to IFRS 9 and IFRS 7 "Amendments to the Classification and Measurement of Financial Instruments"	January 1, 2026
Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets between an Investor and its Associate or Joint Venture"	To be determined by IASB
IFRS 17 "Insurance Contracts"	January 1, 2023
Amendments to IFRS 17	January 1, 2023
Amendments to IFRS 17 "Initial Application of IFRS 17 and IFRS 9 - Comparative Information"	January 1, 2023
IFRS 18 "Presentation and Disclosure in Financial Statements"	January 1, 2027
IFRS 19 "Subsidiaries without Public Accountability: Disclosures"	January 1, 2027

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

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

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

- Items of income and expenses included in the statement of profit or loss shall be classified into the operating, investing, financing, income taxes and discontinued operations categories.
- The statement of profit or loss shall present totals and subtotals for operating profit or loss, profit or loss before financing and income taxes and profit or loss.
- Provides guidance to enhance the requirements of aggregation and disaggregation: The Group shall identify the assets, liabilities, equity, income, expenses and cash flows that arise from individual transactions or other events and shall classify and aggregate them into groups based on shared characteristics, so as to result in the presentation in the primary financial statements of line items that have at least one similar characteristic. The Group shall disaggregate items with dissimilar characteristics in the primary financial statements and in the notes. The Group labels items as "other" only if it cannot find a more informative label.
- Disclosures on Management-defined Performance Measures (MPMs): When in public communications outside financial statements and communicating to users of financial statements management's view of an aspect of the financial performance of the Group as a whole, the Group shall disclose related information about its MPMs in a single note to the financial statements, including the description of such measures, calculations, reconciliations to the subtotal or total specified by IFRS Accounting Standards and the income tax and non-controlling interests effects of related reconciliation items.

2) IFRS 17 “Insurance Contracts” and its amendments

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

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

4. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION

a. Statement of compliance

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

b. Basis of preparation

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

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

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

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

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

d. Basis of consolidation

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

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

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

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

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

e. Foreign currencies

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

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

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

Non-monetary items denominated in a foreign currency and measured at historical cost is stated at the reporting currency as originally translated from the foreign currency.

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

f. Investments in associates

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

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

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

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

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

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

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

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

g. Property and equipment

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

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

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

h. Intangible assets

1) Intangible assets acquired separately

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

2) Derecognition of intangible assets

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

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

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

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

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

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

j. Financial instruments

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

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

1) Financial assets

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

a) Categories of financial assets, initial recognition and subsequent measurement

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

i. Financial assets at FVTPL

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

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

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

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

- ii) The financial assets are measured at FVTPL applying IFRS 9 but would not have been measured at FVTPL in its entirety applying under IAS 39.
- iii) The financial assets designated to apply the overlay approach at initial recognition when an entity first applies IFRS 9 or when a new financial asset is initially recognized or when a financial asset newly meets the criteria having previously not met.

ii. Financial assets at amortized cost

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

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

Subsequent to initial recognition, financial assets at amortized cost, including cash and cash equivalents and receivables at amortized cost, equal the gross carrying amount determined using the effective interest method less any impairment loss. Exchange differences are recognized in profit or loss.

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

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

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

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

iii. Investments in debt instruments at FVTOCI

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

- i) The debt instrument is held within a business model whose objective is achieved by both the collecting of contractual cash flows and the selling of such financial assets; and

- ii) The contractual terms of the debt instrument give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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

b) Impairment of financial assets

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

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

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

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

- i. Internal or external information shows that the debtor is unlikely to pay its creditors.
- ii. Financial asset is more than 90 days past due unless the Group has reasonable and corroborative information to support a more lagged default criterion.

The Group recognizes an impairment gain or loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account, except for investments in debt instruments that are measured at FVTOCI, for which the loss allowance is recognized in other comprehensive income and does not reduce the carrying amount of such a financial asset.

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

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

- ii. 1% of the sum of all five categories of loan assets, excluding life insurance loans, automatic premium loans and loans to government agencies.
- iii. Total unsecured portion of non-performing loans and non-accrual loans.

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

c) Derecognition of financial assets

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

On derecognition of a financial asset at amortized cost in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss. On derecognition of an investment in a debt instrument at FVTOCI, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss which had been recognized in other comprehensive income is recognized in profit or loss.

2) Equity instruments

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

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

The repurchase of the Company's own equity instruments is recognized in and deducted directly from equity, and its carrying amounts are calculated based on weighted average by share types. No gain or loss is recognized in profit or loss on the purchase, sale, issuance or cancellation of the Company's own equity instruments.

3) Financial liabilities

a) Subsequent measurement

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

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 swap contract, options and futures.

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

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

k. Reinsurance business

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

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

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

l. Reserves for liabilities

Insurance reserves provided for insurance contracts should be audited by the actuaries certified by the FSC and should also conform to the Regulations Governing the Setting Aside of Various Reserves by Insurance Enterprises, Regulations for the Management of the Various Reserves for Compulsory Automobile Liability Insurance, Enforcement Rules for the Risk Spreading Mechanism of Residential Earthquake Insurance and the Regulations for the Reserves for Nuclear Energy Insurance.

The descriptions of these reserves are as follows:

1) Unearned premium reserve

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

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

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

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

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

2) Loss reserve

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

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

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

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

3) Special reserve

Special reserves are comprised of special reserves for catastrophic events, special reserves for fluctuation of risk and special reserves for other special purposes.

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

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

a) Special reserves for catastrophic event

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

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

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

b) Special reserves for fluctuation of risk

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

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

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

4) Premium deficiency reserve

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

5) Policy reserve

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

6) Liability adequacy reserve

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

m. Classification of insurance products

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

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

n. Revenue and acquisition costs of insurance business

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

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

o. Insurance claims and payments

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

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

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

Provision for loss reserve is undiscounted.

p. Liability adequacy test

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

Liability adequacy test is calculated on the undiscounted basis.

q. Salvage and subrogation

Salvage legally acquired from the claim procedure for direct written business should be recognized at its fair value. Subrogation legally acquired should be recognized when the actual recovery is definite (the inflow of the economic benefits in the future is more likely than not) and reliably measured.

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

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

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

s. Leases

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

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 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

	September 30, 2024	December 31, 2023	September 30, 2023
Cash on hand	\$ 42,655	\$ 33,903	\$ 38,793
Checking accounts and demand deposits	2,111,892	2,754,197	3,205,881
Cash equivalents (investments with original maturities of less than 3 months)			
Time deposits	4,864,401	4,070,191	3,837,156
Short-term notes	<u>2,935,890</u>	<u>2,524,672</u>	<u>2,427,099</u>
	<u>\$ 9,954,838</u>	<u>\$ 9,382,963</u>	<u>\$ 9,508,929</u>

7. FINANCIAL INSTRUMENTS AT FVTPL

	September 30, 2024	December 31, 2023	September 30, 2023
Financial assets mandatorily classified as at FVTPL			
Derivative financial assets (not under hedge accounting)			
Currency swaps contract	\$ 15,968	\$ 59,225	\$ -
Non-derivative financial assets			
Listed shares	7,682,125	6,313,540	5,691,837
Beneficiary certificates	5,851,519	4,167,315	3,382,678
Financial bonds	<u>255,116</u>	<u>258,268</u>	<u>262,304</u>
	<u>\$ 13,804,728</u>	<u>\$ 10,798,348</u>	<u>\$ 9,336,819</u>
Financial liabilities held for trading			
Derivative financial liabilities (not under hedge accounting)			
Currency swaps contract	<u>\$ 110,721</u>	<u>\$ 63,746</u>	<u>\$ 295,986</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>September 30, 2024</u>			
Currency swaps contract	USD/NTD	2024.10.31-2025.05.22	USD 255,600
<u>December 31, 2023</u>			
Currency swaps contract	USD/NTD	2024.01.16-2024.12.23	USD 173,600
<u>September 30, 2023</u>			
Currency swaps contract	USD/NTD	2023.10.27-2024.09.18	USD 176,100

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

- b. The financial assets at FVTPL were not pledged.
- c. The Group elects to present the profit or loss of the designated financial assets in the overlay approach under IFRS 4. Financial assets designated to apply overlay approach by the Group for investing activities relating to insurance contracts issued by the Group are as follows:

	September 30, 2024	December 31, 2023	September 30, 2023
Financial assets at FVTPL			
Listed shares	\$ 7,682,125	\$ 6,313,540	\$ 5,691,837
Beneficiary certificates	5,851,519	4,167,315	3,382,678
Financial bonds	255,116	258,268	262,304

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

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2024	2023	2024	2023
Gain due to application of IFRS 9 to profit or loss	\$ (2,611)	\$ (111,260)	\$ (1,322,385)	\$ (1,006,375)
Gain if applying IAS 39 to profit or loss	<u>219,152</u>	<u>105,995</u>	<u>796,028</u>	<u>352,372</u>
Gain (loss) from reclassification using the overlay approach	<u>\$ 216,541</u>	<u>\$ (5,265)</u>	<u>\$ (526,357)</u>	<u>\$ (654,003)</u>

Due to application of overlay approach, the amount of gain and loss on financial assets and liabilities at FVTPL increased from gain of \$88,824 thousand to gain of \$305,365 thousand and increased from loss of \$139,566 thousand to loss of \$144,831 thousand for the three months ended September 30, 2024 and 2023, respectively, and gain and loss on financial assets and liabilities at FVTPL decreased from gain of \$995,624 thousand to gain of \$469,267 thousand and decreased from gain of \$586,538 thousand to loss of \$67,465 thousand for the nine months ended September 30, 2024 and 2023, respectively.

8. FINANCIAL ASSETS AT FVTOCI

	September 30, 2024	December 31, 2023	September 30, 2023
Investments in debt instruments at FVTOCI			
Domestic investments			
Government bonds	<u>\$ 662,364</u>	<u>\$ 678,881</u>	<u>\$ 680,716</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

	September 30, 2024	December 31, 2023	September 30, 2023
Domestic investments			
Financial bonds	\$ 200,000	\$ 100,000	\$ 100,000
Corporate bonds	1,599,983	1,599,988	1,599,983
Government bonds	949,886	949,742	949,697
Foreign bonds investments	<u>7,813,160</u>	<u>7,129,842</u>	<u>7,379,248</u>
	10,563,029	9,779,572	10,028,928
Less: Loss allowance	(14,441)	(14,182)	(14,915)
Less: Deposits in the Central Bank	<u>(299,710)</u>	<u>(299,602)</u>	<u>(299,564)</u>
	<u>\$ 10,248,878</u>	<u>\$ 9,465,788</u>	<u>\$ 9,714,449</u>

- a. The Group's gains on disposal of bonds resulting from repayments at maturities for the three months and nine months ended September 30, 2024 and 2023 were 54 thousand, \$58 thousand, \$178 thousand and \$186 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

	September 30, 2024	December 31, 2023	September 30, 2023
Secured loans	\$ 105,056	\$ 124,832	\$ 127,996
Less: Loss allowance	<u>(1,483)</u>	<u>(1,755)</u>	<u>(1,799)</u>
	<u>\$ 103,573</u>	<u>\$ 123,077</u>	<u>\$ 126,197</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 nine months ended September 30, 2024 and 2023.

11. RECEIVABLES

	September 30, 2024	December 31, 2023	September 30, 2023
Notes receivable	\$ 178,707	\$ 181,332	\$ 186,674
Premiums receivables	3,126,769	2,734,422	2,939,482
Other receivables	<u>452,680</u>	<u>297,720</u>	<u>356,640</u>
	3,758,156	3,213,474	3,482,796
Less: Loss allowance	<u>(46,547)</u>	<u>(40,438)</u>	<u>(45,154)</u>
	<u>\$ 3,711,609</u>	<u>\$ 3,173,036</u>	<u>\$ 3,437,642</u>

The allowance for impairment loss was reconciled as follows:

	For the Nine Months Ended September 30	
	2024	2023
Beginning balance	\$ 40,438	\$ 70,139
Impairment losses recognized (reversed)	<u>6,109</u>	<u>(24,985)</u>
Ending balance	<u>\$ 46,547</u>	<u>\$ 45,154</u>

12. REINSURANCE ASSETS

	September 30, 2024	December 31, 2023	September 30, 2023
Claims and payments recoverable from reinsurers, net	\$ 568,572	\$ 835,448	\$ 610,864
Due from reinsurers and ceding companies, net	2,224,316	2,005,758	2,408,145
Reinsurance reserve assets			
Ceded unearned premium reserve	6,918,432	5,538,053	5,718,318
Ceded loss reserve	<u>8,766,395</u>	<u>5,099,991</u>	<u>5,792,021</u>
	<u>\$ 18,477,715</u>	<u>\$ 13,479,250</u>	<u>\$ 14,529,348</u>

a. Claims and payments recoverable from reinsurers

	September 30, 2024	December 31, 2023	September 30, 2023
Gross carrying amount	\$ 574,315	\$ 843,887	\$ 617,035
Less: Loss allowance	<u>(5,743)</u>	<u>(8,439)</u>	<u>(6,171)</u>
	<u>\$ 568,572</u>	<u>\$ 835,448</u>	<u>\$ 610,864</u>

The allowance for impairment loss was reconciled as follows:

	For the Nine Months Ended September 30	
	2024	2023
Beginning balance	\$ 8,439	\$ 6,782
Impairment losses reversed	<u>(2,696)</u>	<u>(611)</u>
Ending balance	<u>\$ 5,743</u>	<u>\$ 6,171</u>

b. Due from reinsurers and ceding companies

	September 30, 2024	December 31, 2023	September 30, 2023
Gross carrying amount	\$ 2,416,784	\$ 2,195,180	\$ 2,480,256
Less: Loss allowance	<u>(192,468)</u>	<u>(189,422)</u>	<u>(72,111)</u>
	<u>\$ 2,224,316</u>	<u>\$ 2,005,758</u>	<u>\$ 2,408,145</u>

The allowance for impairment loss was reconciled as follows:

	For the Nine Months Ended September 30	
	2024	2023
Beginning balance	\$ 189,422	\$ 24,515
Impairment losses recognized	<u>3,046</u>	<u>47,596</u>
Ending balance	<u>\$ 192,468</u>	<u>\$ 72,111</u>

13. SUBSIDIARIES

Subsidiaries included in the consolidated financial statements:

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

14. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

	September 30, 2024	December 31, 2023	September 30, 2023
Investments in associates	<u>\$ 2,464,233</u>	<u>\$ 2,317,577</u>	<u>\$ 2,553,141</u>

Aggregate information of associates that are not individually material

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2024	2023	2024	2023
The Group's share of:				
(Loss) profit from continuing operations	\$ (4,934)	\$ 119,271	\$ (68,021)	\$ 234,767
Other comprehensive income (loss)	<u>123,251</u>	<u>9,995</u>	<u>214,677</u>	<u>(52,348)</u>
Total comprehensive income for the period	<u>\$ 118,317</u>	<u>\$ 129,266</u>	<u>\$ 146,656</u>	<u>\$ 182,419</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	29,055	27,323	51,855	108,233
Disposals	(140)	(10,941)	-	(11,081)
Reclassification	20,241	1,050	(24,105)	(2,814)
Foreign exchange	<u>-</u>	<u>1,109</u>	<u>-</u>	<u>1,109</u>
Balance at September 30, 2023	<u>\$ 678,932</u>	<u>\$ 217,782</u>	<u>\$ 59,062</u>	<u>\$ 955,776</u>
<u>Accumulated depreciation and impairment</u>				
Balance at January 1, 2023	\$ 337,422	\$ 176,496	\$ -	\$ 513,918
Depreciation expenses	79,922	6,271	-	86,193
Disposals	(140)	(10,866)	-	(11,006)
Foreign exchange	<u>-</u>	<u>1,065</u>	<u>-</u>	<u>1,065</u>
Balance at September 30, 2023	<u>\$ 417,204</u>	<u>\$ 172,966</u>	<u>\$ -</u>	<u>\$ 590,170</u>
Carrying amount at September 30, 2023	<u>\$ 261,728</u>	<u>\$ 44,816</u>	<u>\$ 59,062</u>	<u>\$ 365,606</u>
<u>Cost</u>				
Balance at January 1, 2024	\$ 782,198	\$ 253,437	\$ 49,466	\$ 1,085,101
Additions	10,095	56,669	23,747	90,511
Disposals	(3,278)	(5,093)	-	(8,371)
Reclassification	17,800	-	(19,975)	(2,175)
Foreign exchange	<u>-</u>	<u>1,180</u>	<u>-</u>	<u>1,180</u>
Balance at September 30, 2024	<u>\$ 806,815</u>	<u>\$ 306,193</u>	<u>\$ 53,238</u>	<u>\$ 1,166,246</u>

(Continued)

	Computer Equipment	Other Equipment	Prepayments for Equipment	Total
Accumulated depreciation and impairment				
Balance at January 1, 2024	\$ 446,204	\$ 172,740	\$ -	\$ 618,944
Depreciation expenses	95,550	18,590	-	114,140
Disposals	(3,278)	(5,036)	-	(8,314)
Foreign exchange	-	1,138	-	1,138
Balance at September 30, 2024	<u>\$ 538,476</u>	<u>\$ 187,432</u>	<u>\$ -</u>	<u>\$ 725,908</u>
Carrying amount 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 amount at September 30, 2024	<u>\$ 268,339</u>	<u>\$ 118,761</u>	<u>\$ 53,238</u>	<u>\$ 440,338</u>
				(Concluded)

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

	September 30, 2024	December 31, 2023	September 30, 2023
Carrying amount			
Buildings	\$ 226,567	\$ 267,459	\$ 263,131
Transportation equipment	<u>10,102</u>	<u>3,412</u>	<u>3,647</u>
	<u>\$ 236,669</u>	<u>\$ 270,871</u>	<u>\$ 266,778</u>
	For the Three Months Ended September 30	For the Nine Months Ended September 30	
	2024	2023	2024 2023
Additions to right-of-use assets	<u>\$ 2,327</u>	<u>\$ 248,174</u>	<u>\$ 88,003</u> <u>\$ 266,438</u>
Depreciation charge for right-of-use assets			
Buildings	\$ 40,963	\$ 37,471	\$ 119,353
Transportation equipment	<u>685</u>	<u>734</u>	<u>2,222</u> <u>2,395</u>
	<u>\$ 41,648</u>	<u>\$ 38,205</u>	<u>\$ 121,575</u> <u>\$ 114,741</u>

b. Lease liabilities

	September 30, 2024	December 31, 2023	September 30, 2023
Carrying amount	\$ 236,250	\$ 269,303	\$ 264,643

Range of discount rates for lease liabilities was as follows:

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

c. Other lease information

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2024	2023	2024	2023
Expenses relating to short-term leases	\$ 7,709	\$ 8,086	\$ 27,593	\$ 23,266
Total cash outflow for leases	\$ 49,945	\$ 46,504	\$ 151,566	\$ 140,805

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	29,382	-	29,382
Reclassification	2,814	-	2,814
Foreign exchange	<u>1,456</u>	<u>-</u>	<u>1,456</u>
Balance at September 30, 2023	<u>\$ 523,537</u>	<u>\$ -</u>	<u>\$ 523,537</u>
<u>Accumulated depreciation and impairment</u>			
Balance at January 1, 2023	\$ 351,458	\$ -	\$ 351,458
Amortization expenses	55,654	-	55,654
Foreign exchange	<u>994</u>	<u>-</u>	<u>994</u>
Balance at September 30, 2023	<u>\$ 408,106</u>	<u>\$ -</u>	<u>\$ 408,106</u>
Carrying amount at September 30, 2023	<u>\$ 115,431</u>	<u>\$ -</u>	<u>\$ 115,431</u>

(Continued)

	Computer Software	Other	Total
<u>Cost</u>			
Balance at January 1, 2024	\$ 544,332	\$ 598	\$ 544,930
Additions	26,107	-	26,107
Reclassification	1,770	-	1,770
Foreign exchange	<u>1,581</u>	<u>-</u>	<u>1,581</u>
Balance at September 30, 2024	<u>\$ 573,790</u>	<u>\$ 598</u>	<u>\$ 574,388</u>
<u>Accumulated depreciation and impairment</u>			
Balance at January 1, 2024	\$ 423,090	\$ -	\$ 423,090
Amortization expenses	50,660	-	50,660
Foreign exchange	<u>1,178</u>	<u>-</u>	<u>1,178</u>
Balance at September 30, 2024	<u>\$ 474,928</u>	<u>\$ -</u>	<u>\$ 474,928</u>
Carrying amount at December 31, 2023 and January 1, 2024	<u>\$ 121,242</u>	<u>\$ 598</u>	<u>\$ 121,840</u>
Carrying amount at September 30, 2024	<u>\$ 98,862</u>	<u>\$ 598</u>	<u>\$ 99,460</u>
			(Concluded)

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

Computer software 3 years

18. OTHER ASSETS

	September 30, 2024	December 31, 2023	September 30, 2023
Deposits in the Central Bank	\$ 299,710	\$ 299,602	\$ 299,564
Statutory deposits	27,941	27,819	28,120
Other deposits	239,117	240,934	248,871
Prepayments	31,739	31,754	27,868
Others	<u>23,052</u>	<u>54,984</u>	<u>46,646</u>
	<u>\$ 621,559</u>	<u>\$ 655,093</u>	<u>\$ 651,069</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

	September 30, 2024	December 31, 2023	September 30, 2023
Claims and payments payable	\$ -	\$ 2,238	\$ -
Commissions payable	477,061	398,052	409,357
Due to reinsurers and ceding companies	2,685,596	2,511,820	3,336,281
Integrated income tax payable	361,181	185,932	66,909
Other payables	<u>1,010,908</u>	<u>1,004,597</u>	<u>875,693</u>
	<u>\$ 4,534,746</u>	<u>\$ 4,102,639</u>	<u>\$ 4,688,240</u>

20. INSURANCE LIABILITIES

	September 30, 2024	December 31, 2023	September 30, 2023
Unearned premium reserve	\$ 19,565,314	\$ 17,487,375	\$ 17,023,928
Loss reserve	19,529,960	14,473,113	15,246,756
Special reserve	1,590,771	1,753,336	1,684,675
Premium deficiency reserve	360	12	-
Policy reserve	<u>50</u>	<u>88</u>	<u>112</u>
	<u>\$ 40,686,455</u>	<u>\$ 33,713,924</u>	<u>\$ 33,955,471</u>

a. Unearned premium reserve

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

Insurance Type	September 30, 2024			
	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	\$ 2,703,006	\$ 31,010	\$ 2,257,702	\$ 476,314
Marine insurance	245,599	3,923	204,685	44,837
Land and air insurance	8,144,744	281	437,875	7,707,150
Liability insurance	1,669,753	1,768	379,316	1,292,205
Guarantee insurance	61,832	575	38,066	24,341
Other property insurance	2,849,798	39,126	2,460,078	428,846
Accident insurance	1,706,758	4,355	127,196	1,583,917
Health insurance	55,877	-	-	55,877
Policy-oriented residential earthquake insurance	245,667	36,703	245,667	36,703
Compulsory automobile liability insurance	<u>1,279,745</u>	<u>484,794</u>	<u>767,847</u>	<u>996,692</u>
	<u>\$ 18,962,779</u>	<u>\$ 602,535</u>	<u>\$ 6,918,432</u>	<u>\$ 12,646,882</u>

December 31, 2023				
Insurance Type	Unearned Premium Reserve		Ceded Unearned Premium Reserve	Retained Business (4)=(1)+(2)-(3)
	Direct	Reinsurance	Ceded	
	Underwriting Business (1)	Inward Business (2)	Reinsurance Business (3)	
Fire insurance	\$ 2,183,228	\$ 42,158	\$ 1,852,410	\$ 372,976
Marine insurance	218,082	4,319	173,661	48,740
Land and air insurance	7,876,264	(4)	427,184	7,449,076
Liability insurance	1,551,512	1,092	511,591	1,041,013
Guarantee insurance	70,127	1,234	57,759	13,602
Other property insurance	1,709,781	33,360	1,408,190	334,951
Accident insurance	1,728,298	3,831	107,811	1,624,318
Health insurance	53,551	-	-	53,551
Policy-oriented residential earthquake insurance	238,859	29,885	238,859	29,885
Compulsory automobile liability insurance	<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>
September 30, 2023				
Insurance Type	Unearned Premium Reserve		Ceded Unearned Premium Reserve	Retained Business (4)=(1)+(2)-(3)
	Direct	Reinsurance	Ceded	
	Underwriting Business (1)	Inward Business (2)	Reinsurance Business (3)	
Fire insurance	\$ 2,447,550	\$ 53,851	\$ 2,023,430	\$ 477,971
Marine insurance	230,499	4,862	206,840	28,521
Land and air insurance	7,335,509	(55)	435,326	6,900,128
Liability insurance	1,510,651	1,420	527,626	984,445
Guarantee insurance	51,672	2,257	40,498	13,431
Other property insurance	1,618,450	31,233	1,362,538	287,145
Accident insurance	1,674,290	4,382	130,493	1,548,179
Health insurance	57,800	-	1	57,799
Policy-oriented residential earthquake insurance	234,706	32,601	234,706	32,601
Compulsory automobile liability insurance	<u>1,261,432</u>	<u>470,818</u>	<u>756,860</u>	<u>975,390</u>
	<u>\$ 16,422,559</u>	<u>\$ 601,369</u>	<u>\$ 5,718,318</u>	<u>\$ 11,305,610</u>

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

	For the Nine Months Ended September 30			
	2024		2023	
	Unearned Premium Reserve	Ceded Unearned Premium Reserve	Unearned Premium Reserve	Ceded Unearned Premium Reserve
Beginning balance	\$ 17,487,375	\$ 5,538,053	\$ 15,838,272	\$ 4,482,083
Provision	19,563,703	6,917,677	17,020,227	5,716,509
Recovery	(17,515,239)	(5,542,783)	(15,872,921)	(4,492,279)
Foreign exchange	<u>29,475</u>	<u>5,485</u>	<u>38,350</u>	<u>12,005</u>
Ending balance	<u>\$ 19,565,314</u>	<u>\$ 6,918,432</u>	<u>\$ 17,023,928</u>	<u>\$ 5,718,318</u>

b. Loss reserve

1) Loss reserve and ceded loss reserve

	September 30, 2024			
	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	\$ 11,056,152	\$ 915,968	\$ 6,367,819	\$ 5,604,301
Not yet filed	<u>7,058,665</u>	<u>499,175</u>	<u>2,398,576</u>	<u>5,159,264</u>
	<u>\$ 18,114,817</u>	<u>\$ 1,415,143</u>	<u>\$ 8,766,395</u>	<u>\$ 10,763,565</u>
	December 31, 2023			
	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	\$ 3,114,797	\$ 4,919,738
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>
	September 30, 2023			
	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	\$ 8,149,776	\$ 1,028,016	\$ 4,067,089	\$ 5,110,703
Not yet filed	<u>5,556,251</u>	<u>512,713</u>	<u>1,724,932</u>	<u>4,344,032</u>
	<u>\$ 13,706,027</u>	<u>\$ 1,540,729</u>	<u>\$ 5,792,021</u>	<u>\$ 9,454,735</u>

2) Net changes in loss reserve and ceded loss reserve

For the nine months ended September 30, 2024

Items	Direct Underwriting Business		Reinsurance Inward Business		Net Changes in
	Provision (1)	Recovery (2)	Provision (3)	Recovery (4)	Loss Reserve (5)=(1)-(2)+ (3)-(4)
Filed but not yet paid	\$ 11,091,304	\$ 7,082,962	\$ 915,968	\$ 989,786	\$ 3,934,524
Not yet filed	<u>7,019,083</u>	<u>5,880,217</u>	<u>499,175</u>	<u>522,105</u>	<u>1,115,936</u>
	<u>\$ 18,110,387</u>	<u>\$ 12,963,179</u>	<u>\$ 1,415,143</u>	<u>\$ 1,511,891</u>	<u>\$ 5,050,460</u>

Items	Ceded Reinsurance Business		Net Changes in
	Provision (6)	Recovery (7)	Ceded Loss Reserve (8)=(6)-(7)
Filed but not yet paid	\$ 6,384,431	\$ 3,134,078	\$ 3,250,353
Not yet filed	<u>2,378,931</u>	<u>1,967,463</u>	<u>411,468</u>
	<u>\$ 8,763,362</u>	<u>\$ 5,101,541</u>	<u>\$ 3,661,821</u>

For the nine months ended September 30, 2023

Items	Direct Underwriting Business		Reinsurance Inward Business		Net Changes in
	Provision (1)	Recovery (2)	Provision (3)	Recovery (4)	Loss Reserve (5)=(1)-(2)+ (3)-(4)
Filed but not yet paid	\$ 8,180,503	\$ 9,240,479	\$ 1,028,016	\$ 1,230,106	\$ (1,262,066)
Not yet filed	<u>5,521,619</u>	<u>12,593,469</u>	<u>512,713</u>	<u>475,820</u>	<u>(7,034,957)</u>
	<u>\$ 13,702,122</u>	<u>\$ 21,833,948</u>	<u>\$ 1,540,729</u>	<u>\$ 1,705,926</u>	<u>\$ (8,297,023)</u>

Items	Ceded Reinsurance Business		Net Changes in
	Provision (6)	Recovery (7)	Ceded Loss Reserve (8)=(6)-(7)
Filed but not yet paid	\$ 4,080,747	\$ 3,988,712	\$ 92,035
Not yet filed	<u>1,709,000</u>	<u>2,402,699</u>	<u>(693,699)</u>
	<u>\$ 5,789,747</u>	<u>\$ 6,391,411</u>	<u>\$ (601,664)</u>

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

September 30, 2024			
Insurance Type	Filed But Not Yet Paid	Not Yet Filed	Total
Fire insurance	\$ 6,070,577	\$ 352,167	\$ 6,422,744
Marine insurance	828,195	345,703	1,173,898
Land and air insurance	2,372,521	2,264,838	4,637,359
Liability insurance	911,088	1,144,529	2,055,617
Guarantee insurance	49,782	35,951	85,733
Other property insurance	956,839	838,322	1,795,161
Accident insurance	228,988	609,252	838,240
Health insurance	4,824	155,111	159,935
Policy-oriented residential earthquake insurance	1,106	735	1,841
Compulsory automobile liability insurance	<u>548,200</u>	<u>1,811,232</u>	<u>2,359,432</u>
	<u>\$ 11,972,120</u>	<u>\$ 7,557,840</u>	<u>\$ 19,529,960</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>
September 30, 2023			
Insurance Type	Filed But Not Yet Paid	Not Yet Filed	Total
Fire insurance	\$ 3,093,656	\$ 223,964	\$ 3,317,620
Marine insurance	767,411	251,110	1,018,521
Land and air insurance	2,345,625	1,757,439	4,103,064
Liability insurance	986,110	974,072	1,960,182
Guarantee insurance	39,497	34,093	73,590
Other property insurance	1,230,704	233,784	1,464,488
Accident insurance	253,819	576,593	830,412
Health insurance	10,658	204,857	215,515

(Continued)

Insurance Type	September 30, 2023		
	Filed But Not Yet Paid	Not Yet Filed	Total
Policy-oriented residential earthquake insurance	\$ -	\$ -	\$ -
Compulsory automobile liability insurance	<u>450,312</u>	<u>1,813,052</u>	<u>2,263,364</u>
	<u>\$ 9,177,792</u>	<u>\$ 6,068,964</u>	<u>\$ 15,246,756</u>
			(Concluded)

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

Insurance Type	September 30, 2024		
	Filed But Not Yet Paid	Not Yet Filed	Total
Fire insurance	\$ 4,279,517	\$ 114,364	\$ 4,393,881
Marine insurance	666,278	220,890	887,168
Land and air insurance	96,564	61,362	157,926
Liability insurance	420,226	447,182	867,408
Guarantee insurance	10,820	22,913	33,733
Other property insurance	689,161	656,970	1,346,131
Accident insurance	9,462	56,588	66,050
Health insurance	-	805	805
Policy-oriented residential earthquake insurance	800	-	800
Compulsory automobile liability insurance	<u>194,991</u>	<u>817,502</u>	<u>1,012,493</u>
	<u>\$ 6,367,819</u>	<u>\$ 2,398,576</u>	<u>\$ 8,766,395</u>

Insurance Type	December 31, 2023		
	Filed But Not Yet Paid	Not Yet Filed	Total
Fire insurance	\$ 1,244,833	\$ 94,851	\$ 1,339,684
Marine insurance	507,651	184,052	691,703
Land and air insurance	102,822	51,287	154,109
Liability insurance	540,834	412,084	952,918
Guarantee insurance	20,428	22,597	43,025
Other property insurance	558,811	351,280	910,091
Accident insurance	14,129	55,508	69,637
Health insurance	316	6,020	6,336
Policy-oriented residential earthquake insurance	-	-	-
Compulsory automobile liability insurance	<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	September 30, 2023		
	Filed But Not Yet Paid	Not Yet Filed	Total
Fire insurance	\$ 1,728,846	\$ 101,781	\$ 1,830,627
Marine insurance	560,107	163,199	723,306
Land and air insurance	91,265	48,539	139,804
Liability insurance	560,682	368,793	929,475
Guarantee insurance	11,607	21,377	32,984
Other property insurance	963,481	141,793	1,105,274
Accident insurance	18,524	47,990	66,514
Health insurance	200	5,873	6,073
Policy-oriented residential earthquake insurance	-	-	-
Compulsory automobile liability insurance	<u>132,377</u>	<u>825,587</u>	<u>957,964</u>
	<u>\$ 4,067,089</u>	<u>\$ 1,724,932</u>	<u>\$ 5,792,021</u>

5) Reconciliation of loss reserve and ceded loss reserve

	For the Nine Months Ended September 30			
	2024		2023	
	Loss Reserve	Ceded Loss Reserve	Loss Reserve	Ceded Loss Reserve
Beginning balance	\$ 14,473,113	\$ 5,099,991	\$ 23,538,891	\$ 6,390,556
Provision	19,525,530	8,763,362	15,242,851	5,789,747
Recovery	(14,475,070)	(5,101,541)	(23,539,874)	(6,391,411)
Foreign exchange	<u>6,387</u>	<u>4,583</u>	<u>4,888</u>	<u>3,129</u>
Ending balance	<u>\$ 19,529,960</u>	<u>\$ 8,766,395</u>	<u>\$ 15,246,756</u>	<u>\$ 5,792,021</u>

c. Special reserve

1) Special reserve for compulsory automobile liability insurance

	For the Nine Months Ended September 30	
	2024	2023
Beginning balance	\$ 1,070,300	\$ 926,605
Provision	177,128	84,051
Recovery	<u>(59,818)</u>	<u>(27,745)</u>
Ending balance	<u>\$ 1,187,610</u>	<u>\$ 982,911</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. 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 Nine Months Ended September 30, 2024		
	Catastrophic Event	Fluctuation of Risk	Total
Beginning balance	\$ 374,537	\$ 308,499	\$ 683,036
Provision	-	-	-
Recovery	<u>(279,875)</u>	<u>-</u>	<u>(279,875)</u>
Ending balance	<u>\$ 94,662</u>	<u>\$ 308,499</u>	<u>\$ 403,161</u>

	For the Nine Months Ended September 30, 2023		
	Catastrophic Event	Fluctuation of Risk	Total
Beginning balance	\$ 393,265	\$ 308,499	\$ 701,764
Provision	-	-	-
Recovery	<u>-</u>	<u>-</u>	<u>-</u>
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, Group's income before tax and earnings per share would have decreased by \$279,875 thousand and \$1.12 for the nine months ended September 30, 2024, respectively. There would be no material impact on the Group's income before tax and earnings per share for the nine months ended September 30, 2023. The special reserve under liabilities would have decreased by \$94,662 thousand and \$393,265 thousand, and special reserve under equity would have increased by \$239,520 thousand and \$308,748 thousand as of September 30, 2024 and 2023, respectively, respectively.

d. Premium deficiency reserves

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

September 30, 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	-	-	-	-
Land and air insurance	-	360	-	360
Liability insurance	-	-	-	-
Guarantee insurance	-	-	-	-
Other property insurance	-	-	-	-
Accident insurance	-	-	-	-
Health insurance	-	-	-	-
Policy-oriented residential earthquake insurance	-	-	-	-
Compulsory automobile liability insurance	-	-	-	-
	<u>\$ -</u>	<u>\$ 360</u>	<u>\$ -</u>	<u>\$ 360</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>

September 30, 2023

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

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

For the Nine Months Ended September 30, 2024									
	Direct Underwriting Business		Reinsurance Inward Business		Net Changes in Premium Deficiency Reserve (5)=(1)-(2)+(3)-(4)	Ceded Reinsurance Business		Net Changes in Ceded Premium Deficiency Reserve (8)=(6)-(7)	Net Loss Recognized for Premium Deficiency Reserve (9)=(5)-(8)
	Provision (1)	Recovery (2)	Provision (3)	Recovery (4)		Provision (6)	Recovery (7)		
Fire insurance	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Marine insurance	-	12	-	-	(12)	-	-	-	(12)
Land and air insurance	-	-	360	-	360	-	-	-	360
Liability insurance	-	-	-	-	-	-	-	-	-
Guarantee insurance	-	-	-	-	-	-	-	-	-
Other property insurance	-	-	-	-	-	-	-	-	-
Accident insurance	-	-	-	-	-	-	-	-	-
Health insurance	-	-	-	-	-	-	-	-	-
Policy-oriented residential earthquake insurance	-	-	-	-	-	-	-	-	-
Compulsory automobile liability insurance	-	-	-	-	-	-	-	-	-
	<u>\$ -</u>	<u>\$ 12</u>	<u>\$ 360</u>	<u>\$ -</u>	<u>\$ 348</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 348</u>

For the Nine Months Ended September 30, 2023									
	Direct Underwriting Business		Reinsurance Inward Business		Net Changes in Premium Deficiency Reserve (5)=(1)-(2)+(3)-(4)	Ceded Reinsurance Business		Net Changes in Ceded Premium Deficiency Reserve (8)=(6)-(7)	Net Loss Recognized for Premium Deficiency Reserve (9)=(5)-(8)
	Provision (1)	Recovery (2)	Provision (3)	Recovery (4)		Provision (6)	Recovery (7)		
Fire insurance	\$ -	\$ 28,236	\$ -	\$ 11,735	\$ (39,971)	\$ -	\$ -	\$ -	\$ (39,971)
Marine insurance	-	3	-	192	(195)	-	-	-	(195)
Land and air insurance	-	-	-	94	(94)	-	-	-	(94)
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>\$ -</u>	<u>\$ 12,021</u>	<u>\$ (1,240,260)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (1,240,260)</u>

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

	For the Nine Months Ended September 30			
	2024		2023	
	Premium Deficiency Reserve	Ceded Premium Deficiency Reserve	Premium Deficiency Reserve	Ceded Premium Deficiency Reserve
Beginning balance	\$ 12	\$ -	\$ 1,240,260	\$ -
Provision	360	-	-	-
Recovery	<u>(12)</u>	<u>-</u>	<u>(1,240,260)</u>	<u>-</u>
Ending balance	<u>\$ 360</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

e. Policy reserve

1) Details of policy reserve and ceded policy reserve

September 30, 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>\$ 50</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 50</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>

September 30, 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>\$ 112</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 112</u>

2) Net changes in policy reserve and ceded policy reserve

For the nine months ended September 30, 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	\$ -	\$ 38	\$ -	\$ -	\$ (38)

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

For the nine months ended September 30, 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	\$ -	\$ 58	\$ -	\$ -	\$ (58)

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 September 30		For the Nine Months Ended September 30	
	2024	2023	2024	2023
General and administrative expenses	\$ 6,342	\$ 7,092	\$ 19,027	\$ 21,845

22. EQUITY

a. Share capital

	September 30, 2024	December 31, 2023	September 30, 2023
Shares authorized (in thousands of shares)	<u>200,000</u>	<u>200,000</u>	<u>200,000</u>
Shares authorized	<u>\$ 2,000,000</u>	<u>\$ 2,000,000</u>	<u>\$ 2,000,000</u>
Shares issued and fully paid (in thousands of shares)	<u>200,000</u>	<u>200,000</u>	<u>200,000</u>
Shares issued	<u>\$ 2,000,000</u>	<u>\$ 2,000,000</u>	<u>\$ 2,000,000</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

	September 30, 2024	December 31, 2023	September 30, 2023
May be used to offset a deficit, distributed as cash dividends, or transferred to share capital (1)			
Issuance of ordinary shares	\$ 7,806,316	\$ 7,806,316	\$ 7,806,316
<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>\$ 7,861,133</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 proposing a distribution plan, which should be resolved in the shareholders' meeting for the distribution of dividends and bonuses to shareholders. In formulating its dividend policy, the Company considers both its operating needs and the shareholders' interests. Thus, dividends are distributed after the Company reserves the cash requirement for future capital expenditures. For the policies on the distribution of employees' compensation and remuneration to directors and supervisors, refer to Note 23.

An appropriation of earnings to a legal reserve shall be made until the legal reserve equals the Company's paid-in capital. Legal reserves may be used to offset deficits. If the Company has no deficit and the legal reserve has exceeded 25% of the Company's paid-in capital, the excess may be transferred to capital or distributed in cash. However, under Rule No. 10202501991 issued by the FSC, the Company can distribute its capital surplus pursuant to Article 241 of the Company Act only if the Company's legal reserve exceeds its paid-in capital, other conditions requested under the Rule are met and the related information is delivered and approved by the authority.

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

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

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

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

	For the Year Ended December 31, 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 Nine Months Ended September 30, 2024					
Special Reserve					
	Catastrophic Event	Fluctuation of Risk	Others	Others	Total
Beginning balance	\$ 786,571	\$ 3,839,063	\$ -	\$ 49,248	\$ 4,674,882
Provision	-	-	-	-	-
Recovered/reversal	-	-	-	(631)	(631)
Ending balance	<u>\$ 786,571</u>	<u>\$ 3,839,063</u>	<u>\$ -</u>	<u>\$ 48,617</u>	<u>\$ 4,674,251</u>

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

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

e. Other equity items

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

	For the Nine Months Ended September 30	
	2024	2023
Beginning balance	\$ (329,230)	\$ (263,645)
Recognized for the period		
Exchange differences on the translating the financial statements of foreign operations	10,689	10,942
Share from associates accounted for using the equity method	<u>98,331</u>	<u>2,830</u>
Other comprehensive income recognized for the period	<u>109,020</u>	<u>13,772</u>
Ending balance	<u>\$ (220,210)</u>	<u>\$ (249,873)</u>

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

	For the Nine Months Ended September 30	
	2024	2023
Beginning balance	\$ (79,179)	\$ (67,975)
Recognized for the period		
Unrealized (loss) gain - debt instruments	(11,072)	207
Adjustments of loss allowance in debt instruments	11	9
Shares from associates accounted for using the equity method	<u>116,346</u>	<u>(55,178)</u>
Other comprehensive income (loss) recognized for the period	<u>105,285</u>	<u>(54,962)</u>
Ending balance	<u>\$ 26,106</u>	<u>\$ (122,937)</u>

3) Remeasurement of defined benefit plans

	For the Nine Months Ended September 30	
	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 Nine Months Ended September 30	
	2024	2023
Beginning balance	\$ 470,943	\$ (541,118)
Recognized for the period	1,106,862	830,177
Reclassification adjustments		
Disposal of financial instruments	(580,505)	(176,174)
Tax effects	<u>(20,364)</u>	<u>(18,417)</u>
Other comprehensive income recognized for the period	<u>505,993</u>	<u>635,586</u>
Ending balance	<u>\$ 976,936</u>	<u>\$ 94,468</u>

23. PROFIT BEFORE INCOME TAX

a. Interest income

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2024	2023	2024	2023
Bank deposits	\$ 23,493	\$ 15,055	\$ 67,993	\$ 60,049
Financial instruments at FVTPL	65,211	28,335	170,674	84,083
Financial assets at amortized cost	114,505	104,488	329,833	305,368
Others	<u>19,323</u>	<u>14,198</u>	<u>52,156</u>	<u>42,164</u>
	<u>\$ 222,532</u>	<u>\$ 162,076</u>	<u>\$ 620,656</u>	<u>\$ 491,664</u>

b. Employee benefits expense

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2024	2023	2024	2023
Short-term employee benefits				
Salaries and wages	\$ 838,460	\$ 753,501	\$ 2,464,380	\$ 2,271,138
Labor and health insurance	77,652	71,023	239,925	214,616
Post-employment benefits				
Defined contribution plans	28,676	25,721	83,482	76,389
Defined benefit plans (Note 21)	6,342	7,092	19,027	21,845
Remuneration of directors	9,167	6,333	21,532	17,340
Other employee benefits	<u>20,200</u>	<u>18,384</u>	<u>56,679</u>	<u>48,930</u>
	<u>\$ 980,497</u>	<u>\$ 882,054</u>	<u>\$ 2,885,025</u>	<u>\$ 2,650,258</u>
An analysis of employee benefits expense by function				
Operating costs	\$ 107,910	\$ 91,825	\$ 317,423	\$ 279,999
Operating expenses	<u>872,587</u>	<u>790,228</u>	<u>2,567,602</u>	<u>2,370,259</u>
	<u>\$ 980,497</u>	<u>\$ 882,054</u>	<u>\$ 2,885,025</u>	<u>\$ 2,650,258</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 estimated compensation of employees and remuneration of directors and supervisors for the nine months ended September 30, 2024 and 2023 are as follows:

Accrual rate

	For the Nine Months Ended September 30	
	2024	2023
Compensation of employees	0.10%	0.10%
Remuneration of directors and supervisors	0.11%	0.29%

Amount

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2024	2023	2024	2023
Compensation of employees	\$ 1,089	\$ 880	\$ 2,608	\$ 1,125
Remuneration of directors and supervisors	\$ 2,925	\$ 3,375	\$ 2,925	\$ 3,375

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 September 30		For the Nine Months Ended September 30	
	2024	2023	2024	2023
Right-of-use assets	\$ 41,648	\$ 38,205	\$ 121,575	\$ 114,741
Property and equipment	38,585	30,667	114,140	86,193
Intangible assets	<u>16,755</u>	<u>18,020</u>	<u>50,660</u>	<u>55,654</u>
	<u>\$ 96,988</u>	<u>\$ 86,892</u>	<u>\$ 286,375</u>	<u>\$ 256,588</u>
An analysis of depreciation by function				
Operating expenses	<u>\$ 80,233</u>	<u>\$ 68,872</u>	<u>\$ 235,715</u>	<u>\$ 200,934</u>
An analysis of amortization by function				
Operating expenses	<u>\$ 16,755</u>	<u>\$ 18,020</u>	<u>\$ 50,660</u>	<u>\$ 55,654</u>

24. INCOME TAX

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

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2024	2023	2024	2023
Current tax				
In respect of the current period	\$ 193,740	\$ 103,494	\$ 375,571	\$ 112,050
Adjustments for prior periods	<u>-</u>	<u>-</u>	<u>4,685</u>	<u>(13,313)</u>
	<u>193,740</u>	<u>103,494</u>	<u>380,256</u>	<u>98,737</u>
Deferred tax				
In respect of the current period	(6,652)	26,237	23,222	98,025
Adjustments for prior periods	<u>-</u>	<u>-</u>	<u>(119)</u>	<u>2,423</u>
	<u>(6,652)</u>	<u>26,237</u>	<u>23,103</u>	<u>100,448</u>
Income tax expense recognized in profit or loss	<u>\$ 187,088</u>	<u>\$ 129,731</u>	<u>\$ 403,359</u>	<u>\$ 199,185</u>

b. Income tax recognized in other comprehensive income

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2024	2023	2024	2023
<u>Deferred tax</u>				
In respect of the current period:				
Other comprehensive losses (income) reclassified under overlay approach	<u>\$ 3,854</u>	<u>\$ 4,631</u>	<u>\$ 20,364</u>	<u>\$ 18,417</u>

c. Income tax assessments

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

25. EARNINGS PER SHARE

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

Net profit for the period

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2024	2023	2024	2023
Profit for the period attributable to owners of the Company	<u>\$ 898,917</u>	<u>\$ 789,251</u>	<u>\$ 2,202,415</u>	<u>\$ 970,741</u>

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

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2024	2023	2024	2023
Weighted average number of ordinary shares used in the computation of basic earnings per share	<u>200,000</u>	<u>200,000</u>	<u>200,000</u>	<u>200,000</u>

26. FINANCIAL INSTRUMENTS

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

September 30, 2024

	Carrying Amount	Fair Value			
		Level 1	Level 2	Level 3	Total
<u>Financial assets</u>					
Financial assets at amortized cost	<u>\$ 10,248,878</u>	<u>\$ -</u>	<u>\$ 10,094,161</u>	<u>\$ -</u>	<u>\$ 10,094,161</u>
Other assets					
Domestic government bonds (deposits in the Central Bank)	<u>\$ 299,710</u>	<u>\$ -</u>	<u>\$ 294,034</u>	<u>\$ -</u>	<u>\$ 294,034</u>

December 31, 2023

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

September 30, 2023

	Carrying Amount	Fair Value			
		Level 1	Level 2	Level 3	Total
<u>Financial assets</u>					
Financial assets at amortized cost	\$ 9,714,449	\$ -	\$ 9,039,854	\$ -	\$ 9,039,854
Other assets					
Domestic government bonds (deposits in the Central Bank)	\$ 299,564	\$ -	\$ 293,097	\$ -	\$ 293,097

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

1) Fair value hierarchy

September 30, 2024

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Derivative instruments	\$ -	\$ 15,968	\$ -	\$ 15,968
Listed shares	7,682,125	-	-	7,682,125
Beneficiary certificates	5,851,519	-	-	5,851,519
Domestic financial bonds	-	255,116	-	255,116
	<u>\$ 13,533,644</u>	<u>\$ 271,084</u>	<u>\$ -</u>	<u>\$ 13,804,728</u>
Financial assets at FVTOCI				
Domestic government bonds	<u>\$ -</u>	<u>\$ 662,364</u>	<u>\$ -</u>	<u>\$ 662,364</u>
Financial liabilities at FVTPL				
Derivative instruments	<u>\$ -</u>	<u>\$ 110,721</u>	<u>\$ -</u>	<u>\$ 110,721</u>

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	<u>-</u>	<u>258,268</u>	<u>-</u>	<u>258,268</u>
	<u>\$ 10,480,855</u>	<u>\$ 317,493</u>	<u>\$ -</u>	<u>\$ 10,798,348</u>
Financial assets at FVTOCI				
Domestic government bonds	<u>\$ -</u>	<u>\$ 678,881</u>	<u>\$ -</u>	<u>\$ 678,881</u>
Financial liabilities at FVTPL				
Derivative instruments	<u>\$ -</u>	<u>\$ 63,746</u>	<u>\$ -</u>	<u>\$ 63,746</u>

September 30, 2023

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Listed shares	\$ 5,691,837	\$ -	\$ -	\$ 5,691,837
Beneficiary certificates	3,382,678	-	-	3,382,678
Domestic financial bonds	<u>-</u>	<u>262,304</u>	<u>-</u>	<u>262,304</u>
	<u>\$ 9,074,515</u>	<u>\$ 262,304</u>	<u>\$ -</u>	<u>\$ 9,336,819</u>
Financial assets at FVTOCI				
Domestic government bonds	<u>\$ -</u>	<u>\$ 680,716</u>	<u>\$ -</u>	<u>\$ 680,716</u>
Financial liabilities at FVTPL				
Derivative instruments	<u>\$ -</u>	<u>\$ 295,986</u>	<u>\$ -</u>	<u>\$ 295,986</u>

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

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

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

c. Categories of financial instruments

	September 30, 2024	December 31, 2023	September 30, 2023
<u>Financial assets</u>			
FVTPL			
Mandatorily classified as at FVTPL	\$ 13,804,728	\$ 10,798,348	\$ 9,336,819
Financial assets at amortized cost (1)	24,585,666	22,713,219	23,363,772
Financial assets at FVTOCI			
Debt instruments	662,364	678,881	680,716
<u>Financial liabilities</u>			
FVTPL			
Held for trading	110,721	63,746	295,986
Amortized cost (2)	4,534,746	4,102,639	4,688,240

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

d. Financial risk management objectives and policies

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

1) Market risk

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

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

a) Value at Risk

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

b) Stress testing

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

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

i. Simple sensitivity test

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

ii. Scenario analysis

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

i) Historical scenario

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

ii) Hypothetical scenario

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

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

Table of Stress Testing				
Risk Factors	Changes (+/-)	September 30, 2024	December 31, 2023	September 30, 2023
Equity price risk (index)	-10%	\$ (1,325,192)	\$ (1,034,864)	\$ (855,394)
Interest rate risk (yield curve)	+20bps	(176,449)	(160,607)	(154,583)
Foreign currency risk (exchange rate)	USD exchange NTD devalue 1 dollar	(142,613)	(133,847)	(122,222)

Note 1: Change in credit spread is not considered.

Note 2: The effect of hedging is considered.

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

i) Foreign currency risk

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

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

ii) Price risk

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

iii) Sensitivity analysis

For the Nine Months Ended September 30, 2024			
Risk Factors	Variation (+/-)	Effect on Profit and Loss	Effect on Equity
Foreign currency risk sensitivity	USD appreciates 1%	\$ 32,239	\$ 7,784
	CNY appreciates 1%	744	-
	HKD appreciates 1%	229	-
	EUR appreciates 1%	9	-
	VND appreciates 1%	-	7,215
Interest rate risk sensitivity	Yield curve (USD): Upward parallel shift by 1bp	(5,606)	-
	Yield curve (CNY): Upward parallel shift by 1bp	(19)	-
	Yield curve (NTD): Upward parallel shift by 1bp	(2,464)	(728)
	Increases 1% in equity price	-	132,519
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)
	Increases 1% in equity price	-	103,486
For the Nine Months Ended September 30, 2023			
Risk Factors	Variation (+/-)	Effect on Profit and Loss	Effect on Equity
Foreign currency risk sensitivity	USD appreciates 1%	\$ 28,313	\$ 6,064
	CNY appreciates 1%	704	-
	HKD appreciates 1%	482	259
	EUR appreciates 1%	8	-
	VND appreciates 1%	-	7,265
Interest rate risk sensitivity	Yield curve (USD): Upward parallel shift by 1bp	(4,522)	-
	Yield curve (CNY): Upward parallel shift by 1bp	(24)	-
	Yield curve (NTD): Upward parallel shift by 1bp	(2,296)	(828)
	Increases 1% in equity price	-	85,539

Note 1: Change in credit spread is not considered.

Note 2: The effect of hedging is considered.

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

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

2) Credit risk

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

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

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

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

b) Credit concentration risk analysis

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

September 30, 2024

Financial Assets	Taiwan	Asia	Europe	North Americas	Emerging Market and Others	Total
Cash and cash equivalents	\$ 9,575,810	\$ -	\$ -	\$ -	\$ 336,373	\$ 9,912,183
Financial assets at FVTPL	271,084	-	-	-	-	271,084
Financial assets at FVTOCI	662,364	-	-	-	-	662,364
Financial assets at amortized cost	3,039,566	188,173	662,069	4,721,363	1,937,417	10,548,588
Total	\$ 13,548,824	\$ 188,173	\$ 662,069	\$ 4,721,363	\$ 2,273,790	\$ 21,394,219
Proportion	63.33%	0.88%	3.09%	22.07%	10.63%	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%

September 30, 2023

Financial Assets	Taiwan	Asia	Europe	North Americas	Emerging Market and Others	Total
Cash and cash equivalents	\$ 9,198,589	\$ -	\$ -	\$ -	\$ 271,547	\$ 9,470,136
Financial assets at FVTPL	262,304	-	-	-	-	262,304
Financial assets at FVTOCI	680,716	-	-	-	-	680,716
Financial assets at amortized cost	2,939,450	-	998,464	4,204,896	1,871,203	10,014,013
Total	\$ 13,081,059	\$ -	\$ 998,464	\$ 4,204,896	\$ 2,142,750	\$ 20,427,169
Proportion	64.04%	-	4.89%	20.58%	10.49%	100.00%

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

- i. The Group assesses at each reporting date, whether the credit risk of a financial instrument in the scope of impairment requirements under IFRS 9 has increased significantly since initial recognition. To make this assessment, the Group considers reasonable and supportable information (including forward-looking information) which indicates that credit risk has increased significantly since initial recognition. Main indicators include external credit rating, past due information, credit spread and other market information which shows that the credit risk related to borrowers and issuers has increased significantly.
- ii. If the credit risk at the reporting date is determined to be low, an entity can assume that the credit risk of the financial instrument has not increased significantly since initial recognition.

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

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

- i. Quantitative factor: When contractual payments are more than 90 days past due, a default occurs, and a financial asset is credit impaired.
- ii. Qualitative factor: Evidence indicates that the issuers or borrowers cannot pay the contractual payments or that they have significant financial difficulties, for example:
 - i) The issuers and borrowers have entered bankruptcy or are probable to enter bankruptcy or financial reorganization.
 - ii) The borrowers fail to make interest or principal payments based on original terms and conditions.
 - iii) The collaterals of the borrowers are seized provisionally or enforced.
 - iv) The borrowers claim for a change of credit conditions due to financial difficulties.
- iii. The above-mentioned definitions of a default occurring on a financial asset and a credit impairment are applicable to all financial assets held by the Group and are aligned with those of relevant financial assets for internal credit risk management. The definitions are also applicable to related impairment assessment models.

e) Measurement of expected credit losses

i. Methods and assumptions adopted

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

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

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

ii. Consideration of forward-looking information

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

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

i. Financial assets of the Group

	September 30, 2024							
				Stage 3		Purchased or Originated Credit-impaired Financial Assets		
	Stage 1	Stage 2						
	12-month Expected Credit Losses	Lifetime Expected Credit Losses		Lifetime Expected Credit Losses			Loss Allowance	Gross Carrying Amount
Investment grade								
Debt instruments at FVTOCI	\$ 662,364	\$ -		\$ -	\$ -	\$ -	\$ -	\$ 662,364
Financial assets measured at amortized cost	10,563,029	-		-	-	-	(14,441)	10,548,588

December 31, 2023						
	Stage 1 12-month Expected Credit Losses	Stage 2 Lifetime Expected Credit Losses	Lifetime Expected Credit Losses	Stage 3		Gross Carrying Amount
				Purchased or Originated Credit- impaired Financial Assets	Loss Allowance	
<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

September 30, 2023						
	Stage 1 12-month Expected Credit Losses	Stage 2 Lifetime Expected Credit Losses	Lifetime Expected Credit Losses	Stage 3		Gross Carrying Amount
				Purchased or Originated Credit- impaired Financial Assets	Loss Allowance	
<u>Investment grade</u>						
Debt instruments at FVTOCI	\$ 680,716	\$ -	\$ -	\$ -	\$ -	\$ 680,716
Financial assets measured at amortized cost	10,028,928	-	-	-	(14,915)	10,014,013

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

September 30, 2024						
	Stage 1 12-month Expected Credit Losses	Stage 2 Lifetime Expected Credit Losses	Lifetime Expected Credit Losses	Stage 3		Gross Carrying Amount
				Purchased or Originated Credit- impaired Financial Assets	Loss Allowance	
Secured loans	\$ 105,056	\$ -	\$ -	\$ -	\$ (1,483)	\$ 103,573

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

September 30, 2023						
	Stage 1 12-month Expected Credit Losses	Stage 2 Lifetime Expected Credit Losses	Lifetime Expected Credit Losses	Stage 3		Gross Carrying Amount
				Purchased or Originated Credit- impaired Financial Assets	Loss Allowance	
Secured loans	\$ 127,996	\$ -	\$ -	\$ -	\$ (1,799)	\$ 126,197

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	<u>11</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>11</u>
September 30, 2024	<u>\$ 53</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 53</u>
January 1, 2023	\$ 34	\$ -	\$ -	\$ -	\$ 34
Changes in models/risk parameters	<u>9</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>9</u>
September 30, 2023	<u>\$ 43</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 43</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	<u>259</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>259</u>
September 30, 2024	<u>\$ 14,441</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 14,441</u>
January 1, 2023	\$ 3,715	\$ -	\$ -	\$ -	\$ 3,715
Changes in models/risk parameters	<u>11,200</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>11,200</u>
September 30, 2023	<u>\$ 14,915</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 14,915</u>

iii. Secured loans

		Lifetime Expected Credit Losses				Difference from	
	12-month Expected Credit Losses	Collectively Assessed	Not Purchased or Originated Credit-impaired Financial Assets	Purchased or Originated Credit-impaired Financial Assets	Total of Impairment Charged in Accordance with IFRS 9	Impairment Charged in Accordance with Guidelines for Handling Assessment of Assets	Total
January 1, 2024	\$ 13	\$ -	\$ -	\$ -	\$ 13	\$ 1,742	\$ 1,755
Changes in models/risk parameters	(9)	-	-	-	(9)	(263)	(272)
Difference from impairment charged in accordance with guidelines for handling assessment of assets	-	-	-	-	-	-	-
September 30, 2024	<u>\$ 4</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4</u>	<u>\$ 1,479</u>	<u>\$ 1,483</u>
January 1, 2023	\$ 70	\$ -	\$ -	\$ -	\$ 70	\$ 1,814	\$ 1,884
Changes in models/risk parameters	66	-	-	-	66	-	66
Difference from impairment charged in accordance with guidelines for handling assessment of assets	-	-	-	-	-	(151)	(151)
September 30, 2023	<u>\$ 136</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 136</u>	<u>\$ 1,663</u>	<u>\$ 1,799</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:

September 30, 2024	Not Overdue	Overdue	Total
Carrying amount	\$ 2,258,031	\$ 1,047,445	\$ 3,305,476
Expected loss rate	1.02%	2.02%	
Lifetime expected credit losses	\$ 23,093	\$ 21,165	\$ 44,258
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
September 30, 2023	Not Overdue	Overdue	Total
Carrying amount	\$ 2,052,543	\$ 1,073,613	\$ 3,126,156
Expected loss rate	1.04%	2.02%	
Lifetime expected credit losses	\$ 21,390	\$ 21,740	\$ 43,130

3) Liquidity risk

a) Sources of liquidity risk

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

b) Liquidity risk management

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

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

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

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

September 30, 2024

	Less than 6 Months	6-12 Months	1-2 Years	2-5 Years	5+ Years
<u>Non-derivative financial liabilities</u>					
Payables	\$ 4,449,818	\$ 21,898	\$ 16,568	\$ 39,847	\$ 6,615
Lease liabilities	83,061	73,038	27,558	42,734	17,001
<u>Derivative financial liabilities</u>					
Currency swaps contract	3,085,681	648,767	-	-	-

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	-	-	-

September 30, 2023

	Less than 6 Months	6-12 Months	1-2 Years	2-5 Years	5+ Years
<u>Non-derivative financial liabilities</u>					
Payables	\$ 4,508,060	\$ 120,547	\$ 45,064	\$ 5,443	\$ 9,126
Lease liabilities	74,765	67,645	121,262	3,822	-
<u>Derivative financial liabilities</u>					
Currency swaps contract	3,511,283	1,767,474	-	-	-

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

<u>Related Party Name</u>	<u>Related Party Category</u>
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 Corporation	Fellow subsidiary
Cathay Securities Investment Trust Co., Ltd.	Fellow subsidiary
Cathay Life Insurance Co., Ltd. (Vietnam)	Subsidiary of the fellow subsidiary
Indovina Bank Limited.	Subsidiary of the fellow subsidiary
Cathay Futures Co., Ltd.	Subsidiary of the fellow subsidiary
Cathay Power Inc.	Subsidiary of the fellow subsidiary
Tien-Chi Power Co., Ltd.	Subsidiary of the fellow subsidiary
Neo Cathay Power Corp.	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
Cathay Real Estate Development Co., Ltd.	Other related party
Cathay Medical Care Corp.	Other related party
San Ching Engineering Co., Ltd.	Other related party
Symphox Information Co., Ltd.	Other related party
Hong-Sui Co., Ltd.	Other related party
Ally Logistic Property Co., Ltd.	Other related party
CMG International One Co., Ltd.	Other related party
TPISoftware Co., Ltd.	Other related party
Supernova Energy Co., Ltd.	Other related party
Others (including directors, supervisors, key management and its spouse or relatives within second degree)	Other related party

b. Operating transactions

Line Item	Related Party Category/Name	For the Three Months Ended September 30		For the Nine Months Ended September 30	
		2024	2023	2024	2023
Premium income	Fellow subsidiary and its subsidiary				
	Cathay Life Insurance Co., Ltd.	\$ 3,738	\$ 3,733	\$ 132,144	\$ 111,166
	Cathay United Bank Co., Ltd.	29,195	23,361	121,197	100,516
	Cathay Securities Corporation	1,246	-	3,081	-
	Neo Cathay Power Corp.	9,559	8,476	9,867	8,545
	Tien-Chi Power Co., Ltd.	163	-	5,106	3,395
	Cathay Power Inc.	842	551	16,412	12,546
	Other related parties				
	San Ching Engineering Co., Ltd.	5,984	963	17,939	2,665
	Ally Logistic Property Co., Ltd.	71	256	7,068	3,069
	Cathay Real Estate Development Co., Ltd.	790	1,092	3,015	2,265
	Cathay Medical Care Corp.	3,567	3,671	4,624	4,339
	Cathay Hospitality Management Co., Ltd.	46	48	\$ 5,421	4,521
	Cathay Hospitality Consulting Co., Ltd.	27	24	5,934	5,036
	Hong-Sui Co., Ltd.	2,974	2,785	7,434	6,626
	TPIsoftware Co., Ltd.	35	3,612	211	6,956
	CMG International One Co., Ltd.	-	-	62,810	-
	Supernova Energy Co., Ltd.	<u>3,721</u>	<u>-</u>	<u>3,721</u>	<u>-</u>
		<u>\$ 61,958</u>	<u>\$ 48,572</u>	<u>\$ 405,984</u>	<u>\$ 271,645</u>
Operating costs					
Marketing costs	Fellow subsidiary and its subsidiary				
	Cathay Life Insurance Co., Ltd.	\$ 224,173	\$ 208,356	\$ 654,313	\$ 625,399
	Cathay United Bank Co., Ltd.	29,747	30,746	88,707	89,140
	Cathay Life Insurance Co., Ltd. (Vietnam)	2,575	1,624	7,947	6,737
Processing fees	Fellow subsidiary				
	Cathay United Bank Co., Ltd.	<u>40,623</u>	<u>35,177</u>	<u>116,378</u>	<u>102,380</u>
		<u>\$ 297,118</u>	<u>\$ 275,903</u>	<u>\$ 867,345</u>	<u>\$ 823,656</u>
Operating expenses					
Other equipment expenses	Fellow subsidiary				
	Cathay Life Insurance Co., Ltd.	\$ 549	\$ -	\$ 2,935	\$ 4,260
Group insurance expenses	Fellow subsidiary				
	Cathay Life Insurance Co., Ltd.	8,818	7,419	28,472	19,789
Building management fee	Fellow subsidiary				
	Cathay Life Insurance Co., Ltd.	1,775	1,659	7,072	6,707
Management fee	Fellow subsidiary				
	Cathay Securities Investment Trust Co., Ltd.	3,614	3,445	8,486	7,850

(Continued)

Line Item	Related Party Category/Name	For the Three Months Ended September 30		For the Nine Months Ended September 30	
		2024	2023	2024	2023
Other expenses	Fellow subsidiary				
	Cathay United Bank Co., Ltd.	\$ 2,393	\$ 1,240	\$ 6,038	\$ 3,720
	Other related parties				
	Symphox Information Co., Ltd.	11,334	9,150	31,816	22,502
	TPIsoftware Co., Ltd.	<u>2,075</u>	<u>-</u>	<u>8,049</u>	<u>-</u>
		<u>\$ 30,558</u>	<u>\$ 22,913</u>	<u>\$ 92,868</u>	<u>\$ 64,828</u>

(Concluded)

c. Receivables from related parties

Line Item	Related Party Category/Name	September 30, 2024	December 31, 2023	September 30, 2023
Premiums receivable	Fellow subsidiary and its subsidiary			
	Cathay United Bank Co., Ltd.	\$ 18,265	\$ 64,278	\$ 23,358
	Cathay Life Insurance Co., Ltd.	1,776	8,011	1,091
	Cathay Power Inc.	13,862	3,777	7,477
	Neo Cathay Power Corp.	4,776	-	4,088
	Other related parties			
	Cathay Medical Care Corp.	3,485	16	3,633
	San Ching Engineering Co., Ltd.	5,960	3,700	939
	Supernova Energy Co., Ltd.	3,721	-	-
	Associate			
Due from reinsurers and ceding companies	Cathay Insurance Co., Ltd. (China)	<u>-</u>	<u>-</u>	<u>7,066</u>
		<u>\$ 51,845</u>	<u>\$ 79,782</u>	<u>\$ 47,652</u>

d. Payables to related parties

Line Item	Related Party Category/Name	September 30, 2024	December 31, 2023	September 30, 2023
Other payables	The Company's parent Cathay Financial Holdings Co., Ltd. (Note)	\$ 364,106	\$ 189,832	\$ 66,909
	Fellow subsidiary Cathay Life Insurance Co., Ltd.	115,533	80,749	53,304
	Other related party Symphox Information Co., Ltd.	<u>4,285</u>	<u>-</u>	<u>3,510</u>
		<u>\$ 483,924</u>	<u>\$ 270,581</u>	<u>\$ 123,723</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	September 30, 2024	December 31, 2023	September 30, 2023
Checking accounts and demand deposits	Fellow subsidiary and its subsidiary Cathay United Bank Co., Ltd.	\$ 1,725,047	\$ 2,505,546	\$ 2,817,807
	Indovina Bank Limited	14,939	10,548	4,151
Time deposits	Fellow subsidiary and its subsidiary Cathay United Bank Co., Ltd.	20,059	20,059	20,030
	Indovina Bank Limited	<u>248,738</u>	<u>261,778</u>	<u>260,704</u>
		<u>\$ 2,008,783</u>	<u>\$ 2,797,931</u>	<u>\$ 3,102,692</u>

As of September 30, 2024, December 31, 2023 and September 30, 2023, time deposits pledged recognized in guarantee deposits were \$27,941 thousand, \$27,819 thousand and \$28,120 thousand, respectively.

f. Interest income

Related Party Category/Name	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2024	2023	2024	2023
Fellow subsidiary and its subsidiary				
Cathay United Bank Co., Ltd.	\$ 4,758	\$ 6,058	\$ 15,491	\$ 15,050
Indovina Bank Limited	<u>3,781</u>	<u>4,761</u>	<u>12,500</u>	<u>12,738</u>
	<u>\$ 8,539</u>	<u>\$ 10,819</u>	<u>\$ 27,991</u>	<u>\$ 27,788</u>

g. Financial asset at FVTPL (beneficiary certificates)

Related Party Category/Name	September 30, 2024	December 31, 2023	September 30, 2023
Other related party			
Funds managed by Cathay Securities Investment Trust Co., Ltd.	<u>\$ 947,064</u>	<u>\$ 741,869</u>	<u>\$ 502,431</u>

h. Discretionary account management balance

Related Party Category/Name	September 30, 2024	December 31, 2023	September 30, 2023
Fellow subsidiary			
Cathay Securities Investment Trust Co., Ltd.	<u>\$ 1,846,753</u>	<u>\$ 1,697,518</u>	<u>\$ 1,545,870</u>

i. Guarantee deposits

Related Party Category/Name	September 30, 2024	December 31, 2023	September 30, 2023
Fellow subsidiary and its subsidiary			
Cathay Life Insurance Co., Ltd.	\$ 37,303	\$ 35,818	\$ 35,012
Cathay United Bank Co., Ltd.	22,132	22,062	22,032
Cathay Futures Co., Ltd.	58,564	58,378	58,264
Indovina Bank Limited	<u>7,882</u>	<u>7,760</u>	<u>8,090</u>
	<u>\$ 125,881</u>	<u>\$ 124,018</u>	<u>\$ 123,398</u>

j. Secured loans

Related Party Category/Name	For the Nine Months Ended September 30, 2024			
	Maximum Amount	Ending Balance	Interest Rate	Interest Income
Other related parties	<u>\$ 20,927</u>	<u>\$ 14,291</u>	2.20%	<u>\$ 242</u>

Related Party Category/Name	For the Nine Months Ended September 30, 2023			
	Maximum Amount	Ending Balance	Interest Rate	Interest Income
Other related parties	<u>\$ 21,388</u>	<u>\$ 21,158</u>	2.07%-2.10%	<u>\$ 160</u>

k. Lease arrangements

Related Party Category/Name	For the Nine Months Ended September 30	
	2024	2023
<u>Acquisitions of right-of-use assets</u>		
Fellow subsidiary		
Cathay Life Insurance Co., Ltd.	\$ 39,798	\$ 240,578
Cathay United Bank Co., Ltd.	14,963	2,377
Other related party		
Cathay Real Estate Development Co., Ltd.	<u>5,616</u>	<u>-</u>
	<u>\$ 60,377</u>	<u>\$ 242,955</u>

Line Item	Related Party Category/Name	September 30, 2024	December 31, 2023	September 30, 2023
Lease liabilities	Fellow subsidiary			
	Cathay Life Insurance Co., Ltd.	\$ 173,180	\$ 226,960	\$ 230,663
	Cathay United Bank Co., Ltd.	12,801	3,945	5,964
	Other related party			
	Cathay Real Estate Development Co., Ltd.	<u>4,909</u>	<u>-</u>	<u>-</u>
		<u>\$ 190,890</u>	<u>\$ 230,905</u>	<u>\$ 236,627</u>

Related Party Category/Name	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2024	2023	2024	2023
<u>Lease expense</u>				
Fellow subsidiary				
Cathay Life Insurance Co., Ltd.	<u>\$ 1,572</u>	<u>\$ 2,528</u>	<u>\$ 7,489</u>	<u>\$ 8,395</u>

l. Currency swaps contract

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

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

m. Remuneration of key management personnel

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2024	2023	2024	2023
Short-term employee benefits	\$ 18,791	\$ 13,031	\$ 54,467	\$ 51,154
Post-employment benefits	<u>1,501</u>	<u>1,907</u>	<u>4,504</u>	<u>5,720</u>
	<u>\$ 20,292</u>	<u>\$ 14,938</u>	<u>\$ 58,971</u>	<u>\$ 56,874</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 on the benefits of economic scale, Cathay Financial Holdings and its subsidiaries cooperate to launch promotion activities, and the related expenses are allocated to each subsidiary directly by the nature of business or on other reasonable basis.

29. ASSETS PLEDGED AS COLLATERAL OR FOR SECURITY

a. The Company

Item of Assets	September 30, 2024	December 31, 2023	September 30, 2023
Guarantee deposits - government bonds	\$ 299,710	\$ 299,602	\$ 299,564
Guarantee deposits - time deposits	<u>20,059</u>	<u>20,059</u>	<u>20,030</u>
	<u>\$ 319,769</u>	<u>\$ 319,661</u>	<u>\$ 319,594</u>

The pledged assets are stated at book value. As of September 30, 2024, December 31, 2023 and September 30, 2023, the Company provided government bonds amounting to \$299,726 thousand, \$299,615 thousand and \$299,577 thousand to the Central Bank for insurance business in accordance with the Insurance Act, respectively. Loss allowance amounted to \$16 thousand, \$13 thousand and \$13 thousand, respectively, which are in the scope of the impairment requirements under IFRS 9.

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

Item of Assets	September 30, 2024	December 31, 2023	September 30, 2023
Guarantee deposits - time deposits	\$ <u>7,882</u>	\$ <u>7,760</u>	\$ <u>8,090</u>

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

30. OTHER ITEMS

a. Capital management

1) Management objectives

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

2) Management policies

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

3) Management procedures

a) Periodical calculation

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

b) Aperiodic calculation

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

4) Current status of RBC ratio

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

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

Items	September 30, 2024		
	Recovery/ Settlement within 12 Months	Recovery/ Settlement Over 12 Months	Total
Cash and cash equivalents	\$ 9,954,838	\$ -	\$ 9,954,838
Receivables	3,711,609	-	3,711,609
Investments			
Financial assets at FVTPL	13,549,613	255,115	13,804,728
Financial assets at FVTOCI	-	662,364	662,364
Financial assets at amortized cost	1,185,554	9,063,324	10,248,878
Investments accounted for using the equity method	-	2,464,233	2,464,233
Loans	-	103,573	103,573
Total investments	<u>14,735,167</u>	<u>12,548,609</u>	<u>27,283,776</u>
Reinsurance assets	2,792,889	15,684,826	18,477,715
Property and equipment	-	440,338	440,338
Right-of-use assets	-	236,669	236,669
Intangible assets	-	99,460	99,460
Deferred tax assets	-	4,531,723	4,531,723
Other assets	<u>23,052</u>	<u>598,507</u>	<u>621,559</u>
Total assets	<u>\$ 31,217,555</u>	<u>\$ 34,140,132</u>	<u>\$ 65,357,687</u>
Payables	\$ 4,471,716	\$ 63,030	\$ 4,534,746
Financial liabilities at FVTPL	110,721	-	110,721
Insurance liabilities			
Unearned premium reserve	15,511,637	4,053,677	19,565,314
Loss reserve	-	19,529,960	19,529,960
Policy reserve	-	50	50
Special reserve	-	1,590,771	1,590,771
Premium deficiency reserve	-	360	360
Total insurance liabilities	<u>15,511,637</u>	<u>25,174,818</u>	<u>40,686,455</u>
Provisions	-	324,283	324,283
Lease liabilities	152,437	83,813	236,250
Deferred tax liabilities	-	391,907	391,907
Other liabilities	<u>1,430,020</u>	<u>28,067</u>	<u>1,458,087</u>
Total liabilities	<u>\$ 21,676,531</u>	<u>\$ 26,065,918</u>	<u>\$ 47,742,449</u>

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	262	122,815	123,077
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>
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>

September 30, 2023			
Items	Recovery/ Settlement within 12 Months	Recovery/ Settlement Over 12 Months	Total
Cash and cash equivalents	\$ 9,508,929	\$ -	\$ 9,508,929
Receivables	3,437,642	-	3,437,642
Investments			
Financial assets at FVTPL	9,074,515	262,304	9,336,819
Financial assets at FVTOCI	-	680,716	680,716
Financial assets at amortized cost	419,102	9,295,347	9,714,449
Investments accounted for using the equity method	-	2,553,141	2,553,141
Loans	223	125,974	126,197
Total investments	<u>9,493,840</u>	<u>12,917,482</u>	<u>22,411,322</u>
Reinsurance assets	3,019,009	11,510,339	14,529,348
Property and equipment	-	365,606	365,606
Right-of-use assets	-	266,778	266,778
Intangible assets	-	115,431	115,431
Deferred tax assets	-	4,548,246	4,548,246
Other assets	<u>46,646</u>	<u>604,423</u>	<u>651,069</u>
Total assets	<u>\$ 25,506,066</u>	<u>\$ 30,328,305</u>	<u>\$ 55,834,371</u>
Payables	\$ 4,628,607	\$ 59,633	\$ 4,688,240
Financial liabilities at FVTPL	295,986	-	295,986
Insurance liabilities			
Unearned premium reserve	14,174,720	2,849,208	17,023,928
Loss reserve	148,174	15,098,582	15,246,756
Policy reserve	-	112	112
Special reserve	-	1,684,675	1,684,675
Premium deficiency reserve	-	-	-
Total insurance liabilities	<u>14,322,894</u>	<u>19,632,577</u>	<u>33,955,471</u>
Provisions	-	429,852	429,852
Lease liabilities	140,217	124,426	264,643
Deferred tax liabilities	-	393,377	393,377
Other liabilities	<u>1,411,624</u>	<u>30,269</u>	<u>1,441,893</u>
Total liabilities	<u>\$ 20,799,328</u>	<u>\$ 20,670,134</u>	<u>\$ 41,469,462</u>

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:

September 30, 2024

	Foreign Currency	Exchange Rate	Carrying Amount
<u>Financial assets</u>			
Monetary items			
USD	\$ 242,837	31.651 (USD:NTD)	\$ 7,687,614
EUR	2,695	35.362 (EUR:NTD)	95,095
Non-monetary items			
USD	47,914	31.651 (USD:NTD)	1,516,516
SGD	4,875	24.710 (SGD:NTD)	120,470
Investments accounted for using the equity method			
CNY	546,212	4.510 (CNY:NTD)	2,464,233
Derivative instruments (Note)			
USD	64,300	31.651 (USD:NTD)	15,968
<u>Financial liabilities</u>			
Monetary items			
USD	12,861	31.651 (USD:NTD)	418,460
EUR	704	35.362 (EUR:NTD)	24,855
CNY	5,327	4.510 (CNY:NTD)	23,733
INR	30,730	0.386 (INR:NTD)	11,717
Non-monetary items			
Derivative instruments (Note)			
USD	191,300	31.651 (USD:NTD)	110,721

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

September 30, 2023

	Foreign Currency	Exchange Rate	Carrying Amount
<u>Financial assets</u>			
Monetary items			
USD	\$ 250,458	32.268 (USD:NTD)	\$ 8,077,507
EUR	6,270	33.910 (EUR:NTD)	212,554
Non-monetary items			
USD	39,024	32.268 (USD:NTD)	1,259,225
HKD	6,270	4.124 (HKD:NTD)	25,855
SGD	3,847	23.523 (SGD:NTD)	90,504
Investments accounted for using the equity method			
CNY	577,607	4.421 (CNY:NTD)	2,553,141
<u>Financial liabilities</u>			
Monetary items			
USD	14,399	32.268 (USD:NTD)	460,721
EUR	808	33.910 (EUR:NTD)	27,601
CNY	3,916	4.421 (CNY:NTD)	17,182
THB	7,716	0.878 (THB:NTD)	7,069
KRW	439,261	0.023 (KRW:NTD)	10,639
Non-monetary items			
Derivative instruments (Note)			
USD	176,100	32.268 (USD:NTD)	295,986

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

For the three months ended September 30, 2024 and 2023 and the nine months ended September 30, 2024 and 2023 (realized and unrealized) net foreign exchange (losses) gains were \$(185,235) thousand, \$244,845 thousand, \$198,065 thousand and \$337,947 thousand, respectively. It is impractical to disclose net foreign exchange gains or losses by each significant foreign currency due to the variety of the foreign currency transactions.

32. SEPARATELY DISCLOSED ITEMS

a. Information on significant transactions and investees:

- 1) Acquisition of individual real estate at costs of at least NT\$100 million or 20% of the paid-in capital: None
- 2) Disposal of individual real estate at prices of at least NT\$100 million or 20% of the paid-in capital: None
- 3) Total purchases from or sales to related parties amounting to at least NT\$100 million or 20% of the paid-in capital: (Table 3)

- 4) Receivables from related parties amounting to at least NT\$100 million or 20% of the paid-in capital: None
 - 5) Trading in derivative instruments (Note 7)
 - 6) Intercompany relationships and significant intercompany transactions (Table 4)
 - 7) Information on investees (Table 5)
- b. Information on investments in mainland China
- 1) Information on any investee company in mainland China, showing the name, principal business activities, paid-in capital, method of investment, inward and outward remittance of funds, ownership percentage, net income of investees, investment income or loss, carrying amount of the investment at the end of the period, repatriations of investment income, and limit on the amount of investment in the mainland China area (Table 6).
 - 2) Any of the following significant transactions with investee companies in mainland China, either directly or indirectly through a third party, and their prices, payment terms, and unrealized gains or losses: None
 - a) For transactions involving each other's main business, such as underwriting an insurance policy where the proposer is the investee, the amount and percentage of transactions and the balance and percentage of the related payables at the end of the period.
 - b) The amount of property transactions and the amount of the resultant gains or losses.
 - c) The highest balance, the ending balance, the interest rate range, and total current period interest with respect to the financing of funds.
 - d) Other transactions that have a material effect on the profit or loss for the period or on the financial position, such as the rendering or receipt of services.
 - e) The amount or balance of transactions mentioned in subitems a - d above that reaches 10% or more of the insurance enterprise's total amount or balance of such transactions shall be separately presented, while the rest may be added up and reported as an aggregate amount.
 - c. Information of major shareholders: The insurance enterprise whose stock is listed on the TWSE or listed on the TPEX shall disclose the names, numbers of shares held, and shareholding percentages of shareholders who hold 5 percent or more of the insurance enterprise's equity. For this purpose, the insurance enterprise may request the centralized securities depository enterprise to provide relevant information: None

33. SEGMENT INFORMATION

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

34. DISCLOSE OF INSURANCE CONTRACT

a. Retained earned premium

For the three months ended September 30, 2024

Insurance Type	Written Premium (1)	Reinsurance Premium (2)	Reinsurance Expenses (3)	Retained Premium (4)=(1)+(2)-(3)	Net Changes in Unearned Premium Reserve (5)	Retained Earned Premium (6)=(4)-(5)
Fire insurance	\$ 1,292,840	\$ 48,489	\$ 934,464	\$ 406,865	\$ 76,128	\$ 330,737
Marine insurance	267,269	3,761	192,616	78,414	(1,201)	79,615
Land and air insurance	3,855,803	(36)	227,828	3,627,939	27,393	3,600,546
Liability insurance	825,407	1,248	186,992	639,663	112,916	526,747
Guarantee insurance	15,328	289	2,421	13,196	4,374	8,822
Other property insurance	736,699	19,207	681,960	73,946	13,768	60,178
Accident insurance	1,225,601	2,163	79,691	1,148,073	18,890	1,129,183
Health insurance	110,416	-	-	110,416	2,604	107,812
Policy-oriented residential earthquake insurance	120,349	16,662	120,349	16,662	909	15,753
Compulsory automobile liability insurance	<u>786,330</u>	<u>202,969</u>	<u>333,361</u>	<u>655,938</u>	<u>8,099</u>	<u>647,839</u>
	<u>\$ 9,236,042</u>	<u>\$ 294,752</u>	<u>\$ 2,759,682</u>	<u>\$ 6,771,112</u>	<u>\$ 263,880</u>	<u>\$ 6,507,232</u>

For the three months ended September 30, 2023

Insurance Type	Written Premium (1)	Reinsurance Premium (2)	Reinsurance Expenses (3)	Retained Premium (4)=(1)+(2)-(3)	Net Changes in Unearned Premium Reserve (5)	Retained Earned Premium (6)=(4)-(5)
Fire insurance	\$ 1,308,944	\$ 49,661	\$ 966,146	\$ 392,459	\$ (5,619)	\$ 398,078
Marine insurance	227,165	3,032	203,266	26,931	(33,693)	60,624
Land and air insurance	3,423,068	(282)	222,798	3,199,988	(35,890)	3,235,878
Liability insurance	865,262	1,237	405,802	460,697	13,719	446,978
Guarantee insurance	18,641	(179)	15,708	2,754	(2,575)	5,329
Other property insurance	431,097	19,548	310,172	140,473	10,860	129,613
Accident insurance	1,097,577	1,645	68,248	1,030,974	20,449	1,010,525
Health insurance	89,080	-	-	89,080	2,390	86,690
Policy-oriented residential earthquake insurance	115,913	14,380	115,913	14,380	(219)	14,599
Compulsory automobile liability insurance	<u>761,291</u>	<u>195,028</u>	<u>322,308</u>	<u>634,011</u>	<u>3,920</u>	<u>630,091</u>
	<u>\$ 8,338,038</u>	<u>\$ 284,070</u>	<u>\$ 2,630,361</u>	<u>\$ 5,991,747</u>	<u>\$ (26,658)</u>	<u>\$ 6,018,405</u>

For the nine months ended September 30, 2024

Insurance Type	Written Premium (1)	Reinsurance Premium (2)	Reinsurance Expenses (3)	Retained Premium (4)=(1)+(2)-(3)	Net Changes in Unearned Premium Reserve (5)	Retained Earned Premium (6)=(4)-(5)
Fire insurance	\$ 4,366,391	\$ 79,979	\$ 3,454,912	\$ 991,458	\$ 102,956	\$ 888,502
Marine insurance	1,017,558	9,564	789,750	237,372	(4,013)	241,385
Land and air insurance	11,335,014	806	675,987	10,659,833	235,599	10,424,234
Liability insurance	2,323,336	3,601	602,293	1,724,644	251,184	1,473,460
Guarantee insurance	93,101	(551)	58,075	34,475	10,739	23,736
Other property insurance	2,653,279	66,646	2,422,157	297,768	93,816	203,952
Accident insurance	3,444,162	7,029	216,980	3,234,211	(41,337)	3,275,548
Health insurance	299,970	-	-	299,970	2,326	297,644
Policy-oriented residential earthquake insurance	367,192	54,452	367,192	54,452	6,818	47,634
Compulsory automobile liability insurance	<u>2,224,065</u>	<u>590,753</u>	<u>938,384</u>	<u>1,876,434</u>	<u>15,482</u>	<u>1,860,952</u>
	<u>\$ 28,124,068</u>	<u>\$ 812,279</u>	<u>\$ 9,525,730</u>	<u>\$ 19,410,617</u>	<u>\$ 673,570</u>	<u>\$ 18,737,047</u>

For the nine months ended September 30, 2023

Insurance Type	Written Premium (1)	Reinsurance Premium (2)	Reinsurance Expenses (3)	Retained Premium (4)=(1)+(2)-(3)	Net Changes in Unearned Premium Reserve (5)	Retained Earned Premium (6)=(4)-(5)
Fire insurance	\$ 3,963,210	\$ 174,115	\$ 3,044,216	\$ 1,093,109	\$ (221,939)	\$ 1,315,048
Marine insurance	937,221	17,172	745,737	208,656	(28,840)	237,496
Land and air insurance	10,184,067	73	714,352	9,469,788	94,972	9,374,816
Liability insurance	2,048,328	3,715	717,530	1,334,513	93,787	1,240,726
Guarantee insurance	88,516	3,832	82,865	9,483	(7,166)	16,649
Other property insurance	1,453,193	55,100	1,181,582	326,711	(22,283)	348,994
Accident insurance	3,011,348	7,194	206,886	2,811,656	84,629	2,727,027
Health insurance	211,073	-	(25)	211,098	(83,074)	294,172
Policy-oriented residential earthquake insurance	348,323	45,919	348,323	45,919	2,755	43,164
Compulsory automobile liability insurance	<u>2,190,686</u>	<u>572,284</u>	<u>922,162</u>	<u>1,840,808</u>	<u>10,235</u>	<u>1,830,573</u>
	<u>\$ 24,435,965</u>	<u>\$ 879,404</u>	<u>\$ 7,963,628</u>	<u>\$ 17,351,741</u>	<u>\$ (76,924)</u>	<u>\$ 17,428,665</u>

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

For the nine months ended September 30, 2024

Insurance Type	Written Premium (1)	Reinsurance Premium (2)	Reinsurance Expenses (3)	Retained Premium (4)=(1)+(2)-(3)
Compulsory insurance	\$ 2,224,065	\$ 590,753	\$ 938,384	\$ 1,876,434
Non-compulsory insurance	<u>25,900,003</u>	<u>221,526</u>	<u>8,587,346</u>	<u>17,534,183</u>
	<u>\$ 28,124,068</u>	<u>\$ 812,279</u>	<u>\$ 9,525,730</u>	<u>\$ 19,410,617</u>

Insurance Type	Unearned Premium Reserves under Direct Business		Unearned Premium Reserves under Reinsurance Inward Business		Net Changes in Unearned Premium Reserve (9)=(5)-(6)+(7)-(8)
	Provision (5)	Recovery (6)	Provision (7)	Recovery (8)	
Compulsory insurance	\$ 1,279,745	\$ 1,267,647	\$ 484,794	\$ 474,151	\$ 22,741
Non-compulsory insurance	<u>17,681,423</u>	<u>15,657,566</u>	<u>117,741</u>	<u>115,875</u>	<u>2,025,723</u>
	<u>\$ 18,961,168</u>	<u>\$ 16,925,213</u>	<u>\$ 602,535</u>	<u>\$ 590,026</u>	<u>\$ 2,048,464</u>

Insurance Type	Unearned Premium Reserves under Ceded Reinsurance Business		Net Changes in for Unearned Ceded Premium Reserve (12)=(10)-(11)	Retained Premium (13)=(4)- (9)+(12)
	Provision (10)	Recovery (11)		
Compulsory insurance	\$ 767,847	\$ 760,588	\$ 7,259	\$ 1,860,952
Non-compulsory insurance	<u>6,149,830</u>	<u>4,782,195</u>	<u>1,367,635</u>	<u>16,876,095</u>
	<u>\$ 6,917,677</u>	<u>\$ 5,542,783</u>	<u>\$ 1,374,894</u>	<u>\$ 18,737,047</u>

For the nine months ended September 30, 2023

Insurance Type	Written Premium (1)	Reinsurance Premium (2)	Reinsurance Expenses (3)	Retained Premium (4)=(1)+(2)-(3)
Compulsory insurance	\$ 2,190,686	\$ 572,284	\$ 922,162	\$ 1,840,808
Non-compulsory insurance	<u>22,245,279</u>	<u>307,120</u>	<u>7,041,466</u>	<u>15,510,933</u>
	<u>\$ 24,435,965</u>	<u>\$ 879,404</u>	<u>\$ 7,963,628</u>	<u>\$ 17,351,741</u>

Insurance Type	Unearned Premium Reserves under Direct Business		Unearned Premium Reserves under Reinsurance Inward Business		Net Changes in Unearned Premium Reserve (9)=(5)-(6)+(7)-(8)
	Provision (5)	Recovery (6)	Provision (7)	Recovery (8)	
Compulsory insurance	\$ 1,261,432	\$ 1,250,469	\$ 470,818	\$ 464,968	\$ 16,813
Non-compulsory insurance	<u>15,157,426</u>	<u>13,951,310</u>	<u>130,551</u>	<u>206,174</u>	<u>1,130,493</u>
	<u>\$ 16,418,858</u>	<u>\$ 15,201,779</u>	<u>\$ 601,369</u>	<u>\$ 671,142</u>	<u>\$ 1,147,306</u>

Insurance Type	Unearned Premium Reserves under Ceded Reinsurance Business		Net Changes in for Unearned Ceded Premium Reserve (12)=(10)-(11)	Retained Premium (13)=(4)- (9)+(12)
	Provision (10)	Recovery (11)		
Compulsory insurance	\$ 756,860	\$ 750,282	\$ 6,578	\$ 1,830,573
Non-compulsory insurance	<u>4,959,649</u>	<u>3,741,997</u>	<u>1,217,652</u>	<u>15,598,092</u>
	<u>\$ 5,716,509</u>	<u>\$ 4,492,279</u>	<u>\$ 1,224,230</u>	<u>\$ 17,428,665</u>

b. Retained claims

<u>For the Three Months Ended September 30, 2024</u>				
Insurance Type	Loss Incurred (Claims Expense Included) (1)	Reinsurance Claims (2)	Claims Recovered from Reinsurances (3)	Retained Claims (4)=(1)+(2)-(3)
Fire insurance	\$ 1,017,803	\$ 89,862	\$ 863,062	\$ 244,603
Marine insurance	81,541	12,005	42,832	50,714
Land and air insurance	1,977,553	1,377	86,329	1,892,601
Liability insurance	222,903	239	26,053	197,089
Guarantee insurance	5,505	(15)	4,219	1,271
Other property insurance	120,919	6,872	96,593	31,198
Accident insurance	387,087	689	45,275	342,501
Health insurance	21,741	(1)	17	21,723
Policy-oriented residential earthquake insurance	25,687	33,214	22,287	36,614
Compulsory automobile liability insurance	<u>359,212</u>	<u>190,343</u>	<u>212,410</u>	<u>337,145</u>
	<u>\$ 4,219,951</u>	<u>\$ 334,585</u>	<u>\$ 1,399,077</u>	<u>\$ 3,155,459</u>

For the Three Months Ended September 30, 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	\$ 440,321	\$ 102,020	\$ 244,122	\$ 298,219
Marine insurance	82,860	9,486	55,218	37,128
Land and air insurance	1,964,989	3,465	62,809	1,905,645
Liability insurance	289,929	139	68,216	221,852
Guarantee insurance	46,024	3,979	44,661	5,342
Other property insurance	493,613	8,403	470,801	31,215
Accident insurance	382,779	1,046	30,438	353,387
Health insurance	74,614	-	(1,648)	76,262
Policy-oriented residential earthquake insurance	-	-	-	-
Compulsory automobile liability insurance	<u>565,403</u>	<u>187,607</u>	<u>334,807</u>	<u>418,203</u>
	<u>\$ 4,340,532</u>	<u>\$ 316,145</u>	<u>\$ 1,309,424</u>	<u>\$ 3,347,253</u>

For the Nine Months Ended September 30, 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	\$ 1,308,721	\$ 202,369	\$ 999,779	\$ 511,311
Marine insurance	270,899	18,906	160,020	129,785
Land and air insurance	5,753,556	2,105	260,463	5,495,198
Liability insurance	1,017,694	898	410,969	607,623
Guarantee insurance	21,928	1,605	16,060	7,473
Other property insurance	436,571	17,652	352,373	101,850
Accident insurance	1,191,927	1,740	142,831	1,050,836
Health insurance	72,220	6	5,145	67,081
Policy-oriented residential earthquake insurance	37,587	40,010	34,187	43,410
Compulsory automobile liability insurance	<u>1,383,321</u>	<u>542,673</u>	<u>814,878</u>	<u>1,111,116</u>
	<u>\$ 11,494,424</u>	<u>\$ 827,964</u>	<u>\$ 3,196,705</u>	<u>\$ 9,125,683</u>

For the Nine Months Ended September 30, 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	\$ 1,205,914	\$ 370,884	\$ 728,115	\$ 848,683
Marine insurance	251,796	27,632	142,479	136,949
Land and air insurance	5,504,011	17,094	195,925	5,325,180
Liability insurance	779,867	79	223,010	556,936
Guarantee insurance	47,567	5,572	44,822	8,317
Other property insurance	1,550,647	33,682	846,388	737,941
Accident insurance	1,059,747	2,097	95,747	966,097
Health insurance	10,281,720	-	92,270	10,189,450
Policy-oriented residential earthquake insurance	-	-	-	-
Compulsory automobile liability insurance	<u>1,617,981</u>	<u>541,956</u>	<u>950,754</u>	<u>1,209,183</u>
	<u>\$ 22,299,250</u>	<u>\$ 998,996</u>	<u>\$ 3,319,510</u>	<u>\$ 19,978,736</u>

Retained claims of compulsory insurance and non-compulsory insurance:

For the Nine Months Ended September 30, 2024				
Insurance Type	Loss Incurred (Claims Expense Included) (1)	Reinsurance Claims (2)	Claims Recovered from Reinsurances (3)	Retained Claims (4)=(1)+(2)-(3)
Compulsory insurance	\$ 1,383,321	\$ 542,673	\$ 814,878	\$ 1,111,116
Non-compulsory insurance	<u>10,111,103</u>	<u>285,291</u>	<u>2,381,827</u>	<u>8,014,567</u>
	<u>\$ 11,494,424</u>	<u>\$ 827,964</u>	<u>\$ 3,196,705</u>	<u>\$ 9,125,683</u>

For the Nine Months Ended September 30, 2023				
Insurance Type	Loss Incurred (Claims Expense Included) (1)	Reinsurance Claims (2)	Claims Recovered from Reinsurances (3)	Retained Claims (4)=(1)+(2)-(3)
Compulsory insurance	\$ 1,617,981	\$ 541,956	\$ 950,754	\$ 1,209,183
Non-compulsory insurance	<u>20,681,269</u>	<u>457,040</u>	<u>2,368,756</u>	<u>18,769,553</u>
	<u>\$ 22,299,250</u>	<u>\$ 998,996</u>	<u>\$ 3,319,510</u>	<u>\$ 19,978,736</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		
	September 30, 2024	December 31, 2024	September 30, 2023
Fire insurance	\$ 260,133	\$ 382,340	\$ 217,159
Marine insurance	40,991	87,706	31,898
Land and air insurance	89,912	75,949	62,755
Liability insurance	28,220	89,521	47,140
Guarantee insurance	280	601	217
Other property insurance	35,479	28,374	31,482
Accident insurance	37,367	15,419	23,896
Health insurance	16	67	3,571
Policy-oriented residential earthquake insurance	4,300	-	-
Compulsory automobile liability insurance	<u>77,617</u>	<u>163,910</u>	<u>198,917</u>
	574,315	843,887	617,035
Less: Loss allowance	<u>(5,743)</u>	<u>(8,439)</u>	<u>(6,171)</u>
Net amount	<u>\$ 568,572</u>	<u>\$ 835,448</u>	<u>\$ 610,864</u>

d. Receivables and payables of insurance contracts

Receivables

Insurance Type	Premiums Receivable		
	September 30, 2024	December 31, 2023	September 30, 2023
Fire insurance	\$ 1,265,414	\$ 1,008,491	\$ 1,267,462
Marine insurance	471,556	340,128	416,373
Land and air insurance	189,382	157,690	150,632
Liability insurance	505,104	581,224	571,796
Guarantee insurance	24,523	56,504	26,504
Other property insurance	491,333	412,614	324,733
Accident insurance	132,584	124,222	131,576
Health insurance	2,661	2,814	3,511
Policy-oriented residential earthquake insurance	31,681	34,831	31,050
Compulsory automobile liability insurance	<u>12,531</u>	<u>15,904</u>	<u>15,845</u>
	3,126,769	2,734,422	2,939,482
Less: Loss allowance	<u>(42,252)</u>	<u>(36,950)</u>	<u>(40,993)</u>
Net amount	<u>\$ 3,084,517</u>	<u>\$ 2,697,472</u>	<u>\$ 2,898,489</u>

Aging analysis of premiums receivable:

	September 30, 2024	December 31, 2023	September 30, 2023
Up to 90 days	\$ 2,079,545	\$ 1,889,950	\$ 1,866,142
Over 90 days	<u>1,047,224</u>	<u>844,472</u>	<u>1,073,340</u>
	<u>\$ 3,126,769</u>	<u>\$ 2,734,422</u>	<u>\$ 2,939,482</u>

The overdue amounts as of September 30, 2024, December 31, 2023 and September 30, 2023 in the above premiums receivable were \$1,047,224 thousand, \$844,472 thousand and \$1,073,340 thousand, respectively, and loss allowance of \$20,944 thousand, \$17,807 thousand and \$21,467 thousand were provided, respectively.

Payables

September 30, 2024			
Insurance Type	Commission Payable	Others	Total
Fire insurance	\$ 72,338	\$ 15,120	\$ 87,458
Marine insurance	17,969	15,386	33,355
Land and air insurance	308,118	149,519	457,637
Liability insurance	29,502	41,714	71,216
Guarantee insurance	2,008	922	2,930
Other property insurance	16,616	12,453	29,069
Accident insurance	10,285	55,307	65,592
Health insurance	664	4,976	5,640
Policy-oriented residential earthquake insurance	322	3,467	3,789
Compulsory automobile liability insurance	<u>19,239</u>	<u>-</u>	<u>19,239</u>
	<u>\$ 477,061</u>	<u>\$ 298,864</u>	<u>\$ 775,925</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>

September 30, 2023			
Insurance Type	Commission Payable	Others	Total
Fire insurance	\$ 58,942	\$ 14,714	\$ 73,656
Marine insurance	17,234	14,924	32,158
Land and air insurance	247,594	92,512	340,106
Liability insurance	40,636	34,214	74,850
Guarantee insurance	1,938	1,842	3,780
Other property insurance	12,140	10,914	23,054
Accident insurance	12,219	39,014	51,233
Health insurance	964	2,925	3,889
Policy-oriented residential earthquake insurance	310	3,276	3,586
Compulsory automobile liability insurance	<u>17,380</u>	<u>-</u>	<u>17,380</u>
	<u>\$ 409,357</u>	<u>\$ 214,335</u>	<u>\$ 623,692</u>

Due from (to) reinsurers and ceding companies - reinsurance

September 30, 2024		
	Due from Reinsurers and Ceding Companies	Due to Reinsurers and Ceding Companies
Central Re	\$ 8,922	\$ 161,896
Hannover Re in Shanghai	200,416	49,824
Marsh	1,351,389	289,511
Richmond	133,953	8,991
Swiss Re	36,481	235,221
Willis	129,198	181,576
Association of the R.O.C.	132,065	370,881
Others (individually below 5%)	<u>424,360</u>	<u>1,387,696</u>
	2,416,784	2,685,596
Less: Loss allowance	<u>(192,468)</u>	<u>-</u>
Net amount	<u>\$ 2,224,316</u>	<u>\$ 2,685,596</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>

	September 30, 2023	
	Due from Reinsurers and Ceding Companies	Due to Reinsurers and Ceding Companies
AON	\$ 194,068	\$ 190,548
Central Re	75,220	299,730
Hannover Re in Shanghai	219,624	51,299
HDI	5,350	171,006
Marsh	1,206,277	237,075
Munich Re	119,976	288,942
Willis	62,036	236,656
Association of the R.O.C.	138,227	342,271
Others (individually below 5%)	<u>459,478</u>	<u>1,518,754</u>
	2,480,256	3,336,281
Less: Loss allowance	<u>(72,111)</u>	<u>-</u>
Net amount	<u>\$ 2,408,145</u>	<u>\$ 3,336,281</u>

The overdue amounts as of September 30, 2024, December 31, 2023 and September 30, 2023 in the above amounts due from (to) reinsurers and ceding companies were \$1,239,613 thousand, \$1,185,311 thousand and \$1,180,717 thousand, respectively, and loss allowances of \$180,488 thousand, \$174,157 thousand and \$59,036 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

For the Three Months Ended September 30, 2024					
Insurance Type	Commission Expenses	Service and Handling Charge	Reinsurance Commission Expenses	Others	Total
Fire insurance	\$ 68,862	\$ 1,181	\$ 10,693	\$ 9,645	\$ 90,381
Marine insurance	23,046	69	307	858	24,280
Land and air insurance	435,579	-	1,199	166,574	603,352
Liability insurance	79,067	13	40	14,456	93,576
Guarantee insurance	1,153	-	3	189	1,345
Other property insurance	50,819	123	5,091	1,640	57,673
Accident insurance	140,338	-	-	52,024	192,362
Health insurance	15,051	-	-	5,083	20,134
Policy-oriented residential earthquake insurance	2,896	6	-	3,542	6,444
Compulsory automobile liability insurance	-	85,341	-	-	85,341
	<u>\$ 816,811</u>	<u>\$ 86,733</u>	<u>\$ 17,333</u>	<u>\$ 254,011</u>	<u>\$ 1,174,888</u>
For the Three Months Ended September 30, 2023					
Insurance Type	Commission Expenses	Service and Handling Charge	Reinsurance Commission Expenses	Others	Total
Fire insurance	\$ 70,003	\$ 1,983	\$ 8,838	\$ 9,188	\$ 90,012
Marine insurance	21,667	133	316	771	22,887
Land and air insurance	385,030	-	5,501	154,937	545,468
Liability insurance	84,272	-	170	13,738	98,180
Guarantee insurance	1,520	(3)	1,287	215	3,019
Other property insurance	37,969	124	4,187	1,211	43,491
Accident insurance	134,014	1	115	49,425	183,555
Health insurance	13,918	-	-	3,890	17,808
Policy-oriented residential earthquake insurance	2,738	10	-	3,419	6,167
Compulsory automobile liability insurance	-	82,966	-	-	82,966
	<u>\$ 751,131</u>	<u>\$ 85,214</u>	<u>\$ 20,414</u>	<u>\$ 236,794</u>	<u>\$ 1,093,553</u>
For the Nine Months Ended September 30, 2024					
Insurance Type	Commission Expenses	Service and Handling Charge	Reinsurance Commission Expenses	Others	Total
Fire insurance	\$ 215,454	\$ 2,807	\$ 15,344	\$ 30,017	\$ 263,622
Marine insurance	76,027	100	896	2,545	79,568
Land and air insurance	1,276,404	-	1,344	488,402	1,766,150
Liability insurance	240,958	19	227	43,435	284,639
Guarantee insurance	9,832	(2)	(110)	836	10,556
Other property insurance	133,288	443	17,020	5,641	156,392
Accident insurance	395,022	-	155	149,003	544,180
Health insurance	41,121	-	-	14,275	55,396
Policy-oriented residential earthquake insurance	9,014	23	-	10,592	19,629
Compulsory automobile liability insurance	-	240,334	-	-	240,334
	<u>\$ 2,397,120</u>	<u>\$ 243,724</u>	<u>\$ 34,876</u>	<u>\$ 744,746</u>	<u>\$ 3,420,466</u>

For the Nine Months Ended September 30, 2023					
Insurance Type	Commission Expenses	Service and Handling Charge	Reinsurance Commission Expenses	Others	Total
Fire insurance	\$ 181,365	\$ 5,647	\$ 47,392	\$ 29,525	\$ 263,929
Marine insurance	70,546	280	1,462	2,582	74,870
Land and air insurance	1,142,585	-	5,569	475,814	1,623,968
Liability insurance	218,231	9	328	40,130	258,698
Guarantee insurance	8,539	(6)	1,330	633	10,496
Other property insurance	107,430	505	12,409	5,358	125,702
Accident insurance	360,384	16	235	139,847	500,482
Health insurance	34,807	-	-	8,952	43,759
Policy-oriented residential earthquake insurance	8,544	52	-	10,101	18,697
Compulsory automobile liability insurance	-	238,390	-	-	238,390
	<u>\$ 2,132,431</u>	<u>\$ 244,893</u>	<u>\$ 68,725</u>	<u>\$ 712,942</u>	<u>\$ 3,158,991</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 September 30, 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	\$ 1,292,840	\$ (35,040)	\$ 79,688	\$ 1,017,803	\$ (378,461)	\$ 608,850
Marine insurance	267,269	(39,047)	23,973	81,541	178,468	22,334
Land and air insurance	3,855,803	34,155	602,153	1,977,553	53,235	1,188,707
Liability insurance	825,407	63,080	93,536	222,903	(57,174)	503,062
Guarantee insurance	15,328	(18,305)	1,342	5,505	1,676	25,110
Other property insurance	736,699	436,825	52,582	120,919	332,030	(205,657)
Accident insurance	1,225,601	21,126	192,362	387,087	27,797	597,229
Health insurance	110,416	2,604	20,134	21,741	(8,216)	74,153
Policy-oriented residential earthquake insurance	120,349	(1,386)	6,444	25,687	(22,287)	111,891
Compulsory automobile liability insurance	786,330	9,077	85,341	359,212	11,829	320,871
	<u>\$ 9,236,042</u>	<u>\$ 473,089</u>	<u>\$ 1,157,555</u>	<u>\$ 4,219,951</u>	<u>\$ 138,897</u>	<u>\$ 3,246,550</u>

For the Three Months Ended September 30, 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	\$ 1,308,944	\$ 128,155	\$ 81,173	\$ 440,321	\$ (423,894)	\$ 1,083,189
Marine insurance	227,165	(62,322)	22,571	82,860	70,075	113,981
Land and air insurance	3,423,068	(10,990)	539,966	1,964,989	123,061	806,042
Liability insurance	865,262	208,028	98,011	289,929	326,633	(57,339)
Guarantee insurance	18,641	(13,058)	1,731	46,024	(9,935)	(6,121)
Other property insurance	431,097	39,885	39,305	493,613	20,147	(161,853)
Accident insurance	1,097,577	11,674	183,440	382,779	47,298	472,386
Health insurance	89,080	2,218	17,808	74,614	(58,590)	53,030
Policy-oriented residential earthquake insurance	115,913	(1,401)	6,168	-	-	111,146
Compulsory automobile liability insurance	761,291	(1,877)	82,966	565,403	(34,949)	149,748
	<u>\$ 8,338,038</u>	<u>\$ 300,312</u>	<u>\$ 1,073,139</u>	<u>\$ 4,340,532</u>	<u>\$ 59,846</u>	<u>\$ 2,564,209</u>

For the Nine Months Ended September 30, 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	\$ 4,366,391	\$ 514,350	\$ 248,278	\$ 1,308,721	\$ 3,832,516	\$ (1,537,474)
Marine insurance	1,017,558	27,160	78,672	270,899	198,547	442,280
Land and air insurance	11,335,014	246,005	1,764,806	5,753,556	454,978	3,115,669
Liability insurance	2,323,336	118,226	284,412	1,017,694	35,337	867,667
Guarantee insurance	93,101	(8,295)	10,666	21,928	2,784	66,018
Other property insurance	2,653,279	1,139,753	139,372	436,571	483,820	453,763
Accident insurance	3,444,162	(22,476)	544,025	1,191,927	40,371	1,690,315
Health insurance	299,970	2,326	55,396	72,220	(33,747)	203,775
Policy-oriented residential earthquake insurance	367,192	6,808	19,629	37,587	800	302,368
Compulsory automobile liability insurance	<u>2,224,065</u>	<u>12,098</u>	<u>240,334</u>	<u>1,383,321</u>	<u>131,802</u>	<u>456,510</u>
	<u>\$ 28,124,068</u>	<u>\$ 2,035,955</u>	<u>\$ 3,385,590</u>	<u>\$ 11,494,424</u>	<u>\$ 5,147,208</u>	<u>\$ 6,060,891</u>

For the Nine Months Ended September 30, 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	\$ 3,963,210	\$ 542,714	\$ 216,536	\$ 1,205,914	\$ (830,840)	\$ 2,828,886
Marine insurance	937,221	26,413	73,408	251,796	155,129	430,475
Land and air insurance	10,184,067	300,823	1,618,399	5,504,011	421,120	2,339,714
Liability insurance	2,048,328	217,965	258,370	779,867	535,757	256,369
Guarantee insurance	88,516	(6,063)	9,166	47,567	(9,400)	47,246
Other property insurance	1,453,193	171,756	113,294	1,550,647	139,218	(521,722)
Accident insurance	3,011,348	72,258	500,246	1,059,747	46,360	1,332,737
Health insurance	211,073	(116,235)	43,759	10,281,720	(8,579,056)	(1,419,115)
Policy-oriented residential earthquake insurance	348,323	(3,515)	18,698	-	-	333,140
Compulsory automobile liability insurance	<u>2,190,686</u>	<u>10,963</u>	<u>238,390</u>	<u>1,617,981</u>	<u>(10,114)</u>	<u>333,466</u>
	<u>\$ 24,435,965</u>	<u>\$ 1,217,079</u>	<u>\$ 3,090,266</u>	<u>\$ 22,299,250</u>	<u>\$ (8,131,826)</u>	<u>\$ 5,961,196</u>

Reinsurance inward business

For the Three Months Ended September 30, 2024						
Insurance Type	Reinsurance Premium	Net Changes in Unearned Premium Reserve	Reinsurance Commission Expense	Reinsurance Claim	Net Changes in Loss Reserve	Profit (Loss)
Fire insurance	\$ 48,489	\$ 4,386	\$ 10,693	\$ 89,862	\$ 21,213	\$ (77,665)
Marine insurance	3,761	50	307	12,005	(6,582)	(2,019)
Land and air insurance	(36)	(197)	1,199	1,377	(28,261)	25,846
Liability insurance	1,248	265	40	239	504	200
Guarantee insurance	289	(10)	3	(15)	(414)	725
Other property insurance	19,207	(1,322)	5,091	6,872	6,677	1,889
Accident insurance	2,163	115	-	689	32	1,327
Health insurance	-	-	-	(1)	(562)	563
Policy-oriented residential earthquake insurance	16,662	909	-	33,214	(34,591)	17,130
Compulsory automobile liability insurance	<u>202,969</u>	<u>4,468</u>	<u>-</u>	<u>190,343</u>	<u>5,531</u>	<u>2,627</u>
	<u>\$ 294,752</u>	<u>\$ 8,664</u>	<u>\$ 17,333</u>	<u>\$ 334,585</u>	<u>\$ (36,453)</u>	<u>\$ (29,377)</u>

For the Three Months Ended September 30, 2023

Insurance Type	Reinsurance Premium	Net Changes in Unearned Premium Reserve	Reinsurance Commission Expense	Reinsurance Claim	Net Changes in Loss Reserve	Profit (Loss)
Fire insurance	\$ 49,661	\$ (6,411)	\$ 8,838	\$ 102,020	\$ (53,955)	\$ (831)
Marine insurance	3,032	(2,260)	316	9,486	(5,574)	1,064
Land and air insurance	(282)	(623)	5,501	3,465	(4,154)	(4,471)
Liability insurance	1,237	12	170	139	28	888
Guarantee insurance	(179)	(1,196)	1,287	3,979	(756)	(3,493)
Other property insurance	19,548	(638)	4,187	8,403	965	6,631
Accident insurance	1,645	(465)	115	1,046	(41)	990
Health insurance	-	-	-	-	(178)	178
Policy-oriented residential earthquake insurance	14,380	(218)	-	-	-	14,598
Compulsory automobile liability insurance	<u>195,028</u>	<u>4,671</u>	<u>-</u>	<u>187,607</u>	<u>1,933</u>	<u>817</u>
	<u>\$ 284,070</u>	<u>\$ (7,128)</u>	<u>\$ 20,414</u>	<u>\$ 316,145</u>	<u>\$ (61,732)</u>	<u>\$ 16,371</u>

For the Nine Months Ended September 30, 2024

Insurance Type	Reinsurance Premium	Net Changes in Unearned Premium Reserve	Reinsurance Commission Expense	Reinsurance Claim	Net Changes in Loss Reserve	Profit (Loss)
Fire insurance	\$ 79,979	\$ (11,148)	\$ 15,344	\$ 202,369	\$ (79,544)	\$ (47,042)
Marine insurance	9,564	(396)	896	18,906	(14,688)	4,846
Land and air insurance	806	285	1,344	2,105	(21,504)	18,576
Liability insurance	3,601	676	227	898	212	1,588
Guarantee insurance	(551)	(659)	(110)	1,605	742	(2,129)
Other property insurance	66,646	5,766	17,020	17,652	9,555	16,653
Accident insurance	7,029	524	155	1,740	(352)	4,962
Health insurance	-	-	-	6	(395)	389
Policy-oriented residential earthquake insurance	54,452	6,818	-	40,010	1,041	6,583
Compulsory automobile liability insurance	<u>590,753</u>	<u>10,643</u>	<u>-</u>	<u>542,673</u>	<u>8,185</u>	<u>29,252</u>
	<u>\$ 812,279</u>	<u>\$ 12,509</u>	<u>\$ 34,876</u>	<u>\$ 827,964</u>	<u>\$ (96,748)</u>	<u>\$ 33,678</u>

For the Nine Months Ended September 30, 2023

Insurance Type	Reinsurance Premium	Net Changes in Unearned Premium Reserve	Reinsurance Commission Expense	Reinsurance Claim	Net Changes in Loss Reserve	Profit (Loss)
Fire insurance	\$ 174,115	\$ (73,878)	\$ 47,392	\$ 370,884	\$ (120,414)	\$ (49,869)
Marine insurance	17,172	(3,005)	1,462	27,632	(16,235)	7,318
Land and air insurance	73	(2,903)	5,569	17,094	(19,684)	(3)
Liability insurance	3,715	409	328	79	(96)	2,995
Guarantee insurance	3,832	787	1,330	5,572	(385)	(3,472)
Other property insurance	55,100	1,884	12,409	33,682	(4,706)	11,831
Accident insurance	7,194	(822)	235	2,097	(132)	5,816
Health insurance	-	(851)	-	-	(1,011)	1,862
Policy-oriented residential earthquake insurance	45,919	2,756	-	-	-	43,163
Compulsory automobile liability insurance	<u>572,284</u>	<u>5,850</u>	<u>-</u>	<u>541,956</u>	<u>(2,534)</u>	<u>27,012</u>
	<u>\$ 879,404</u>	<u>\$ (69,773)</u>	<u>\$ 68,725</u>	<u>\$ 998,996</u>	<u>\$ (165,197)</u>	<u>\$ 46,653</u>

Reinsurance outward business

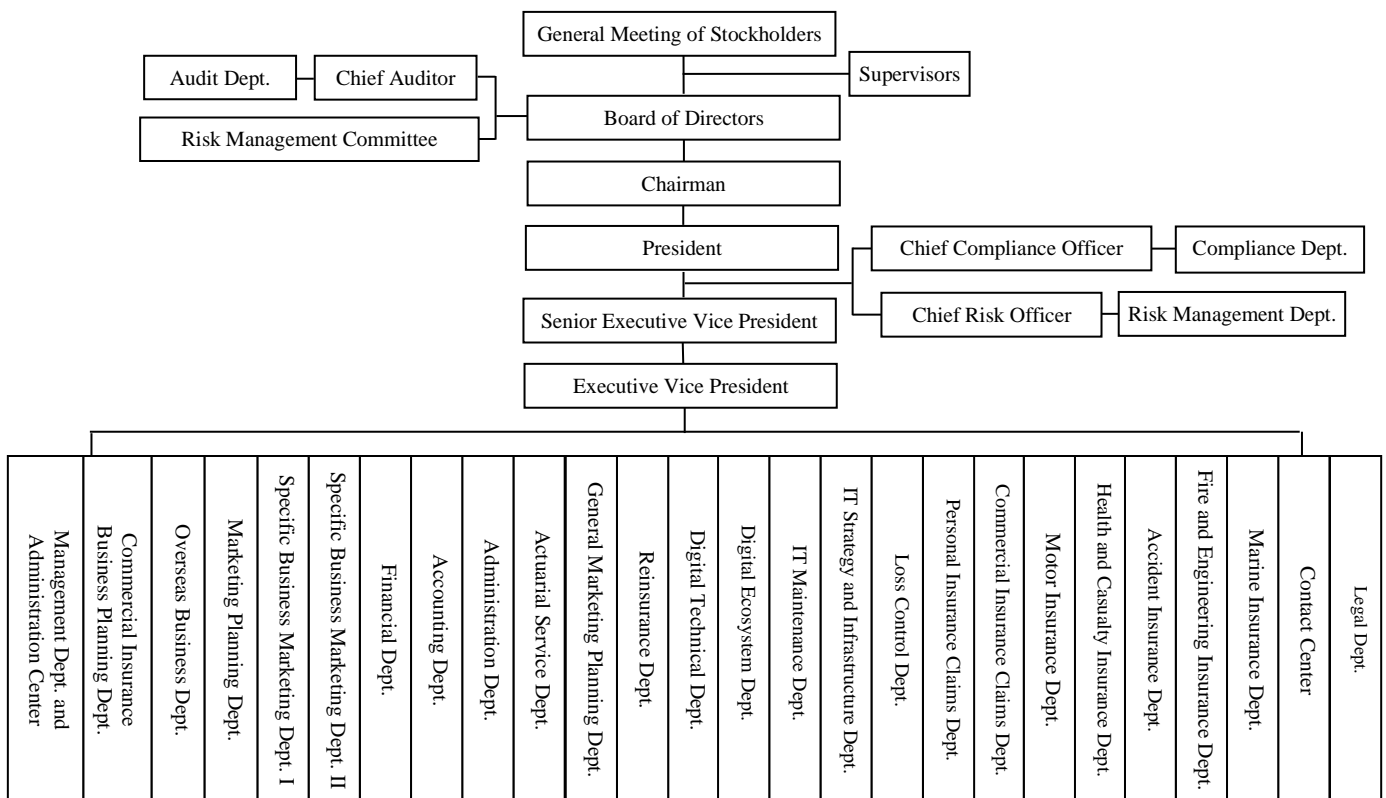
For the Three Months Ended September 30, 2024						
Insurance Type	Reinsurance Expenses	Net Changes in Ceded Unearned Premium Reserve	Reinsurance Commission Income	Claims and Payments (Recovered from Reinsurers)	Net Changes in Ceded Loss Reserve	(Profit) Loss
Fire insurance	\$ 934,464	\$ (106,782)	\$ 87,502	\$ 863,062	\$ (603,271)	\$ 693,953
Marine insurance	192,616	(37,796)	23,579	42,832	164,735	(734)
Land and air insurance	227,828	6,565	68,966	86,329	(21,418)	87,386
Liability insurance	186,992	(49,571)	(2,086)	26,053	(83,420)	296,016
Guarantee insurance	2,421	(22,689)	1,030	4,219	(2,735)	22,596
Other property insurance	681,960	421,735	73,413	96,593	268,876	(178,657)
Accident insurance	79,691	2,351	17,714	45,275	(1,033)	15,384
Health insurance	-	-	-	17	443	(460)
Policy-oriented residential earthquake insurance	120,349	(1,386)	-	22,287	(22,287)	121,735
Compulsory automobile liability insurance	333,361	5,446	-	212,410	11,277	104,228
	<u>\$ 2,759,682</u>	<u>\$ 217,873</u>	<u>\$ 270,118</u>	<u>\$ 1,399,077</u>	<u>\$ (288,833)</u>	<u>\$ 1,161,447</u>
For the Three Months Ended September 30, 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	\$ 966,146	\$ 127,363	\$ 84,048	\$ 244,122	\$ (251,984)	\$ 762,597
Marine insurance	203,266	(30,889)	21,104	55,218	45,447	112,386
Land and air insurance	222,798	24,277	66,461	62,809	13,557	55,694
Liability insurance	405,802	194,321	62,729	68,216	264,928	(184,392)
Guarantee insurance	15,708	(11,679)	2,908	44,661	(2,255)	(17,927)
Other property insurance	310,172	28,387	60,144	470,801	(4,866)	(244,294)
Accident insurance	68,248	(9,240)	16,780	30,438	9,780	20,490
Health insurance	-	(172)	-	(1,648)	(4,303)	6,123
Policy-oriented residential earthquake insurance	115,913	(1,400)	-	-	-	117,313
Compulsory automobile liability insurance	322,308	(1,126)	-	334,807	(16,229)	4,856
	<u>\$ 2,630,361</u>	<u>\$ 319,842</u>	<u>\$ 314,174</u>	<u>\$ 1,309,424</u>	<u>\$ 54,075</u>	<u>\$ 632,846</u>
For the Nine Months Ended September 30, 2024						
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	\$ 3,454,912	\$ 400,246	\$ 274,783	\$ 999,779	\$ 3,049,683	\$ (1,269,579)
Marine insurance	789,750	30,777	79,840	160,020	195,434	323,679
Land and air insurance	675,987	10,691	195,185	260,463	3,817	205,831
Liability insurance	602,293	(132,282)	76,271	410,969	(85,514)	332,849
Guarantee insurance	58,075	(19,693)	12,015	16,060	(9,293)	58,986
Other property insurance	2,422,157	1,051,703	246,262	352,373	436,007	335,812
Accident insurance	216,980	19,385	49,626	142,831	(3,587)	8,725
Health insurance	-	-	-	5,145	(5,531)	386
Policy-oriented residential earthquake insurance	367,192	6,808	-	34,187	800	325,397
Compulsory automobile liability insurance	938,384	7,259	-	814,878	80,005	36,242
	<u>\$ 9,525,730</u>	<u>\$ 1,374,894</u>	<u>\$ 933,982</u>	<u>\$ 3,196,705</u>	<u>\$ 3,661,821</u>	<u>\$ 358,328</u>

For the Nine Months Ended September 30, 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	\$ 3,044,216	\$ 690,775	\$ 180,333	\$ 728,115	\$ (590,385)	\$ 2,035,378
Marine insurance	745,737	52,248	70,915	142,479	107,073	373,022
Land and air insurance	714,352	202,948	204,981	195,925	(6,665)	117,163
Liability insurance	717,530	124,587	129,502	223,010	364,546	(124,115)
Guarantee insurance	82,865	1,890	12,532	44,822	(181)	23,802
Other property insurance	1,181,582	195,923	183,795	846,388	506,592	(551,116)
Accident insurance	206,886	(13,193)	50,263	95,747	2,058	72,011
Health insurance	(25)	(34,012)	(13)	92,270	(977,208)	918,938
Policy-oriented residential earthquake insurance	348,323	(3,514)	-	-	-	351,837
Compulsory automobile liability insurance	922,162	6,578	-	950,754	(7,494)	(27,676)
	<u>\$ 7,963,628</u>	<u>\$ 1,224,230</u>	<u>\$ 832,308</u>	<u>\$ 3,319,510</u>	<u>\$ (601,664)</u>	<u>\$ 3,189,244</u>

h. Organization chart and responsibilities of risk management

1) Organization chart of risk management



2) Responsibility of each department:

Board of directors

- 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.
- 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 have the right to access any information which may affect the Company's risk overview.

- i. The chief risk officer should be in charge of the overall risk management.
- ii. The chief risk officer should participate in the important decision-making process and provide appropriate suggestions from a risk management perspective.
- iii. The chief risk officer should be a member of the risk management committee.

c) Risk management department

- i. The Group established a risk management department, which is responsible for monitoring, measuring and evaluating major risks. The department is independent from the business units.
- ii. Responsibilities of the risk management department are as follows:
 - i) Propose and execute the risk management policies set by the board of directors.
 - ii) Propose the risk limits based on risk appetite.

- iii) Summarize the risk information provided by each department, negotiate and communicate with each department to facilitate the execution of the policies and the risk limits.
- iv) Regularly present risk management reports.
- v) Regularly review the risk limits and their use by each business unit.
- vi) Assist to execute stress testing and back testing if necessary.
- vii) Other risk management-related issues.

Business units

- a) The risk management duties of the manager of a business unit are as follows:
 - i. Manage and report the daily risk of the business unit and take necessary responsive actions.
 - ii. Supervise regular submission of risk management information to the risk management department.
- b) The risk management duties of a business unit are as follows:
 - i. Identify and measure risks and promptly report the status of risk exposures and impacts.
 - ii. Risks and limits are reviewed regularly, and if they are exceeded, a report of the exceedance should be made, including the measures to be taken against the exceedance.
 - iii. Assist to develop the risk model and ensure that the risk measurement, application of model, and the parameter settings are reasonable and consistent.
 - iv. Ensure that internal control procedures are executed effectively to comply with applicable rules and the risk management policies.
 - v. Assist to collect data related to operational risk.

Audit department

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

- i. Risk reporting and range and nature of risk assessment for the property insurance business
 - 1) Risks management reporting
 - a) Each business unit should regularly deliver risk information to the risk management department, and report the excess of risk limits and responding measures when the risk exposure exceeds the limit.

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

2) The scope and nature of risk assessment

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

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

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

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

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

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

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

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

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

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

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

m. Risk coordinated asset-liability management

1) Asset-liability coordinated with risk identification and measurement

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

2) Asset-liability coordinated with risk response

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

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

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

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

o. Sensitivity to insurance risk

1) The Company

For the nine months ended September 30, 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	\$ 4,110,760	49.69%	\$ (205,538)	\$ (1,260)
Marine insurance	1,008,903	77.46%	(50,445)	(190)
Land and air insurance	11,134,422	59.16%	(556,721)	(5,384)
Liability insurance	2,321,667	49.74%	(116,083)	(735)
Guarantee insurance	93,101	11.28%	(4,655)	(14)
Other property insurance	2,650,147	43.92%	(132,507)	(299)
Accident insurance	3,397,226	41.87%	(169,862)	(1,541)
Health insurance	299,970	37.61%	(14,998)	(137)
Policy-oriented residential earthquake insurance	367,192	0.47%	(18,360)	(184)
Compulsory automobile liability insurance	<u>2,224,065</u>	Not applicable	<u>Not applicable</u>	<u>Not applicable</u>
	<u>\$ 27,607,453</u>		<u>\$ (1,269,169)</u>	<u>\$ (9,744)</u>

For the nine months ended September 30, 2023

Insurance Type	Premium Income	Expected Loss Rate	Impact on Profit or Loss of 5% Increase in Expected Loss Rate	
			Before Reinsurance	After Reinsurance
Fire insurance	\$ 3,697,879	51.51%	\$ (184,894)	\$ (73,738)
Marine insurance	930,252	68.38%	(46,513)	(18,082)
Land and air insurance	9,985,670	60.11%	(499,283)	(484,977)
Liability insurance	2,046,309	48.72%	(102,315)	(72,011)
Guarantee insurance	88,516	19.31%	(4,426)	(2,213)
Other property insurance	1,449,389	46.91%	(72,469)	(40,198)
Accident insurance	2,968,836	44.47%	(148,440)	(136,412)
Health insurance	211,073	37.26%	(10,554)	(7,917)
Policy-oriented residential earthquake insurance	348,323	4.07%	(17,416)	(13,933)
Compulsory automobile liability insurance	<u>2,190,686</u>	Not applicable	<u>Not applicable</u>	<u>Not applicable</u>
	<u>\$ 23,916,933</u>		<u>\$ (1,086,310)</u>	<u>\$ (849,481)</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 nine months ended September 30, 2024

Insurance Type	Premium Income	Expected Loss Rate	Impact on Profit or Loss of 5% Change in Expected Loss Rate	
			Before Reinsurance	After Reinsurance
Automobile insurance	\$ 200,592	14.78%	\$ (10,030)	\$ (10,012)
Marine insurance	8,655	12.54%	(433)	(139)
Fire insurance	255,631	34.70%	(12,782)	(437)
Engineering insurance	3,132	21.65%	(157)	(36)
Accident insurance	46,936	36.88%	(2,347)	(2,343)
Liability insurance	<u>1,669</u>	1.67%	<u>(83)</u>	<u>(58)</u>
	<u>\$ 516,615</u>		<u>\$ (25,832)</u>	<u>\$ (13,025)</u>

For the nine months ended September 30, 2023

Insurance Type	Premium Income	Expected Loss Rate	Impact on Profit or Loss of 5% Change in Expected Loss Rate	
			Before Reinsurance	After Reinsurance
Automobile insurance	\$ 198,398	15.52%	\$ (9,920)	\$ (9,891)
Marine insurance	6,969	12.09%	(348)	(128)
Fire insurance	265,331	38.16%	(13,267)	(648)
Engineering insurance	3,804	26.44%	(190)	29
Accident insurance	42,512	35.17%	(2,126)	(2,113)
Liability insurance	<u>2,018</u>	1.30%	<u>(101)</u>	<u>52</u>
	<u>\$ 519,032</u>		<u>\$ (25,952)</u>	<u>\$ (12,861)</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 September 30, 2024, commercial insurance products with low frequency of occurrence and enormous possible losses have been reviewed and discussed in compliance with the insurance risk management guidelines by the underwriting department, reinsurance department and risk management department or in a project meeting.

ii. Exposure to unanticipated change in trend

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

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

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

iv. Correlation and interaction among different risks

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

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

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

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

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

vi. Concentration of geographic regions and operating segments

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

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

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

Insurance Type	For the Three Months Ended September 30, 2024				
	Premium Income	Reinsurance Premium	Reinsurance Expenses	Net Premium Income	%
Fire insurance	\$ 1,210,682	\$ 45,181	\$ 855,470	\$ 400,393	6.00
Marine insurance	264,288	3,633	190,535	77,386	1.16
Land and air insurance	3,788,560	(37)	227,777	3,560,746	53.31
Liability insurance	825,345	1,235	187,008	639,572	9.58
Guarantee insurance	15,328	289	2,421	13,196	0.20
Other property insurance	736,154	18,722	681,257	73,619	1.10
Accident insurance	1,208,364	2,163	79,579	1,130,948	16.93
Health insurance	110,416	-	-	110,416	1.65
Policy-oriented residential earthquake insurance	120,349	16,662	120,349	16,662	0.25
Compulsory automobile liability insurance	786,330	202,969	333,361	655,938	9.82
Total	\$ 9,065,816	\$ 290,817	\$ 2,677,757	\$ 6,678,876	100.00

Insurance Type	For the Three Months Ended September 30, 2023				
	Premium Income	Reinsurance Premium	Reinsurance Expenses	Net Premium Income	%
Fire insurance	\$ 1,229,673	\$ 49,468	\$ 894,041	\$ 385,100	6.54
Marine insurance	224,446	2,542	201,030	25,958	0.44
Land and air insurance	3,348,099	(439)	222,760	3,124,900	53.04
Liability insurance	864,982	573	405,652	459,903	7.81
Guarantee insurance	18,641	(179)	15,708	2,754	0.05
Other property insurance	429,724	15,082	305,273	139,533	2.37
Accident insurance	1,082,853	1,631	68,248	1,016,236	17.25
Health insurance	89,080	-	-	89,080	1.51
Policy-oriented residential earthquake insurance	115,913	14,380	115,912	14,381	0.24
Compulsory automobile liability insurance	761,291	195,028	322,308	634,011	10.76
Total	\$ 8,164,702	\$ 278,086	\$ 2,550,932	\$ 5,891,856	100.00

Insurance Type	For the Nine Months Ended September 30, 2024				
	Premium Income	Reinsurance Premium	Reinsurance Expenses	Net Premium Income	%
Fire insurance	\$ 4,110,760	\$ 69,657	\$ 3,208,241	\$ 972,176	5.08
Marine insurance	1,008,903	9,315	783,688	234,530	1.23
Land and air insurance	11,134,422	651	675,919	10,459,154	54.65
Liability insurance	2,321,667	2,974	600,678	1,723,963	9.01
Guarantee insurance	93,101	(551)	58,075	34,475	0.18
Other property insurance	2,650,147	62,082	2,417,238	294,991	1.54
Accident insurance	3,397,226	6,570	216,863	3,186,933	16.65
Health insurance	299,970	-	-	299,970	1.57
Policy-oriented residential earthquake insurance	367,192	54,452	367,192	54,452	0.28
Compulsory automobile liability insurance	2,224,065	590,753	938,384	1,876,434	9.81
Total	\$ 27,607,453	\$ 795,903	\$ 9,266,278	\$ 19,137,078	100.00

Insurance Type	For the Nine Months Ended September 30, 2023				
	Premium Income	Reinsurance Premium	Reinsurance Expenses	Net Premium Income	%
Fire insurance	\$ 3,697,879	\$ 165,417	\$ 2,790,673	\$ 1,072,623	6.28
Marine insurance	930,252	14,893	739,031	206,114	1.21
Land and air insurance	9,985,670	(439)	714,268	9,270,963	54.27
Liability insurance	2,046,309	2,498	716,008	1,332,799	7.80
Guarantee insurance	88,516	3,832	82,865	9,483	0.05
Other property insurance	1,449,389	47,540	1,172,453	324,476	1.90
Accident insurance	2,968,836	6,908	206,886	2,768,858	16.21
Health insurance	211,073	-	(25)	211,098	1.24
Policy-oriented residential earthquake insurance	348,323	45,919	348,322	45,920	0.27
Compulsory automobile liability insurance	2,190,686	572,284	922,162	1,840,808	10.77
Total	\$ 23,916,933	\$ 858,852	\$ 7,692,643	\$ 17,083,142	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 September 30, 2024, commercial insurance products with low frequency of occurrence and enormous possible losses have been reviewed and discussed in compliance with the underwriting guidelines by the underwriting department, reinsurance department and risk management department or in project meetings.

- ii. Exposure to unanticipated change in trend

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

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

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

- iv. Correlation and interaction among different risks

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

- v. Concentration of geographic regions and operating segments

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

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

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

Insurance Type	For the Three Months Ended September 30, 2024				
	Premium Income	Reinsurance Premium	Reinsurance Expenses	Net Premium Income	%
Automobile insurance	\$ 67,243	\$ 1	\$ 51	\$ 67,193	72.85
Flood insurance	2,981	128	2,081	1,028	1.11
Fire insurance	82,158	3,308	78,994	6,472	7.02
Engineering insurance	545	485	703	327	0.35
Accident insurance	17,237	-	112	17,125	18.57
Liability insurance	62	13	(16)	91	0.10
Total	\$ 170,226	\$ 3,935	\$ 81,925	\$ 92,236	100.00

Insurance Type	For the Three Months Ended September 30, 2023				
	Premium Income	Reinsurance Premium	Reinsurance Expenses	Net Premium Income	%
Automobile insurance	\$ 74,969	\$ 157	\$ 38	\$ 75,088	75.17
Flood insurance	2,719	490	2,236	973	0.97
Fire insurance	79,271	6,025	77,937	7,359	7.37
Engineering insurance	1,373	4,466	4,899	940	0.95
Accident insurance	14,724	14	-	14,738	14.75
Liability insurance	280	664	150	794	0.79
Total	\$ 173,336	\$ 11,816	\$ 85,260	\$ 99,892	100.00

Insurance Type	For the Nine Months Ended September 30, 2024				
	Premium Income	Reinsurance Premium	Reinsurance Expenses	Net Premium Income	%
Automobile insurance	\$ 200,592	\$ 155	\$ 68	\$ 200,679	73.36
Flood insurance	8,655	249	6,062	2,842	1.04
Fire insurance	255,631	13,640	249,989	19,282	7.05
Engineering insurance	3,132	4,564	4,919	2,777	1.02
Accident insurance	46,936	459	117	47,278	17.28
Liability insurance	1,669	627	1,615	681	0.25
Total	\$ 516,615	\$ 19,694	\$ 262,770	\$ 273,539	100.00

Insurance Type	For the Nine Months Ended September 30, 2023				
	Premium Income	Reinsurance Premium	Reinsurance Expenses	Net Premium Income	%
Automobile insurance	\$ 198,397	\$ 512	\$ 84	\$ 198,825	74.02
Flood insurance	6,969	2,279	6,706	2,542	0.95
Fire insurance	265,331	23,302	268,147	20,486	7.63
Engineering insurance	3,804	7,560	9,129	2,235	0.83
Accident insurance	42,512	286	-	42,798	15.93
Liability insurance	2,019	1,217	1,522	1,714	0.64
Total	\$ 519,032	\$ 35,156	\$ 285,588	\$ 268,600	100.00

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

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

q. Development trend of claims

1) The Company

September 30, 2024

Accident Year	≤2017	2018	2019	2020	2021	2022	2023	2024	Total
Accumulated estimated claim payments									
End of the accident year	\$ -	\$ 9,090,990	\$ 10,190,448	\$ 9,508,911	\$ 10,259,775	\$ 43,545,821	\$ 14,539,239	\$ 15,282,014	
After the first year	-	8,574,948	10,063,196	11,023,615	10,637,168	44,819,446	14,100,451	-	
After the second year	-	8,479,083	9,915,122	11,009,236	10,420,320	44,730,065	-	-	
After the third year	-	8,447,631	9,900,713	10,856,229	10,407,214	-	-	-	
After the fourth year	-	8,413,409	10,203,863	10,935,051	-	-	-	-	
After the fifth year	-	8,415,865	10,174,773	-	-	-	-	-	
After the sixth year	-	8,417,578	-	-	-	-	-	-	
Final estimated claim payments	-	8,417,578	10,174,773	10,935,051	10,407,214	44,730,065	14,100,451	15,282,014	
Accumulated claims disbursed	-	8,387,199	10,130,229	10,677,668	9,806,776	43,158,289	11,762,340	4,613,608	
	272,064	30,379	44,544	257,383	600,438	1,571,776	2,338,111	10,668,406	\$ 15,783,101
Adjustment	-	-	-	-	-	-	-	270,712	270,712
Amount recognized in balance sheet	\$ 272,064	\$ 30,379	\$ 44,544	\$ 257,383	\$ 600,438	\$ 1,571,776	\$ 2,338,111	\$ 10,939,118	\$ 16,053,813

December 31, 2023

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

September 30, 2023

Accident Year	≤2016	2017	2018	2019	2020	2021	2022	2023	Total
Accumulated estimated claim payments									
End of the accident year	\$ -	\$ 8,134,147	\$ 9,090,990	\$ 10,190,448	\$ 9,508,911	\$ 10,259,775	\$ 43,545,821	\$ 11,337,088	
After the first year	-	8,025,062	8,574,948	10,063,196	11,023,615	10,637,168	44,525,065	-	
After the second year	-	7,965,701	8,479,083	9,915,122	11,009,236	10,447,989	-	-	
After the third year	-	8,000,179	8,447,631	9,900,713	10,959,390	-	-	-	
After the fourth year	-	7,977,104	8,413,409	10,170,711	-	-	-	-	
After the fifth year	-	7,993,176	8,416,571	-	-	-	-	-	
After the sixth year	-	8,020,413	-	-	-	-	-	-	
Final estimated claim payments	-	8,020,413	8,416,571	10,170,711	10,959,390	10,447,989	44,525,065	11,337,088	
Accumulated claims disbursed	-	7,986,679	8,375,830	9,851,868	10,159,747	9,360,897	41,076,687	5,729,120	
	261,299	33,734	40,741	318,843	799,643	1,087,092	3,448,378	5,607,968	\$ 11,597,698
Adjustment	-	-	-	-	-	-	-	243,428	243,428
Amount recognized in balance sheet	\$ 261,299	\$ 33,734	\$ 40,741	\$ 318,843	\$ 799,643	\$ 1,087,092	\$ 3,448,378	\$ 5,851,396	\$ 11,841,126

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

Note 2: The above tables exclude direct loss reserve of compulsory insurance, policy-oriented residential earthquake insurance and inward loss reserve of \$1,698,506 thousand and \$1,415,143 thousand as of September 30, 2024, \$1,565,904 thousand and \$1,511,891 thousand as of December 31, 2023, \$1,614,331 thousand and \$1,540,729 thousand as of September 30, 2023.

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

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

r. Credit risk of insurance contract

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

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

September 30, 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
Asia Capital Reinsurance Group Pte Ltd	Facultative reinsurance of marine 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

September 30, 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 nine months ended September 30, 2024 and 2023, the unqualified ceded reinsurance expense is \$0 thousand and \$14,750 thousand, respectively.
- 3) The reserves for unauthorized reinsurance consist of:

	September 30, 2024	December 31, 2023	September 30, 2023
Unearned premium reserve	\$ -	\$ 7,373	\$ 7,375
Claims recoverable from reinsurers of paid claims overdue in nine months	138	1,032	1,040
Claims recoverable from reinsurers which were reported but unpaid	<u>115</u>	<u>207</u>	<u>243</u>
	<u>\$ 253</u>	<u>\$ 8,612</u>	<u>\$ 8,658</u>

35. INFORMATION OF DISCRETIONARY INVESTMENTS

	September 30, 2024	December 31, 2023	September 30, 2023
Listed stocks	\$ 2,707,264	\$ 2,245,254	\$ 1,979,934
Bank deposits	472,027	593,738	679,985
Future margins	<u>38,535</u>	<u>38,437</u>	<u>38,348</u>
	<u>\$ 3,217,826</u>	<u>\$ 2,877,429</u>	<u>\$ 2,698,267</u>

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

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

36. INTERESTS IN UNCONSOLIDATED STRUCTURED ENTITIES

a. Unconsolidated structured entities

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

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

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

	September 30, 2024	December 31, 2023	September 30, 2023
Securitization vehicle			
Financial assets at FVTPL	\$ 341,512	\$ 329,684	\$ 331,412
Financial assets at amortized cost	<u>313,145</u>	<u>312,255</u>	<u>331,574</u>
	<u>\$ 654,657</u>	<u>\$ 641,939</u>	<u>\$ 662,986</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		
Assets	September 30, 2024	December 31, 2023	September 30, 2023	Liabilities	September 30, 2024	December 31, 2023	September 30, 2023
Cash and bank deposits	\$ 2,864,975	\$ 2,564,668	\$ 2,454,003	Notes payable	\$ -	\$ -	\$ -
Notes receivable	5,997	5,789	6,284	Claims and payable	-	-	-
Premiums receivable	4,128	6,735	7,696	Reinsurance indemnity payable	-	-	-
Claims and payments recoverable from reinsures	77,617	163,910	198,917	Due to reinsurers and ceding companies	217,726	222,513	212,855
Due from reinsurers and ceding companies	130,862	128,026	127,231	Unearned premium reserves	1,764,539	1,741,798	1,732,250
Other receivables	-	-	-	Loss reserves	2,359,432	2,219,445	2,263,364
Financial assets at FVTOCI	662,364	678,881	680,716	Special reserves	1,187,610	1,070,300	982,911
Ceded unearned premium reserve	767,847	760,588	756,860	Temporary receipts and suspense accounts	-	-	-
Ceded loss reserve	1,012,493	932,488	957,964	Other liabilities	-	-	-
Temporary payments and suspense accounts	3,024	12,971	1,709				
Other assets	-	-	-				
Total assets	\$ 5,529,307	\$ 5,254,056	\$ 5,191,380	Total liabilities	\$ 5,529,307	\$ 5,254,056	\$ 5,191,380

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 Nine Months Ended September 30	
	2024	2023
Operating revenue	\$ 1,214,170	\$ 1,187,477
Written premium	1,563,974	1,536,936
Reinsurance premium	590,753	572,284
Premiums income	2,154,727	2,109,220
Less: Reinsurance expenses	938,384	922,162
Net changes in unearned premium reserve	15,482	10,235
Retained earned premium	1,200,861	1,176,823
Interest income	13,309	10,654
Operating costs (Note)	1,288,408	1,260,335
Retained claims payments	1,383,321	1,617,981
Reinsurance claims payments	542,673	541,956
Less: Claim and payments recoverable from reinsurers	814,878	950,754
Retained claims payments	1,111,116	1,209,183
Net change in loss reserve	59,982	(5,154)
Net change in special reserve	117,310	56,306

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.

TABLE 3

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 NINE MONTHS ENDED SEPTEMBER 30, 2024
(In Thousands of New Taiwan Dollars)**

The Company Involving Main Business Items	Related Party	Relationship	Transaction Details				Abnormal Transaction (Note 1)		Notes/Accounts Receivable (Payable)		Note (Note 2)
			Purchase/ Sale	Amount	% of Total	Payment Terms	Unit Price	Payment Terms	Ending Balance	% of Total	
Cathay Century Insurance Co., Ltd.	Cathay Life Insurance Co., Ltd.	Fellow subsidiary	Premiums income	\$ 132,144	0.46	Based on agreement	\$ -	-	\$ 1,776	0.05	
	Cathay United Bank Co., Ltd.	Fellow subsidiary	Premiums income	121,197	0.42	Based on agreement	-	-	18,265	0.55	

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 NINE MONTHS ENDED SEPTEMBER 30, 2024
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

No. (Note 1)	Investee Company	Counterparty	Relationship (Note 2)	Transaction Details			
				Financial Statement Accounts	Amount	Payment Terms	% of Total Sales or Assets (Note 3)
0	Cathay Century Insurance Co., Ltd.	Cathay Insurance Co., Ltd (Vietnam)	a	Reinsurance premium	\$ 3,318	Based on agreement	0.02
				Reinsurance claims payments	1,679	Based on agreement	0.01
				Due from reinsurers and ceding companies	2,981	Based on agreement	-

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

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

Note 2: Transaction flows are as follows:

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

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

Note 4: Information disclosed in this Table includes balances and transactions that have been eliminated on consolidation between the Group and its subsidiaries.

TABLE 5

CATHAY CENTURY INSURANCE CO., LTD. AND SUBSIDIARIES

INFORMATION ON INVESTEEES
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2024
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		As of September 30, 2024			Net Income (Loss) of the Investee	Share of Profit (Loss)	Note
				September 30, 2024	December 31, 2023	Number of Shares	%	Carrying Amount			
Cathay Century Insurance Co., Ltd.	Cathay Insurance Co., Ltd. (Vietnam)	Vietnam	Property insurance businesses	\$ 845,585	\$ 845,585	-	100	\$ 721,506	\$ 10,056	\$ 10,056	Note

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

TABLE 6

CATHAY CENTURY INSURANCE CO., LTD. AND SUBSIDIARIES

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

Investee Company	Main Businesses and Products	Paid-in Capital	Method of Investment (Note 2)	Accumulated Outward Remittance for Investment from Taiwan as of January 1, 2024	Remittance of Funds		Accumulated Outward Remittance for Investment from Taiwan as of September 30, 2024	Net Income (Loss) of the Investee	% Ownership of Direct or Indirect Investment	Investment Gain (Loss) (Note 3)	Carrying Amount as of September 30, 2024	Accumulated Repatriation of Investment Income as of September 30, 2024
					Outward	Inward						
Cathay Insurance Co., Ltd. (China)	Property insurance businesses	\$ 12,196,844 (CNY 2,632,653)	a	\$ 2,964,730	\$ -	\$ -	\$ 2,964,730	\$ (277,636)	24.5	\$ (68,021)	\$ 2,464,233	\$ -

Accumulated Outward Remittance for Investments in Mainland China as of September 30, 2024	Investment Amount Authorized by the Investment Commission, MOEA	Upper Limit on the Amount of Investments Stipulated by the Investment Commission, MOEA (Note 4)
\$ 2,964,730 (CNY 645,000 thousand)	\$ 2,964,730 (CNY 645,000 thousand)	\$ 10,569,142

- Note 1: The investment amount is calculated based on historic exchange rate, and other columns are disclosed based on the exchange rate on September 30, 2024.
- Note 2: Investment type is as follows:
- a. The Company made the investment directly.
 - b. The Company made the investment through a company registered in a third region.
 - c. Others.
- Note 3: The calculation was based on 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 September 30, 2024, the Company has remitted US\$97,292 thousand in total.
- Note 6: The relevant information about Cathay Insurance Co., Ltd. (China) is as follows:
- a. The location: Shanghai, China.
 - b. Status of capital operation and related income: As of September 30, 2024, the assets for investments of Cathay Insurance Co., Ltd. (China) were \$7,637,101 thousand, and the net investment income was \$283,120 thousand.

(Continued)

c. Reserves recognized and balances of reserves:

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

	September 30, 2024
Unearned premium reserve	\$ 7,962,628
Loss reserve	<u>4,363,664</u>
	<u>\$ 12,326,292</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 nine months ended September 30, 2024, the premium income of Cathay Insurance Company Limited (China) amounted to \$30,147,725 thousand, and the percentage of the Company’s premium income is 106.14%.
- e. Percentage of insurance claim and payments: For the nine months ended September 30, 2024, the insurance claim and payments of Cathay Insurance Company Limited (China) amounted to \$21,500,904 thousand, and the percentage of the Company’s insurance claim and payments is 175.15%.

(Concluded)