

**FUBON INSURANCE CO., LTD.  
AND SUBSIDIARIES**

**Consolidated Financial Statements**

**With Independent Auditors' Report  
For the Six Months Ended June 30, 2022 and 2021**

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The independent auditors' report and the accompanying consolidated financial statements are the English translation of the Chinese version prepared and used in the Republic of China. If there is any conflict between, or any difference in the interpretation of the English and Chinese language independent auditors' report and consolidated financial statements, the Chinese version shall prevail.

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## Independent Auditors' Report

To the Board of Directors of FUBON INSURANCE CO., LTD.:

### Opinion

We have audited the consolidated financial statements of FUBON INSURANCE CO., LTD. and its subsidiaries (“the Company and its subsidiaries”), which comprise the consolidated balance sheets as of June 30, 2022, December 31 and June 30, 2021, the consolidated statements of comprehensive income for the three months and six months ended June 30, 2022 and 2021 and consolidated statements of changes in equity and consolidated statements of cash flows for the six months ended June 30, 2022 and 2021, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of Fubon Insurance Co., Ltd and its subsidiaries as of June 30, 2022, December 31 and June 30, 2021, and the results of its consolidated financial performance for the three months and six months ended June 30, 2022 and 2021, and of its consolidated cash flows for the six months ended June 30, 2022 and 2021 in accordance with the Regulations Governing the Preparation of Financial Statements by Insurance Enterprises and International Accounting Standard No.34 “Interim Financial Reporting”, endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

### Basis for Opinion

We conducted our audit in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and the auditing standards generally accepted in the Republic of China. Our responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Company and its subsidiaries in accordance with the Certified Public Accountants Code of Professional Ethics in Republic of China (“the Code”), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis of our opinion.

### Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the six months ended June 30, 2022. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. Based on our judgment, the key audit matters that should be communicated in our report are described below:

#### 1. The valuation of financial instruments

Please refer to Note 4 (g) “Financial instruments” on the consolidated financial statements as of and for the year ended December 31, 2021 for related accounting policy, Note 5 (a) for accounting assumptions and estimates, and Note 6 (y) “Fair value and tiers information” for details of valuation of financial instruments.

The valuation of several financial instruments of the Company and its subsidiaries are measured using the valuation models, which involved the exercise of professional judgments on valuation techniques and important parameters. Therefore, the valuation of financial instruments has been identified as a key audit matter in our audit.

How the matter was addressed in our audit:

- Inspecting the process of the management decision on fair value measurement and disclosure of financial instruments;
- Sample testing to evaluate whether the quoted prices in active markets for financial assets are appropriate;
- Appointing our valuation specialists to assess the reasonableness of valuation techniques and to test the key parameters of financial assets without active market prices, wherein valuation models are used to ensure that the applied valuation techniques are in accordance with IFRS 13 “Fair Value Measurement” ;
- Assessing whether expression and disclosure of financial instruments are in accordance with IFRSs.

## 2. Valuation of investment property

Please refer to Note 4 (l) “Investment property” on the consolidated financial statements as of and for the year ended December 31, 2021 for related accounting policy, Note 5 (c) for accounting assumptions and estimates, and Note 6 (k) “Investment property” for details of the valuation of investment properties.

The Company and its subsidiaries hold several investment properties. The investment property appraisals are performed by appraisers from professional valuation agencies using the valuation techniques provided by the “Regulations on Real Estate Appraisal” and market evidences in accordance with the “Regulations Governing the Preparation of Financial statements by Insurance Enterprises”. The selection of appraising methods involved the exercise of significant professional judgments. Therefore, the valuation of investment properties has been identified as a key audit matter in our audit.

How the matter was addressed in our audit:

- Understanding the procedure of investment property appraisals performed by professional agencies, considering whether the professional evaluation agencies select the appropriate valuation method and adoption of significant assumptions or not;
- Ensuring the presentation and disclosure of investment property are in accordance with IFRSs and the “Regulations Governing the Preparation of Financial statements by Insurance Enterprises”;
- Evaluating whether the management’s assessment on the valuation of investment property is reasonable based on the evidences obtained from the audit team and the external estate appraisers joint firms, as well as appraisal reports.

## 3. Valuation of insurance liability

Please refer to Note 4 (q) “Insurance liability” on the consolidated financial statements as of and for the year ended December 31, 2021 for related accounting policy, Note 5 (d) for accounting assumptions and estimates, and Note 6 (o) “Insurance liability” for details of the valuation of insurance liability.

The Company and its subsidiaries measure their insurance liability in accordance with the “Regulations Governing the Provision of Various Reserves” and related administrative interpretations. The important parameters, which involved the exercise of professional judgments in determining various statutory reserves, such as claim development factors, expected claim rates and discount rate adopted by claim reserve; provision factors according to the characteristics of different line adopted by unearned premium reserve, will affect the amount, recognized as insurance liabilities, and net movements in insurance liabilities. Therefore, the valuation of insurance liabilities has been identified as a key audit matter in our audit.

How the matter was addressed in our audit:

- Testing effectiveness of internal control process on insurance liability.
- Adopting the audit of insurance liabilities performed by our actuarial specialists, including following process:
  - Inspecting whether the calculation and applied parameters are in accordance with the related ordinances, administrative interpretations and code of conduct announced by the Actuarial Institute of the Republic of China;
  - Assessing the reasonableness of actuarial assumptions derived from empirical data and product specification;
  - Sampling inspect the calculation of information’s completeness that provision of reserves used, and establishing model to check the amount of provision reserves;
  - Analyzing the movements in insurance liabilities and evaluating whether change in provision adopted by the management are reasonable based on our understanding of industry and market.

### **Other Matter**

FUBON INSURANCE CO., LTD. has additionally prepared its parent company only financial statements as of and for the six months ended June 30, 2022 and 2021, on which we have issued an unqualified opinion.

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

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Accounting Standard No.34 “Interim Financial Reporting” endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

Those charged with governance (including the Audit Committee) are responsible for overseeing the Company and its subsidiaries’ financial reporting process.

### **Auditor’s Responsibilities for the Audit of the Consolidated Financial Statements**

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

As part of an audit in accordance with auditing standards generally accepted in the Republic of China, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

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

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements for the six months ended June 30, 2022 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partners on the audit resulting in this independent auditors' report are LEE, FENGHUI and CHUNG, TANTAN.

KPMG

Taipei, Taiwan (Republic of China)  
August 16, 2022

#### **Notes to Readers**

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

The independent auditors' report and the accompanying consolidated financial statements are the English translation of the Chinese version prepared and used in the Republic of China. If there is any conflict between, or any difference in the interpretation of the English and Chinese language independent auditors' report and consolidated financial statements, the Chinese version shall prevail.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)  
FUBON INSURANCE CO., LTD. AND SUBSIDIARIES

Consolidated Balance Sheets

June 30, 2022, December 31 and June 30, 2021

(Expressed in Thousands of New Taiwan Dollars)

	June 30, 2022		December 31, 2021		June 30, 2021			June 30, 2022		December 31, 2021		June 30, 2021		
	Amount	%	Amount	%	Amount	%		Amount	%	Amount	%	Amount	%	
<b>Assets</b>														
11000 Cash and cash equivalents (notes 6(a), 7 and 8)	\$ 14,849,595	11	16,727,855	13	12,300,215	10								
12000 Receivables (notes 6(b), (c), (d), and (h))	8,949,722	7	5,657,190	4	7,925,483	6	21000	Accounts payable (notes 6(b), (c), (g), (h) and (o))	\$ 16,146,587	12	15,615,111	12	16,588,548	13
12600 Current tax assets (notes 4 and 6(t))	14,059	-	8,189	-	-	-	21700	Current tax liabilities (notes 4 and 6(t))	19,878	-	395,361	-	451,299	-
14110 Financial assets at fair value through profit or loss (notes 6(i), (y) and (z))	24,339,415	18	34,705,877	26	36,235,175	28	23200	Financial liabilities at fair value through profit or loss (notes 6(i), (y) and (z))	737,966	1	5,966	-	16,750	-
14145 Financial assets at amortized cost (notes 6(i), (y) and (z))	1,494,413	1	1,381,474	1	1,381,199	1	24000	Insurance liabilities (notes 6(o), (v) and (w))	86,895,610	64	64,726,081	49	64,049,156	50
14150 Investments accounted for using equity method, net (notes 6(i))	153,704	-	172,163	-	554,389	-	23800	Lease liabilities (notes 6(p) and (ac))	808,158	1	864,260	1	228,922	-
14180 Other financial assets, net (notes 6(i))	-	-	-	-	7,266	-	28000	Deferred tax liabilities (notes 4 and 6(t))	1,433,095	1	1,495,101	1	1,580,513	1
14190 Financial assets at fair value through other comprehensive income (notes 6(i), (y), (z), and 8)	22,798,801	17	26,103,411	20	23,802,561	19	25000	Other liabilities	2,003,040	1	1,804,336	1	2,790,455	2
16700 Right-of-use assets (notes 6(j))	809,120	1	867,101	1	243,891	-	27000	Provisions (notes 4 and 6(n))	1,087,374	1	1,238,800	1	1,221,366	1
14200 Investment property (notes 6(k))	9,636,232	7	9,600,412	7	10,664,552	8		<b>Total liabilities</b>	<u>109,131,708</u>	<u>81</u>	<u>86,145,016</u>	<u>65</u>	<u>86,927,009</u>	<u>67</u>
15000 Reinsurance assets (notes 6(e), (f), (g) and (o))	39,706,207	29	26,120,126	20	26,712,855	21		<b>Equity attributable to owners of parent (note 6(r))</b>						
16000 Property and equipment (notes 6(l))	6,378,073	5	6,365,664	5	4,974,291	4	31000	Share capital	3,178,396	2	3,178,396	2	3,178,396	3
17000 Intangible assets (notes 6(m))	180,949	-	214,391	-	200,607	-	32000	Capital surplus	6,178,389	5	6,178,389	5	6,242,476	5
17800 Deferred tax assets (notes 4 and 6(t))	2,898,037	2	914,626	1	901,785	1		Retained earnings:						
18000 Other assets	2,737,804	2	2,740,108	2	2,807,030	2	33100	Legal reserve	3,761,712	3	3,761,712	3	3,761,712	3
							33200	Special reserve	12,619,203	9	16,307,888	12	15,019,875	11
							33300	Unappropriated retained earnings	350,172	-	4,832,056	4	3,609,923	3
								Total retained earnings	<u>16,731,087</u>	<u>12</u>	<u>24,901,656</u>	<u>19</u>	<u>22,391,510</u>	<u>17</u>
								Other equity:						
							34100	Exchange differences on translation of foreign financial statements	(104,070)	-	(156,626)	-	(153,998)	-
							34210	Revaluation gains (losses) on investments in equity instruments measured at fair value through other comprehensive income	734,744	1	1,095,539	1	880,408	1
							34220	Gains (losses) from investments in debt instruments measured at fair value through other comprehensive income	(1,103,462)	(1)	1,637,065	1	1,762,647	1
							34600	Revaluation surplus	236,093	-	223,858	-	214,861	-
							34950	Reserve of overlay approach	(850,965)	(1)	7,603,273	6	6,651,158	5
								Total other equity	<u>(1,087,660)</u>	<u>(1)</u>	<u>10,403,109</u>	<u>8</u>	<u>9,355,076</u>	<u>7</u>
								<b>Total equity attributable to owners of parent</b>	<u>25,000,212</u>	<u>18</u>	<u>44,661,550</u>	<u>34</u>	<u>41,167,458</u>	<u>32</u>
							36000	<b>Non-controlling interests</b>	814,211	1	772,021	1	616,832	1
								<b>Total equity</b>	<u>25,814,423</u>	<u>19</u>	<u>45,433,571</u>	<u>35</u>	<u>41,784,290</u>	<u>33</u>
<b>Total assets</b>	<u>\$ 134,946,131</u>	<u>100</u>	<u>131,578,587</u>	<u>100</u>	<u>128,711,299</u>	<u>100</u>		<b>Total liabilities and equity</b>	<u>\$ 134,946,131</u>	<u>100</u>	<u>131,578,587</u>	<u>100</u>	<u>128,711,299</u>	<u>100</u>

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)  
**FUBON INSURANCE CO., LTD. AND SUBSIDIARIES**

**Consolidated Statements of Comprehensive Income**

**For the three months and six months ended June 30, 2022 and 2021**

(Expressed in Thousands of New Taiwan Dollars , Except for Earnings Per Common Share)

	For the three months ended June 30				For the six months ended June 30				
	2022		2021		2022		2021		
	Amount	%	Amount	%	Amount	%	Amount	%	
<b>Operating revenue:</b>									
41110	Written premium (note 6(w))	\$ 16,485,321	133	14,978,525	114	31,602,349	119	28,201,168	111
41120	Reinsurance premium (note 6(w))	981,943	8	975,391	7	1,924,538	7	2,482,535	10
	Premium	17,467,264	141	15,953,916	121	33,526,887	126	30,683,703	121
51100	Less: Reinsurance expense(note 6(w))	5,343,958	43	4,843,715	37	9,998,545	37	8,903,115	35
51310	Net change in unearned premiums reserve (notes 6(o) and (w))	1,258,560	10	997,586	8	1,801,386	7	1,891,387	7
	Retained earned premium	10,864,746	88	10,112,615	76	21,726,956	82	19,889,201	79
41300	Reinsurance commission revenue (note 6(w))	677,178	5	959,831	7	1,239,662	5	1,550,683	6
	Net income (loss) from investments								
41510	Interest income	253,339	2	220,571	2	496,789	2	500,256	2
41521	Gains (losses) on financial assets or liabilities at fair value through profit or loss	(3,895,430)	(31)	2,281,114	17	(6,752,347)	(25)	4,024,220	16
41527	Realized gains (losses) on financial assets measured at fair value through other comprehensive income	49,040	-	83,251	1	81,725	-	95,707	-
41540	Share of loss of associates and joint ventures accounted for using equity method (note 6(i))	(3,540)	-	60,817	-	(21,970)	-	105,705	-
41550	Foreign exchange gains (losses), investments	359,993	3	(170,125)	(1)	937,867	3	80,214	-
41570	Gains (losses) on investment property	103,687	1	133,388	1	177,009	1	221,461	1
41585	Expected credit losses or reversal of expected credit losses of investments	(166)	-	322	-	(1,039)	-	195	-
41590	Other net income (loss) from investments	94	-	559	-	94	-	559	-
41600	Gains (losses) on reclassification under the overlay approach (note 6(i))	3,854,325	31	(514,883)	(3)	8,593,796	32	(1,134,365)	(4)
41800	Other operating income	95,032	1	21,693	-	134,176	-	46,064	-
	<b>Total operating revenue</b>	<b>12,358,298</b>	<b>100</b>	<b>13,189,153</b>	<b>100</b>	<b>26,612,718</b>	<b>100</b>	<b>25,379,900</b>	<b>100</b>
<b>Operating costs:</b>									
51200	Insurance claim payment (note 6(w))	11,392,983	92	6,494,995	49	18,560,728	70	12,317,516	49
41200	Less: Claims recovered from reinsurers (note 6(w))	4,499,485	36	1,349,555	10	5,967,058	23	2,304,322	9
	Retained claim payment	6,893,498	56	5,145,440	39	12,593,670	47	10,013,194	40
	Net change in insurance liability reserve (note 6(o))								
51320	Net change in claim reserve (note 6(w))	11,000,105	89	667,881	5	11,665,284	44	1,616,960	7
51330	Net change in liability reserve	2	-	13	-	3	-	32	-
51340	Net change in special claim reserve	(2,970,399)	(24)	4,798	-	(3,037,165)	(12)	(51,863)	-
51350	Net change in premium deficiency reserve	427,114	3	26,752	-	427,118	2	18,537	-
51500	Commission expense (notes 6(v) and (w))	2,347,961	19	2,171,208	17	4,300,943	16	4,140,963	16
51800	Other operating costs	108,943	1	83,575	1	171,313	1	198,700	1
	<b>Total operating costs</b>	<b>17,807,224</b>	<b>144</b>	<b>8,099,667</b>	<b>62</b>	<b>26,121,166</b>	<b>98</b>	<b>15,936,523</b>	<b>64</b>
<b>Operating expenses:</b>									
58100	General expenses	2,417,576	20	2,282,318	17	4,448,054	17	4,104,849	16
58200	Administrative expenses	67,295	-	174,166	1	451,414	2	452,375	2
58300	Staff training expenses	2,757	-	2,305	-	6,891	-	3,522	-
58400	Expected credit losses or reversal of expected credit losses of non-investments	68,751	1	96,809	1	101,152	-	85,264	-
	<b>Total operating expenses</b>	<b>2,556,379</b>	<b>21</b>	<b>2,555,598</b>	<b>19</b>	<b>5,007,511</b>	<b>19</b>	<b>4,646,010</b>	<b>18</b>
	<b>Net operating income (loss)</b>	<b>(8,005,305)</b>	<b>(65)</b>	<b>2,533,888</b>	<b>19</b>	<b>(4,515,959)</b>	<b>(17)</b>	<b>4,797,367</b>	<b>18</b>

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)  
**FUBON INSURANCE CO., LTD. AND SUBSIDIARIES**

**Consolidated Statements of Comprehensive Income**

For the three months and six months ended June 30, 2022 and 2021

(Expressed in Thousands of New Taiwan Dollars , Except for Earnings Per Common Share)

	For the three months ended June 30				For the six months ended June 30				
	2022		2021		2022		2021		
	Amount	%	Amount	%	Amount	%	Amount	%	
<b>Non-operating income and expenses:</b>									
59100	\$	(226)	-	(172)	-	(231)	-	(500)	-
59200		-	-	17,618	-	-	-	17,618	-
59400		(315)	-	-	-	(315)	-	-	-
59900		(134,721)	(1)	(69,622)	-	(214,520)	(1)	(120,306)	-
		<u>(135,262)</u>	<u>(1)</u>	<u>(52,176)</u>	<u>-</u>	<u>(215,066)</u>	<u>(1)</u>	<u>(103,188)</u>	<u>-</u>
62000		<b>Profit (loss) from continuing operations before tax</b>							
		(8,140,567)	(66)	2,481,712	19	(4,731,025)	(18)	4,694,179	18
63000		<u>(1,854,954)</u>	<u>(15)</u>	<u>161,014</u>	<u>1</u>	<u>(1,413,837)</u>	<u>(6)</u>	<u>451,249</u>	<u>2</u>
		<b>Profit (Loss)</b>							
		<u>(6,285,613)</u>	<u>(51)</u>	<u>2,320,698</u>	<u>18</u>	<u>(3,317,188)</u>	<u>(12)</u>	<u>4,242,930</u>	<u>16</u>
83000	<b>Other comprehensive income:</b>								
83100	<b>Components of other comprehensive income that will not be reclassified to profit or loss</b>								
83120		12,371	-	-	-	12,371	-	-	-
83190		(114,719)	(1)	185,231	1	(366,580)	(1)	323,195	1
83180		136	-	125,770	1	136	-	111,707	-
		<u>(102,484)</u>	<u>(1)</u>	<u>59,461</u>	<u>-</u>	<u>(354,345)</u>	<u>(1)</u>	<u>211,488</u>	<u>1</u>
83200	<b>Components of other comprehensive income that will be reclassified to profit or loss</b>								
83210		2,065	-	(31,967)	-	81,416	-	(33,163)	-
83290		(1,786,649)	(15)	397,480	3	(3,256,579)	(12)	(476,109)	(2)
83295		(3,854,325)	(31)	514,883	3	(8,593,796)	(32)	1,134,365	4
83280		(324,535)	(3)	69,135	-	(619,881)	(2)	(124,016)	(1)
		<u>(5,314,374)</u>	<u>(43)</u>	<u>811,261</u>	<u>6</u>	<u>(11,149,078)</u>	<u>(42)</u>	<u>749,109</u>	<u>3</u>
83000		<u>(5,416,858)</u>	<u>(44)</u>	<u>870,722</u>	<u>6</u>	<u>(11,503,423)</u>	<u>(43)</u>	<u>960,597</u>	<u>4</u>
85000		<b>Total comprehensive income</b>							
		<u>\$ (11,702,471)</u>	<u>(95)</u>	<u>3,191,420</u>	<u>24</u>	<u>(14,820,611)</u>	<u>(55)</u>	<u>5,203,527</u>	<u>20</u>
	<b>Profit (loss), attributable to:</b>								
86100		(6,319,986)	(51)	2,371,571	18	(3,366,847)	(12)	4,291,038	16
86200		34,373	-	(50,873)	-	49,659	-	(48,108)	-
		<u>(6,285,613)</u>	<u>(51)</u>	<u>2,320,698</u>	<u>18</u>	<u>(3,317,188)</u>	<u>(12)</u>	<u>4,242,930</u>	<u>16</u>
	<b>Comprehensive income attributable to:</b>								
87100		(11,735,358)	(95)	3,234,526	24	(14,862,801)	(55)	5,247,267	20
87200		32,887	-	(43,106)	-	42,190	-	(43,740)	-
		<u>(11,702,471)</u>	<u>(95)</u>	<u>3,191,420</u>	<u>24</u>	<u>(14,820,611)</u>	<u>(55)</u>	<u>5,203,527</u>	<u>20</u>
	<b>Earnings per share</b>								
		<u>\$ (19.88)</u>		<u>7.46</u>		<u>(10.59)</u>		<u>13.50</u>	

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)  
FUBON INSURANCE CO., LTD. AND SUBSIDIARIES

Consolidated Statements of Changes in Equity

For the six months ended June 30, 2022 and 2021

(Expressed in Thousands of New Taiwan Dollars)

	Equity attributable to owners of parent												
	Capital		Retained earnings				Other equity						
	Ordinary share	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Total	Exchange differences on translation of foreign financial statements	Gains (losses) on financial assets measured at fair value through other comprehensive income	Revaluation surplus	Other comprehensive income on reclassification under the overlay approach	Total equity attributable to owners of parent	Non-controlling interests	Total equity
<b>Balance at January 1, 2021</b>	\$ 3,178,396	6,242,476	3,761,712	14,990,550	4,286,201	23,038,463	(134,941)	2,130,639	214,861	5,507,173	40,177,067	660,572	40,837,639
Profit (loss)	-	-	-	-	4,291,038	4,291,038	-	-	-	-	4,291,038	(48,108)	4,242,930
Other comprehensive income	-	-	-	-	-	-	(19,057)	(168,699)	-	1,143,985	956,229	4,368	960,597
Total comprehensive income	-	-	-	-	4,291,038	4,291,038	(19,057)	(168,699)	-	1,143,985	5,247,267	(43,740)	5,203,527
Appropriation and distribution of retained earnings:													
Special reserve appropriated – Employee training and transferring plan	-	-	-	(1,584)	1,584	-	-	-	-	-	-	-	-
Special reserve appropriated – Increase in investment property that measures subsequently at fair value	-	-	-	30,909	(30,909)	-	-	-	-	-	-	-	-
Cash dividends of ordinary share	-	-	-	-	(4,256,876)	(4,256,876)	-	-	-	-	(4,256,876)	-	(4,256,876)
Disposal of investments in equity instruments designated at fair value through other comprehensive income	-	-	-	-	(681,115)	(681,115)	-	681,115	-	-	-	-	-
<b>Balance at June 30, 2021</b>	<u>\$ 3,178,396</u>	<u>6,242,476</u>	<u>3,761,712</u>	<u>15,019,875</u>	<u>3,609,923</u>	<u>22,391,510</u>	<u>(153,998)</u>	<u>2,643,055</u>	<u>214,861</u>	<u>6,651,158</u>	<u>41,167,458</u>	<u>616,832</u>	<u>41,784,290</u>
<b>Balance at January 1, 2022</b>	\$ 3,178,396	6,178,389	3,761,712	16,307,888	4,832,056	24,901,656	(156,626)	2,732,604	223,858	7,603,273	44,661,550	772,021	45,433,571
Profit (loss)	-	-	-	-	(3,366,847)	(3,366,847)	-	-	-	-	(3,366,847)	49,659	(3,317,188)
Other comprehensive income	-	-	-	-	-	-	52,556	(3,106,507)	12,235	(8,454,238)	(11,495,954)	(7,469)	(11,503,423)
Total comprehensive income	-	-	-	-	(3,366,847)	(3,366,847)	52,556	(3,106,507)	12,235	(8,454,238)	(14,862,801)	42,190	(14,820,611)
Appropriation and distribution of retained earnings:													
Special reserve appropriated – Employee training and transferring plan	-	-	-	(1,955)	1,955	-	-	-	-	-	-	-	-
Special reserve appropriated – Increase in investment property that measures subsequently at fair value	-	-	-	35,475	(35,475)	-	-	-	-	-	-	-	-
Special reserve appropriated – Net change in special claim reserve	-	-	-	(3,722,205)	3,722,205	-	-	-	-	-	-	-	-
Cash dividends of ordinary share	-	-	-	-	(4,798,537)	(4,798,537)	-	-	-	-	(4,798,537)	-	(4,798,537)
Disposal of investments in equity instruments designated at fair value through other comprehensive income	-	-	-	-	(5,185)	(5,185)	-	5,185	-	-	-	-	-
<b>Balance at June 30, 2022</b>	<u>\$ 3,178,396</u>	<u>6,178,389</u>	<u>3,761,712</u>	<u>12,619,203</u>	<u>350,172</u>	<u>16,731,087</u>	<u>(104,070)</u>	<u>(368,718)</u>	<u>236,093</u>	<u>(850,965)</u>	<u>25,000,212</u>	<u>814,211</u>	<u>25,814,423</u>

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)  
**FUBON INSURANCE CO., LTD. AND SUBSIDIARIES**

**Consolidated Statements of Cash Flows**  
**For the six months ended June 30, 2022 and 2021**  
**(Expressed in Thousands of New Taiwan Dollars)**

	For the six months ended June 30	
	2022	2021
<b>Cash flows from (used in) operating activities:</b>		
<b>Profit (loss) before tax</b>	\$ (4,731,025)	4,694,179
<b>Adjustments:</b>		
Adjustments to reconcile profit:		
Depreciation expenses	188,769	129,773
Amortization expenses	65,082	62,193
Net loss (gain) on financial assets or liabilities at fair value through profit or loss	6,752,347	(4,024,220)
Net gain on financial assets or liabilities at fair value through other comprehensive income	(81,725)	(95,707)
Interest expenses	27,836	39,463
Interest income	(496,789)	(500,256)
Net change in insurance liabilities	10,856,626	3,475,053
Expected (reversal of) credit loss of investment	1,039	(195)
Expected credit losses of non-investments	101,152	85,264
Shares of losses (gains) of associates and joint ventures accounted for using equity method	21,970	(105,705)
Losses (gains) reclassified by applying overlay approach	(8,593,796)	1,134,365
Losses on disposal of property and equipment	546	500
Property and equipment transferred to expenses	-	1,110
Reversal of impairment loss on non-financial assets	(1,381)	(17,618)
Unrealized foreign exchange (gains) losses	(1,106,328)	260,501
Gains on fair value adjustment of investment property	(22,635)	(40,877)
Other	(19)	(43)
<b>Total adjustments to reconcile profit (loss)</b>	<u>7,712,694</u>	<u>403,601</u>
Changes in operating assets and liabilities:		
Changes in operating assets:		
Decrease (increase) in notes receivable	111,461	(146,797)
Increase in premiums receivable	(3,351,966)	(1,863,369)
Increase in other receivable	(22,322)	(552,658)
Decrease (increase) in financial assets at fair value through profit or loss	4,069,033	(1,634,295)
Decrease in financial assets at fair value through other comprehensive income	716,804	267,900
Decrease (increase) in other financial assets	(7,524)	9,744
Increase in reinsurance assets	(2,405,195)	(1,446,327)
Decrease in other assets	38,949	169,441
<b>Total changes in operating assets</b>	<u>(850,760)</u>	<u>(5,196,361)</u>
Changes in operating liabilities:		
Increase in claims payable	193,199	270,222
Increase in commissions payable	434,413	348,966
Increase in due to reinsurers and ceding companies	316,108	3,102,704
Decrease in other payable	(479,897)	(314,738)
Decrease in provisions	(31)	(4,296)
Decrease in provisions for employee benefits	(151,465)	(251,402)
Increase in other liabilities	185,961	942,357
<b>Total changes in operating liabilities</b>	<u>498,288</u>	<u>4,093,813</u>
<b>Total changes in operating assets and liabilities</b>	<u>(352,472)</u>	<u>(1,102,548)</u>
<b>Total adjustments</b>	<u>7,360,222</u>	<u>(698,947)</u>
Cash inflow generated from operations	2,629,197	3,995,232
Interest received	520,493	524,488
Dividends received	296,327	366,164
Interest paid	(28,310)	(39,697)
Income taxes paid	(387,477)	(650,430)
<b>Net cash flows from operating activities</b>	<u>3,030,230</u>	<u>4,195,757</u>
<b>Cash flows from (used in) investing activities:</b>		
Acquisition of investments accounted for using equity method	-	(1,818)
Acquisition of property and equipment	(76,310)	(130,999)
Proceeds from disposal of property and equipment	231	126
Acquisition of intangible assets	(31,395)	(35,217)
<b>Net cash flows used in investing activities</b>	<u>(107,474)</u>	<u>(167,908)</u>
<b>Cash flows from (used in) financing activities:</b>		
Cash dividends paid	(4,798,537)	(4,256,876)
Payments of lease liabilities	(114,780)	(50,629)
<b>Net cash flows used in financing activities</b>	<u>(4,913,317)</u>	<u>(4,307,505)</u>
Effect of exchange rate changes on cash and cash equivalents	112,301	(36,469)
Net decrease in cash and cash equivalents	(1,878,260)	(316,125)
Cash and cash equivalents at the beginning of period	16,727,855	12,616,340
Cash and cash equivalents at the end of period	<u>\$ 14,849,595</u>	<u>12,300,215</u>

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)  
**FUBON INSURANCE CO., LTD. AND SUBSIDIARIES**

**Notes to the Consolidated Financial Statements**

**June 30, 2022 and 2021**

**(Expressed in Thousands of New Taiwan Dollars, Except for Earnings Per Share Information and Unless Otherwise Specified)**

**(1) Company history**

FUBON INSURANCE CO., LTD. (the “Company”) was founded on April 17, 1961 and primarily engaged in the business of property and casualty insurance. The enactment of the Financial Holding Company Act in Taiwan in 2001 provided an opportunity to establish Fubon Group as the holding entity of the main financial services company that had been operating under the Fubon brand. Therefore, a new Fubon Insurance (the Company) was established on December 19, 2001. Substantially, all assets and liabilities and related operations of the Old Fubon were transferred to the New Fubon. The Old Fubon was renamed as Fubon Financial Holding Co., Ltd. As of June 30, 2022 and 2021, the composition of the financial report includes the Company and its subsidiaries (hereafter “the Company and its subsidiaries”, please refer to note 4 (b) ) as well as the equity of the associates. The primary operating business is property insurance. The parent company and the ultimate controlling company of the Company and its subsidiaries is Fubon Financial Holding Co., Ltd.

**(2) Approval date and procedures of the consolidated financial statements**

The consolidated financial statements were authorized for issuance by the board of directors on August 16, 2022.

**(3) New standards, amendments and interpretations adopted:**

- (a) The impact of the International Financial Reporting Standards (“IFRSs”) endorsed by the Financial Supervisory Commission, R.O.C. which have already been adopted.

The Company and its subsidiaries have initially adopted the following new amendments, which do not have a significant impact on its consolidated financial statements, from January 1, 2022:

- Amendments to IAS 16 “Property, Plant and Equipment – Proceeds before Intended Use”
- Amendments to IAS 37 “Onerous Contracts – Cost of Fulfilling a Contract”
- Annual Improvements to IFRS Standards 2018–2020
- Amendments to IFRS 3 “Reference to the Conceptual Framework”

(Continued)

**FUBON INSURANCE CO., LTD. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

- (b) The impact of IFRS issued by the FSC but not yet effective

The Company and its subsidiaries' adoption of the new amendments, effective for annual period beginning on January 1, 2023, are expected to have the following impacts:

<b>Standards or Interpretations</b>	<b>Content of amendment</b>
Amendments to IAS 1 "Disclosure of Accounting Policies"	The key amendments to IAS 1 include: <ul style="list-style-type: none"> <li>● requiring companies to disclose their material accounting policies rather than their significant accounting policies;</li> <li>● clarifying that accounting policies related to immaterial transactions, other events or conditions are themselves immaterial and as such need not be disclosed; and</li> <li>● clarifying that not all accounting policies that relate to material transactions, other events or conditions are themselves material to a company's financial statements.</li> </ul>
Amendments to IAS 8 "Definition of Accounting Estimates"	The amendments introduce a new definition for accounting estimates: clarifying that they are monetary amounts in the financial statements that are subject to measurement uncertainty.  The amendments also clarify the relationship between accounting policies and accounting estimates by specifying that a company develops an accounting estimate to achieve the objective set out by an accounting policy.
Amendments to IAS 12 "Deferred Tax related to Assets and Liabilities arising from a Single Transaction"	The amendments narrowed the scope of the recognition exemption so that it no longer applies to transactions that, on initial recognition, give rise to equal taxable and deductible temporary differences.

The Company and its subsidiaries are evaluating the impact of its initial adoption of the abovementioned standards or interpretations on its consolidated financial position and consolidated financial performance. The results thereof will be disclosed when the Company and its subsidiaries complete its evaluation.

(Continued)

**FUBON INSURANCE CO., LTD. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

- (c) The impact of IFRS issued by IASB but not yet endorsed by the FSC

The following new and amended standards, which may be relevant to the Company and its subsidiaries, have been issued by the International Accounting Standards Board (IASB), but have yet to be endorsed by the FSC:

<b>Standards or Interpretations</b>	<b>Content of amendment</b>	<b>Effective date per IASB</b>
Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets Between an Investor and Its Associate or Joint Venture”	<p>The amendments address an acknowledged inconsistency between the requirements in IFRS 10 and those in IAS 28 (2011) in dealing with the sale or contribution of assets between an investor and its associate or joint venture.</p> <p>The main consequence of the amendments is that a full gain or loss is recognized when a transaction involves a business (whether it is housed in a subsidiary or not). A partial gain or loss is recognized when a transaction involves assets that do not constitute a business, even if these assets are housed in a subsidiary.</p>	Effective date to be determined by IASB

(Continued)

**FUBON INSURANCE CO., LTD. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

<u>Standards or Interpretations</u>	<u>Content of amendment</u>	<u>Effective date per IASB</u>
IFRS 17 “Insurance Contracts”	<p>The new standard of accounting for insurance contracts contain recognition, measurement, presentation and disclosure of insurance contracts issued, and the main amendments are as follows:</p> <ul style="list-style-type: none"> <li>● Recognition: an entity recognizes a group of insurance contracts that it issues from the earliest of : <ul style="list-style-type: none"> <li>- the beginning of the coverage period of the group of contracts;</li> <li>- the date when the first payment from a policyholder in the group because due; and</li> <li>- for a group of onerous contracts, when the group becomes onerous, if facts and circumstances indicate that there is such a group.</li> </ul> </li> <li>● Measurement: on initial recognition, an entity shall measure a group of insurance contracts at the total of the fulfilment cash flows and the contractual service margin. For subsequent measurement, the entity shall estimate the cash flows, discount rates and the adjustment for non-financial risk.</li> <li>● Presentation and disclosure: the presentation of insurance revenue is based on the provision of service pattern and investment components excluded from insurance revenue.</li> </ul>	January 1, 2023
Amendments to IFRS 17 “Insurance Contracts”	<p>The fundamental principles introduced when the Board first issued IFRS 17 in May 2017 remain unaffected. The amendments are designed to:</p> <ul style="list-style-type: none"> <li>● reduce costs by simplifying some requirements in the Standard;</li> <li>● make financial performance easier to explain; and</li> <li>● ease transition by deferring the effective date of the Standard to 2023 and by providing additional relief to reduce the effort required when applying IFRS 17 for the first time.</li> </ul>	January 1, 2023

(Continued)

**FUBON INSURANCE CO., LTD. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

<u>Standards or Interpretations</u>	<u>Content of amendment</u>	<u>Effective date per IASB</u>
Amendments to IFRS 17 “Initial Application of IFRS 17 and IFRS 9 – Comparative Information “	The amendment adds a new transition option to IFRS 17 (the ‘ classification overlay’ ) to alleviate accounting mismatches in comparative information between insurance contract liabilities and related financial assets on the initial application of IFRS 17. It allows presentation of comparative information about financial assets to be presented in a manner that is more consistent with IFRS 9 Financial Instruments.	January 1, 2023

The Company and its subsidiaries are evaluating the impact of its initial adoption of the abovementioned standards or interpretations on its consolidated financial position and consolidated financial performance. The results thereof will be disclosed when the Company and its subsidiaries complete its evaluation.

The Company and its subsidiaries do not expect the following other new and amended standards, which have yet to be endorsed by the FSC, to have a significant impact on its consolidated financial statements:

- Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”

**(4) Summary of significant accounting policies**

**(a) Statement of compliance**

These consolidated interim financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Insurance Enterprises (hereinafter referred to as the Regulations) and preparation and guidelines of IAS 34 “ Interim Financial Reporting” which are endorsed by FSC and do not include all of the information required by the Regulations and International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations and SIC Interpretations endorsed by the FSC (hereinafter referred to IFRS endorsed by the FSC) for a complete set of the annual consolidated financial statements.

Except the following accounting policies mentioned below, the significant accounting policies adopted in the consolidated financial statements are the same as those in the consolidated financial statements for the year ended December 31, 2021. For the related information, please refer to note 4 of the consolidated financial statements for the year ended December 31, 2021.

(Continued)

**FUBON INSURANCE CO., LTD. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

(b) Basis of consolidation

(i) List of subsidiaries in the consolidated financial statements

Name of investor	Name of subsidiary	Business Type	Shareholding		
			June 30, 2022	December 31, 2021	June 30, 2021
The Company	Fubon insurance (Vietnam) Co., Ltd	Insurance	100 %	100 %	100 %
The Company	Fubon P&C Insurance Co., Ltd	Insurance	40 %	40 %	40 %
The Company	Fubon Insurance Broker (Thailand) Co., Ltd	Insurance broker	48.97 %	48.97 %	48.97 %
The Company	Fubon Insurance Broker (Philippines) Co., Ltd	Insurance broker	99.99 %	99.99 %	99.99 %

(c) Income taxes

The income tax expenses have been prepared and disclosed in accordance with paragraph B12 of International Financial Reporting Standards 34, Interim Reporting.

Income tax expenses for the period are best estimated by multiplying pre-tax income for the interim reporting period using the effective annual tax rate as forecasted by the management and allocated to current and deferred taxes based on its proportionate size.

Temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and their respective tax bases shall be measured based on the tax rates that have been enacted or substantively enacted at the time of the asset or liability is recovered or settled, and be recognized directly in equity or other comprehensive income as tax expense.

(d) Employee benefit

The pension cost in the interim period was calculated and disclosed on a year-to-date basis by using the actuarially determined pension cost rate at the end of the prior fiscal year.

**(5) Significant accounting assumptions and judgments, and major sources of estimation uncertainty**

The preparation of the consolidated financial statements in conformity with the Regulations and IFRSs (in accordance with IAS34 “Interim Financial Reporting” and endorsed by the FSC) requires management to make judgments, estimates and assumptions that affect the application of the accounting policies and the reported amount of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next financial year is as follows. Those assumptions and estimation have been updated to reflect the impact of COVID-19 pandemic :

(a) Fair value of financial instrument

Financial instruments without active market or quoted market prices are measured using the valuation models or counterparty prices. When using the valuation model, all the models measured using the observable factors as inputs as much as possible and the inputs cannot be adjusted manually. In principle, the models used the factors can be long-term stably accessed in the market. To avoid the data source changed causing the gap of the financial report between the difference financial years. The models need to be adjusted and verified repeatedly to ensure the output can be measured the value of financial instruments properly.

(Continued)

**FUBON INSURANCE CO., LTD. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

(b) Expected credit loss

The impairment of financial assets of the Company and its subsidiaries were evaluated by identifying the credit risk of financial assets has significantly increased or not at the reporting date if the credit risk of financial asset has not significant incurred, the 12-month expected credit loss should be adopted to evaluate, or the lifetime credit loss evaluation should be adopted. To evaluate the expected credit losses for 12-month and lifetime, the Company and its subsidiaries consider the default probability of financial assets or issuers or counterparties, and loss given default rate multiplying the exposure at default, taking into account the time value of money as well evaluate 12-month and lifetime loss. The Company and its subsidiaries consider historical experiences, current market conditions and forward-looking estimates to the assumptions and input values to be used in determining the impairment loss.

(c) Fair value of property investment

The fair value of investment property is measured using valuation methods, including the income approach, market approach, and so on. Variations of assumptions used in these models will influence the reporting fair value of property investment.

(d) Insurance liability

The Company and its subsidiaries measure insurance liabilities in accordance with the “Regulations Governing the Provision of Various Reserves”.

Unearned premium reserve is estimated based on the exposure of the unexpired period of each business line. The provision of reserves is determined by actuarial specialists in accordance with of characteristics each business line.

Claim reserve is estimated in accordance with actuarial principles based on historical claim experiences and expenses. The final claim cost is calculated based on primary assumptions of claim reserve are loss development factors and expected claim ratio. The loss development factors and expected claim ratio of each business line are calculated based on historical claim experience and adjusted by company’s policies such as insurance rate and claim management.

The estimation of liability adequacy reserve is in accordance with the “IFRS 4 of principles of actuarial practice – insurance contracts and liability adequacy test” pronounced by the Actuarial Institute of the Republic of China. The expected present value of the contracts’ future cash flows used in estimated liability adequacy reserve is based on reasonable estimate of future insurance claims, premium revenues and relative expenses.

The professional judgment used in the above process will affect the amount recognized, including net change in insurance liability, net change in reserve for the insurance contract with the nature of financial products, and the provision of insurance liability and reserve for the insurance contract with the nature of financial products.

(Continued)

**FUBON INSURANCE CO., LTD. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

**(6) Explanation of significant accounts:**

(a) Cash and cash equivalents

	<u>June 30, 2022</u>	<u>December 31, 2021</u>	<u>June 30, 2021</u>
Cash on hand	\$ 84	55	65
Cash in bank	11,114,557	12,289,175	9,683,013
Marketable securities	3,808,980	4,505,439	2,683,951
Less: Statutory deposits	<u>(74,026)</u>	<u>(66,814)</u>	<u>(66,814)</u>
Total	<u>\$ 14,849,595</u>	<u>16,727,855</u>	<u>12,300,215</u>

The statutory deposit refers to the time deposits that serve as collateral and is recognized as guarantee deposits paid. Please refer to Note 8 for further information.

(b) Receivables and Payables

(i) Receivables

	<u>June 30, 2022</u>	<u>December 31, 2021</u>	<u>June 30, 2021</u>
Receivables of insurance contracts (Note 6(c))	\$ 7,367,353	4,168,962	6,436,711
Notes receivable-Not for insurance contracts (Note 6(d))	23,200	16,629	18,156
Other receivables (Note 6(h))	<u>1,559,169</u>	<u>1,471,599</u>	<u>1,470,616</u>
Total	<u>\$ 8,949,722</u>	<u>5,657,190</u>	<u>7,925,483</u>

(ii) Payables

	<u>June 30, 2022</u>	<u>December 31, 2021</u>	<u>June 30, 2021</u>
Payables of insurance contracts (Note 6(c))	\$ 1,417,022	981,607	1,360,335
Due to reinsurers and ceding companies (Note 6(g))	11,078,003	10,710,048	11,268,461
Other payables (Note 6(h))	3,424,281	3,889,619	3,638,843
Indemnity payments payables (Note 6(o))	<u>227,281</u>	<u>33,837</u>	<u>320,909</u>
Total	<u>\$ 16,146,587</u>	<u>15,615,111</u>	<u>16,588,548</u>

(Continued)

**FUBON INSURANCE CO., LTD. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

(c) Receivables (payables) of insurance contracts

(i) Receivables of insurance contracts

Item	June 30, 2022			
	Notes receivable	Premiums receivable	Overdue receivable	Total
Voluntary moto insurance	\$ -	160,350	26	160,376
Compulsory auto liability insurance	-	45,639	-	45,639
Compulsory motorcycle liability insurance	-	40,927	-	40,927
Fire insurance	-	2,559,574	70,130	2,629,704
Personal insurance	-	1,289,140	2,457	1,291,597
Marine hull insurance	-	146,908	52,753	199,661
Fishing vessel insurance	-	43,399	112	43,511
Casualty insurance	-	1,730,312	117,275	1,847,587
Marine insurance	-	360,084	21,767	381,851
Other	794,027	14,727	1,761	810,515
Total	794,027	6,391,060	266,281	7,451,368
Less: Allowance for bad debts	(7,027)	(44,685)	(32,303)	(84,015)
Net	<u>\$ 787,000</u>	<u>6,346,375</u>	<u>233,978</u>	<u>7,367,353</u>

  

Item	December 31, 2021			
	Notes receivable	Premiums receivable	Overdue receivable	Total
Voluntary moto insurance	\$ -	91,217	-	91,217
Compulsory auto liability insurance	-	52,581	-	52,581
Compulsory motorcycle liability insurance	-	42,251	-	42,251
Fire insurance	-	799,384	40,039	839,423
Personal insurance	-	1,128,271	9,012	1,137,283
Marine hull insurance	-	56,809	6,022	62,831
Fishing vessel insurance	-	45,786	28	45,814
Casualty insurance	-	803,110	23,676	826,786
Marine insurance	-	180,316	12,800	193,116
Other	911,880	12,616	419	924,915
Total	911,880	3,212,341	91,996	4,216,217
Less: Allowance for bad debts	(5,558)	(28,220)	(13,477)	(47,255)
Net	<u>\$ 906,322</u>	<u>3,184,121</u>	<u>78,519</u>	<u>4,168,962</u>

(Continued)

**FUBON INSURANCE CO., LTD. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

Item	June 30, 2021			Total
	Notes receivable	Premiums receivable	Overdue receivable	
Voluntary moto insurance	\$ -	166,874	-	166,874
Compulsory auto liability insurance	-	46,509	-	46,509
Compulsory motorcycle liability insurance	-	35,559	-	35,559
Fire insurance	-	2,203,698	63,036	2,266,734
Personal insurance	-	1,331,696	2,256	1,333,952
Marine hull insurance	-	127,258	2,125	129,383
Fishing vessel insurance	-	44,112	147	44,259
Casualty insurance	-	1,119,062	131,885	1,250,947
Marine insurance	-	300,595	12,547	313,142
Other	894,452	13,402	2,420	910,274
Total	894,452	5,388,765	214,416	6,497,633
Less: Allowance for bad debts	(6,823)	(21,860)	(32,239)	(60,922)
Net	<u>\$ 887,629</u>	<u>5,366,905</u>	<u>182,177</u>	<u>6,436,711</u>

As of June 30, 2022, December 31 and June 30, 2021, the notes receivable of overdue receivable are amounted to \$264 thousand, \$419 thousand and \$503 thousand, respectively, and the premiums receivable amounted to \$266,017 thousand, \$91,577 thousand and \$213,913 thousand, respectively.

(ii) Aging of receivables

	June 30, 2022	December 31, 2021	June 30, 2021
	Under 90 days	\$ 7,130,294	4,058,394
91~365 days	327,175	157,335	278,917
More than 366 days	17,243	17,285	24,169

(Continued)

**FUBON INSURANCE CO., LTD. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

(iii) Payables of insurance contracts

<u>Item</u>	<b>June 30, 2022</b>		
	<u>Commission payables</u>	<u>Service charge payables</u>	<u>Total</u>
Fire insurance	\$ 153,950	-	153,950
Casualty insurance	173,061	-	173,061
Marine insurance	42,859	-	42,859
Fishing vessel insurance	948	-	948
Marine hull insurance	6,380	-	6,380
Personal insurance	602,343	-	602,343
Voluntary moto insurance	228,009	-	228,009
Compulsory auto liability insurance	-	18,938	18,938
Compulsory motorcycle liability insurance	-	12,122	12,122
Other	<u>178,412</u>	<u>-</u>	<u>178,412</u>
<b>Total</b>	<b><u>\$ 1,385,962</u></b>	<b><u>31,060</u></b>	<b><u>1,417,022</u></b>

<u>Item</u>	<b>December 31, 2021</b>		
	<u>Commission payables</u>	<u>Service charge payables</u>	<u>Total</u>
Fire insurance	\$ 55,931	-	55,931
Casualty insurance	127,889	-	127,889
Marine insurance	21,921	-	21,921
Fishing vessel insurance	954	-	954
Marine hull insurance	2,707	-	2,707
Personal insurance	389,949	-	389,949
Voluntary moto insurance	214,267	-	214,267
Compulsory auto liability insurance	-	19,082	19,082
Compulsory motorcycle liability insurance	-	10,086	10,086
Other	<u>134,631</u>	<u>4,190</u>	<u>138,821</u>
<b>Total</b>	<b><u>\$ 948,249</u></b>	<b><u>33,358</u></b>	<b><u>981,607</u></b>

(Continued)

**FUBON INSURANCE CO., LTD. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

Item	June 30, 2021		
	Commission payables	Service charge payables	Total
Fire insurance	\$ 162,869	-	162,869
Casualty insurance	158,118	-	158,118
Marine insurance	33,299	-	33,299
Fishing vessel insurance	1,111	-	1,111
Marine hull insurance	3,897	-	3,897
Personal insurance	593,521	-	593,521
Voluntary moto insurance	215,594	-	215,594
Compulsory auto liability insurance	-	17,553	17,553
Compulsory motorcycle liability insurance	-	10,524	10,524
Other	163,849	-	163,849
<b>Total</b>	<b>\$ 1,332,258</b>	<b>28,077</b>	<b>1,360,335</b>

The counterparties of above payables are usually sales representatives, insurance brokers, insurance agents and policy holders.

(d) Notes receivable – not for insurance contracts

	June 30, 2022	December 31, 2021	June 30, 2021
	Notes receivable	\$ 23,344	16,797
Less: Allowance for bad debts	(144)	(168)	(75)
<b>Net</b>	<b>\$ 23,200</b>	<b>16,629</b>	<b>18,156</b>

(e) Reinsurance Assets

	June 30, 2022	December 31, 2021	June 30, 2021
	Claims and payments recoverable from reinsurers (Note 6(f))	\$ 4,542,596	1,871,609
Due from reinsurers and ceding companies, net (Note 6(g))	5,825,415	6,132,664	6,991,870
Reinsurance reserve assets (Note 6(o))	29,338,196	18,115,853	18,289,872
<b>Total</b>	<b>\$ 39,706,207</b>	<b>26,120,126</b>	<b>26,712,855</b>

(Continued)

**FUBON INSURANCE CO., LTD. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

(f) Claims and payments recoverable from reinsurers

Type	June 30, 2022	December 31, 2021	June 30, 2021
Fire insurance	\$ 390,848	431,448	295,871
Marine cargo insurance	75,138	244,155	49,327
Marine hull/Fishing vessel/ Aviation insurance	121,762	128,667	152,861
Voluntary moto insurance	154,670	175,636	204,015
Compulsory moto TPL insurance	602,467	587,051	530,892
Liability insurance	74,652	35,858	44,295
Engineering and nuclear insurance	24,508	31,818	28,732
Surety and credit insurance	2,932	3,968	1,929
Other property insurance	1,801,617	110,574	107,450
Personal accident insurance	27,829	9,328	8,014
Personal and commercial multiple peril insurance	2,488	2,599	1,560
Typhoon, flood and earthquake insurance	111,242	36,022	985
Health insurance	1,158,495	79,584	16,000
Foreign business	-	-	-
Total	4,548,648	1,876,708	1,441,931
Less: Allowance for bad debts	(6,052)	(5,099)	(10,818)
Net	<u>\$ 4,542,596</u>	<u>1,871,609</u>	<u>1,431,113</u>

(Continued)

**FUBON INSURANCE CO., LTD. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

(g) Due from (to) reinsurers and ceding companies

(i) Reinsurance receivables

Item	June 30, 2022	December 31, 2021	June 30, 2021
	Due from reinsurers and ceding companies	Due from reinsurers and ceding companies	Due from reinsurers and ceding companies
Fire insurance	\$ 250,725	230,314	188,124
Marine cargo insurance	18,607	22,545	25,402
Marine hull/Fishing vessel / Aviation insurance	13,212	10,018	11,021
Voluntary moto insurance	376,506	313,443	376,727
Compulsory moto TPL insurance	212,681	218,491	203,407
Liability insurance	129,453	185,469	102,846
Engineering and nuclear insurance	426,493	483,258	500,375
Surety and credit insurance	1,204	1,252	1,161
Other property insurance	304,205	408,334	1,188,338
Personal accident insurance	103,360	93,933	52,745
Personal and commercial multiple peril insurance	-	-	-
Typhoon, flood and earthquake insurance	16,085	25,427	29,446
Health insurance	-	-	2
Foreign business	<u>268,531</u>	<u>223,570</u>	<u>382,595</u>
Total	2,121,062	2,216,054	3,062,189
Less: Allowance for bad debts	<u>(7,544)</u>	<u>(14,937)</u>	<u>(14,784)</u>
Net	<u>\$ 2,113,518</u>	<u>2,201,117</u>	<u>3,047,405</u>

(Continued)

**FUBON INSURANCE CO., LTD. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

## (ii) Reinsurance payables

<b>June 30, 2022</b>			
<b>Item</b>	<b>Due to reinsurers and ceding companies</b>	<b>Other</b>	<b>Total</b>
Fire insurance	\$ 155,390	-	155,390
Marine cargo insurance	15,374	-	15,374
Marine hull/ Fishing vessel/ Aviation insurance	10,751	-	10,751
Voluntary moto insurance	153,851	-	153,851
Compulsory moto TPL insurance	-	-	-
Liability insurance	83,139	-	83,139
Engineering and nuclear insurance	217,769	-	217,769
Surety and credit insurance	1,016	-	1,016
Other property insurance	635,489	-	635,489
Personal accident insurance	54,303	-	54,303
Personal and commercial multiple peril insurance	-	-	-
Typhoon, flood and earthquake insurance	1,174	-	1,174
Health insurance	-	-	-
Overseas reinsurance assumed	187,547	-	187,547
<b>Total</b>	<b>\$ 1,515,803</b>	<b>-</b>	<b>1,515,803</b>
<b>December 31, 2021</b>			
<b>Item</b>	<b>Due to reinsurers and ceding companies</b>	<b>Other</b>	<b>Total</b>
Fire insurance	\$ 111,595	-	111,595
Marine cargo insurance	18,122	-	18,122
Marine hull/Fishing vessel/ Aviation insurance	6,381	-	6,381
Voluntary moto insurance	127,144	-	127,144
Compulsory moto TPL insurance	-	-	-
Liability insurance	77,575	-	77,575
Engineering and nuclear insurance	216,071	-	216,071
Surety and credit insurance	1,182	-	1,182
Other property insurance	(311,754)	-	(311,754)
Personal accident insurance	57,262	-	57,262
Personal and commercial multiple peril insurance	-	-	-
Typhoon, flood and earthquake insurance	1,142	-	1,142
Health insurance	-	-	-
Overseas reinsurance assumed	225,007	-	225,007
<b>Total</b>	<b>\$ 529,727</b>	<b>-</b>	<b>529,727</b>

(Continued)

**FUBON INSURANCE CO., LTD. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

Item	June 30, 2021		
	Due to reinsurers and ceding companies	Other	Total
Fire insurance	\$ 116,529	-	116,529
Marine cargo insurance	10,461	-	10,461
Marine hull/Fishing vessel/ Aviation insurance	7,879	-	7,879
Voluntary moto insurance	199,657	-	199,657
Compulsory moto TPL insurance	-	-	-
Liability insurance	46,446	-	46,446
Engineering and nuclear insurance	205,176	-	205,176
Surety and credit insurance	1,179	-	1,179
Other property insurance	437,305	-	437,305
Personal accident insurance	32,739	-	32,739
Personal and commercial multiple peril insurance	-	-	-
Typhoon, flood and earthquake insurance	1,485	-	1,485
Health insurance	-	-	-
Overseas reinsurance assumed	249,138	-	249,138
Total	<u>\$ 1,307,994</u>	<u>-</u>	<u>1,307,994</u>

(iii) Due from (to) reinsurers and ceding companies – holding reinsurance

Item	June 30, 2022	
	Due from reinsurers and ceding companies	Due to reinsurers and ceding companies
CENTRAL REINSURANCE CORPORATION	\$ 371,463	1,259,146
INSURANCE COMPANY OF NORTH AMERICA (TAIWAN BRANCH)	260,792	658,486
HOTAI INSURANCE CO., LTD	95,826	-
Hannover Rueck SE Malaysian Branch	92,547	-
Other companies	3,006,928	7,644,568
Total	3,827,556	<u>9,562,200</u>
Less: Allowance for bad debts	(115,659)	
Net	<u>\$ 3,711,897</u>	

(Continued)

**FUBON INSURANCE CO., LTD. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

<b>Item</b>	<b>December 31, 2021</b>	
	<b>Due from reinsurers and ceding companies</b>	<b>Due to reinsurers and ceding companies</b>
Hannover Rueck SE Malaysian Branch	\$ 646,449	1,352,879
CENTRAL REINSURANCE CORPORATION	526,626	1,437,680
INSURANCE COMPANY OF NORTH AMERICA (TAIWAN BRANCH)	189,700	476,537
Other companies	<u>2,613,257</u>	<u>6,913,225</u>
Total	3,976,032	<u><b>10,180,321</b></u>
Less: Allowance for bad debts	<u>(44,485)</u>	
Net	<u><b>\$ 3,931,547</b></u>	
	<b>June 30, 2021</b>	
<b>Item</b>	<b>Due from reinsurers and ceding companies</b>	<b>Due to reinsurers and ceding companies</b>
CENTRAL REINSURANCE CORPORATION	\$ 596,082	1,768,513
INSURANCE COMPANY OF NORTH AMERICA (TAIWAN BRANCH)	210,302	486,209
HOTAI INSURANCE CO., LTD	151,261	-
Hannover Rueck SE Malaysian Branch	177,542	465,255
Other companies	<u>2,928,868</u>	<u>7,240,490</u>
Total	4,064,055	<u><b>9,960,467</b></u>
Less: Allowance for bad debts	<u>(119,590)</u>	
Net	<u><b>\$ 3,944,465</b></u>	

As of June 30, 2022, December 31 and June 30, 2021, overdue receivables of due from reinsurers and ceding companies are \$469,190 thousand, \$362,491 thousand and \$387,979 thousand, respectively, and the allowance for bad debts for above are amounted to \$123,203 thousand, \$59,422 thousand and \$134,374 thousand, respectively.

(Continued)

**FUBON INSURANCE CO., LTD. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

## (h) Other accounts receivables (payables)

## (i) Other receivables

	<b>June 30, 2022</b>	<b>December 31, 2021</b>	<b>June 30, 2021</b>
Related parties	\$ 7,047	16,534	9,587
Non-related parties	<u>1,552,592</u>	<u>1,455,517</u>	<u>1,461,485</u>
Total	1,559,639	1,472,051	1,471,072
Less: Allowance for bad debts	<u>(470)</u>	<u>(452)</u>	<u>(456)</u>
Net	<u><u>\$ 1,559,169</u></u>	<u><u>1,471,599</u></u>	<u><u>1,470,616</u></u>

As of June 30, 2022, December 31 and June 30, 2021, overdue receivables of non-related party are \$3,381 thousand, \$2,269 thousand and \$6,889 thousand, respectively and there is no allowance for bad debts.

## (ii) Other payables

	<b>June 30, 2022</b>	<b>December 31, 2021</b>	<b>June 30, 2021</b>
Related parties	\$ 306,067	377,942	426,390
Non-related parties	<u>3,118,214</u>	<u>3,511,677</u>	<u>3,212,453</u>
Total	<u><u>\$ 3,424,281</u></u>	<u><u>3,889,619</u></u>	<u><u>3,638,843</u></u>

## (i) Financial assets and liabilities

## (i) Financial assets and liabilities measured at fair value through profit or loss

	<b>June 30, 2022</b>	<b>December 31, 2021</b>	<b>June 30, 2021</b>
Financial assets mandatorily measured at fair value through profit or loss:			
Non-hedge derivative instruments			
Currency rate contracts	\$ 960	112,295	247,169
FX forward contract	2,150	1,630	2,802
Non-derivative financial assets			
Stock	10,210,037	21,303,520	19,101,375
Beneficiary certificate	14,126,268	13,288,432	16,797,538
Other fixed income products	<u>-</u>	<u>-</u>	<u>86,291</u>
Total	<u><u>\$ 24,339,415</u></u>	<u><u>34,705,877</u></u>	<u><u>36,235,175</u></u>

(Continued)

**FUBON INSURANCE CO., LTD. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

	<u>June 30, 2022</u>	<u>December 31, 2021</u>	<u>June 30, 2021</u>
Held-for-trading financial liabilities:			
Non-hedge derivative instruments			
Currency rate contracts	\$ <u>737,966</u>	<u>5,966</u>	<u>16,750</u>
Total	<u>\$ 737,966</u>	<u>5,966</u>	<u>16,750</u>

1) Derivative financial instruments not for hedging

Derivative financial instruments are used for hedging foreign exchange risk and interest rate risk arising from operating, financing and investing activities. As of June 30, 2022, December 31 and June 30, 2021, the financial assets mandatorily measured at fair value through profit or loss and the held-for-trading financial liabilities which did not apply to hedge accounting are as follows:

	<u>June 30, 2022</u>		
	<u>Contract amount</u>	<u>Currency</u>	<u>Maturity period</u>
Currency rate contracts	<u>USD 495,000</u>	USD to NTD	2022.07.07~2023.01.30
FX forward contract	<u>EUR 5,667</u>	EUR to USD	2022.07.20~2022.08.29
	<u>December 31, 2021</u>		
	<u>Contract amount</u>	<u>Currency</u>	<u>Maturity period</u>
Currency rate contracts	<u>USD 535,000</u>	USD to NTD	2022.01.10~2022.12.15
FX forward contract	<u>EUR 5,249</u>	EUR to USD	2022.01.18~2022.03.28
	<u>June 30, 2021</u>		
	<u>Contract amount</u>	<u>Currency</u>	<u>Maturity period</u>
Currency rate contracts	<u>USD 510,000</u>	USD to NTD	2021.07.08~2022.06.10
FX forward contract	<u>EUR 4,959</u>	EUR to USD	2021.07.12~2021.07.21

2) Overlay approach

From January 1, 2018, the Company and its subsidiaries adopted IFRS 9 and elected to apply the overlay approach under the IFRS 4 “Insurance Contracts” to recognize the profit and loss for the designated financial assets.

Among designated financial assets at fair value through profit or loss under the overlay approach were as follows:

	<u>June 30, 2022</u>	<u>December 31, 2021</u>	<u>June 30, 2021</u>
Financial assets measured at fair value through profit or loss			
Stock	\$ 10,210,037	21,270,510	19,004,355
Beneficiary certificate	<u>13,526,288</u>	<u>12,732,038</u>	<u>16,065,964</u>
Total	<u>\$ 23,736,325</u>	<u>34,002,548</u>	<u>35,070,319</u>

(Continued)

**FUBON INSURANCE CO., LTD. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

The Company and its subsidiaries reclassified between profit or loss and other comprehensive income under the overlay approach during the three months and six months ended June 30, 2022 and 2021 were as follow:

	For the three months ended June 30,		For the six months ended June 30,	
	2022	2021	2022	2021
The amount reported in profit or loss for the designated financial assets applying IFRS 9	\$ (3,555,391)	2,096,390	(5,898,965)	4,071,763
Less: The amount that would have been reported in profit or loss for the designated financial assets if the Company and its subsidiaries had applied IAS 39	(298,934)	(1,581,507)	(2,694,831)	(2,937,398)
The amount reclassified under the overlay approach	<b>\$ (3,854,325)</b>	<b>514,883</b>	<b>(8,593,796)</b>	<b>1,134,365</b>

Due to the adjustment of the overlay approach, the losses on financial assets at fair value through profit or loss of the Company and its subsidiaries the losses \$3,555,391 thousand turned into gains \$298,934 thousand and the gains decrease from \$2,096,390 thousand to \$1,581,507 thousand for the three months ended June 30, 2022 and 2021, and the losses \$5,898,965 thousand turned into gains \$2,694,831 thousand and the gains decrease from \$4,071,763 thousand to \$2,937,398 thousand for the six months ended June 30, 2022 and 2021.

The Company and its subsidiaries did not designate financial assets previously not qualified for the overlay approach but then qualified for the six months ended June 30, 2022 and 2021 for the overlay approach.

The Company and its subsidiaries did not de-designate any financial asset for the six months ended June 30, 2022 and 2021.

(Continued)

**FUBON INSURANCE CO., LTD. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

(ii) Financial assets measured at fair value through other comprehensive income

	<u>June 30, 2022</u>	<u>December 31, 2021</u>	<u>June 30, 2021</u>
Debt investments measured at fair value through other comprehensive income:			
Government bonds	\$ 4,896,911	6,333,010	6,396,990
Corporate bonds	9,931,362	11,490,963	10,130,929
Financial bonds	6,199,100	6,451,188	5,632,384
Assets securitization products	302,316	-	-
Guarantee deposits	<u>(452,302)</u>	<u>(464,066)</u>	<u>(482,656)</u>
Subtotal	<u>20,877,387</u>	<u>23,811,095</u>	<u>21,677,647</u>
Equity investments measured at fair value through other comprehensive income:			
Stocks	<u>1,921,414</u>	<u>2,292,316</u>	<u>2,124,914</u>
Total	<u>\$ 22,798,801</u>	<u>26,103,411</u>	<u>23,802,561</u>

1) Investment in debt instruments measured at fair value through other comprehensive income

The Company and its subsidiaries have assessed that the securities are held within a business model whose objective is achieved by both collecting the contractual cash flows and selling securities. Therefore, they were classified as financial assets measured at fair value through other comprehensive income.

2) Investment in equity instruments measured at fair value through other comprehensive income

For the three months and six months ended June 30, 2022 and 2021, the Company and its subsidiaries recognized dividend income from abovementioned financial assets measured at fair value through other comprehensive income amounting to \$42,752 thousand, \$82,249 thousand, \$53,802 thousand and \$93,997 thousand, respectively.

For the three months and six months ended June 30, 2022 and 2021, dividend income from disposed financial assets measured at fair value through other comprehensive income within the same period all amounting to \$0 thousand.

For the three months and six months ended June 30, 2022 and 2021, the Company and its subsidiaries disposed shares designated as measured at fair value through other comprehensive income due to assets allocation, managing and adjusting portfolios. The shares were sold at a fair value of \$4,673 thousand, \$231,561 thousand, \$4,673 thousand and \$539,421 thousand, respectively; and the accumulated loss were \$5,185 thousand, \$664,791 thousand, \$5,185 thousand and \$681,115 thousand, respectively. The accumulated loss had been transferred from other equity to retained earnings.

(Continued)

**FUBON INSURANCE CO., LTD. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

- 3) Certain government bonds were pledged as statutory deposits. Please refer to Note 8 for further information.
- 4) The Company and its subsidiaries had assessed the impairment of the debt instruments of financial assets measured at fair value through other comprehensive income as of June 30, 2022 and 2021. Please refer to Note 6 (z) for the change in allowance for credit losses attribute to the above financial assets.

(iii) Investment in debt instruments at amortized cost

	<u>June 30, 2022</u>	<u>December 31, 2021</u>	<u>June 30, 2021</u>
Financial bonds	\$ 1,391,482	1,274,550	1,261,725
Bonds securitization	<u>103,433</u>	<u>107,389</u>	<u>119,941</u>
Subtotal	1,494,915	1,381,939	1,381,666
Less: Loss allowance	<u>(502)</u>	<u>(465)</u>	<u>(467)</u>
Total	<u>\$ 1,494,413</u>	<u>1,381,474</u>	<u>1,381,199</u>

- 1) The Company and its subsidiaries assessed that the investments were held within a business model whose objective is achieved by collecting the contractual cash flows and for which the contractual cash flows are fully be paid for the principal and interests incurred. Therefore, they were classified as investment in debt instruments at amortized cost.
- 2) The Company and its subsidiaries had assessed the impairment of the financial assets measured at amortized cost as of June 30, 2022 and 2021. Please refer to Note 6 (z) for the change in allowance for credit losses attribute to the above financial assets.

(iv) Investment under equity method

The Company and its subsidiaries' investment under equity method at reporting date:

	<u>June 30, 2022</u>	<u>December 31, 2021</u>	<u>June 30, 2021</u>
Associates	<u>\$ 153,704</u>	<u>172,163</u>	<u>554,389</u>

(Continued)

**FUBON INSURANCE CO., LTD. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

1) Associates

The information of Associates is as follows:

<u>Name of Associate</u>	<u>Relationship with the Company and its subsidiaries</u>	<u>Registration Country</u>	<u>Owner's equity and percentage of voting right</u>		
			<u>June 30, 2022</u>	<u>December 31, 2021</u>	<u>June 30, 2021</u>
Shenzhen Teng Fu Bo Investment Limited	Investment consultant	China	8.167 %	8.167 %	16.667 %
Xiamen Jinfuyuan Insurance Surveyors and Loss Adjusters Co.,Ltd.	Insurance risk and loss assessment	China	24.96 %	24.96 %	24.96 %

The summarized financial information for the associates that are not individually material accounted for using the equity method is as following:

	<u>June 30, 2022</u>		<u>December 31, 2021</u>		<u>June 30, 2021</u>
	<u>\$</u>				
Carrying amount of individually insignificant associates' equity	<u>153,704</u>		<u>172,163</u>		<u>554,389</u>
		<u>For the three months ended June 30,</u>		<u>For the six months ended June 30,</u>	
		<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
Attributed to the Company and its subsidiaries:					
Profit and loss from continuing operations	\$ (3,540)	60,817	(21,970)	105,705	
Other comprehensive income	-	-	-	-	
Total comprehensive income	<u>\$ (3,540)</u>	<u>60,817</u>	<u>(21,970)</u>	<u>105,705</u>	

2) Guarantee

The investment in the equity method of the Company and its subsidiaries have not been provided as a pledge guarantee as of June 30, 2022, December 31 and June 30, 2021.

3) Unaudited investments under the equity method

The profit and loss and other comprehensive income of the company and its subsidiaries' investments under the equity method were calculated based on the associate's unaudited financial statements, which the management consider do not have a significant impact on consolidated financial statements.

(Continued)

**FUBON INSURANCE CO., LTD. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

(v) Other financial assets:

	<u>June 30, 2022</u>	<u>December 31, 2021</u>	<u>June 30, 2021</u>
Cash in bank	\$ 1,001,432	973,668	980,992
Less: Statutory deposits-other	<u>(1,001,432)</u>	<u>(973,668)</u>	<u>(973,726)</u>
	<u>\$ -</u>	<u>-</u>	<u>7,266</u>

The statutory deposit refers to the time deposits that serve as collateral and is recognized as guarantee deposits paid. Please refer to Note 8 for further information.

(j) Right-of-use assets

	<u>June 30, 2022</u>	<u>December 31, 2021</u>	<u>June 30, 2021</u>
Carrying amounts:			
Buildings and constructions	\$ 761,967	814,301	199,397
Other equipment	41,542	43,234	35,681
Transportation equipment	<u>5,611</u>	<u>9,566</u>	<u>8,813</u>
	<u>\$ 809,120</u>	<u>867,101</u>	<u>243,891</u>
	<u>For the three months ended June 30,</u>	<u>For the six months ended June 30,</u>	
	<u>2022</u>	<u>2021</u>	<u>2022</u>
Additions	<u>\$ 46,061</u>	<u>55,976</u>	<u>62,152</u>
Depreciation			
Buildings and constructions	53,348	20,387	106,923
Other equipment	4,393	4,087	8,192
Transportation equipment	<u>941</u>	<u>1,444</u>	<u>1,970</u>
	<u>\$ 58,682</u>	<u>25,918</u>	<u>117,602</u>
	<u>51,915</u>		

As of June 30, 2022, December 31 and June 30, 2021, the Company and its subsidiaries leased office, transportation vehicles and office equipment under operating leases. Please refer to Note 6 (p).

(Continued)

**FUBON INSURANCE CO., LTD. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

(k) Investment property

	<u>Land</u>	<u>Buildings and constructions</u>	<u>Total</u>
Balance, January 1, 2022	\$ 7,180,610	2,419,802	9,600,412
Reclassification from property, plant and equipment	17,067	11,486	28,553
Reclassification to property, plant and equipment	(10,143)	(5,225)	(15,368)
Net (loss) gain on fair value adjustment	<u>21,070</u>	<u>1,565</u>	<u>22,635</u>
Balance, June 30, 2022	<u>\$ 7,208,604</u>	<u>2,427,628</u>	<u>9,636,232</u>
Balance, January 1, 2021	\$ 8,196,380	2,420,689	10,617,069
Reclassification from property, plant and equipment	-	6,606	6,606
Net (loss) gain on fair value adjustment	<u>(27,544)</u>	<u>68,421</u>	<u>40,877</u>
Balance, June 30, 2021	<u>\$ 8,168,836</u>	<u>2,495,716</u>	<u>10,664,552</u>

For the three months and six months ended June 30, 2022 and 2021, the rent revenue from investment property amounted to \$77,378 thousand, \$90,598 thousand, \$154,374 thousand and \$180,584 thousand respectively; for the three months and six months ended June 30, 2022 and 2021, the direct operating expense amounted to \$20,378 thousand, \$24,483 thousand, \$22,206 thousand and \$26,187 thousand, respectively, of which \$512 thousand, \$2,046 thousand, \$647 thousand and \$2,482 thousand, respectively belong to the investment properties which do not generate rent revenue directly.

In accordance with Regulations Governing the Preparation of Financial Statements by Insurance Companies, the Company and its subsidiaries apply the following professional real estate appraiser's accreditation result that performs the appraisal in accordance with Regulations on Real Estate Appraisal as the base to evaluate the fair value of real estates. The appraisal date was June 30, 2022, December 31 and June 30, 2021. These appraiser firms are as follows:

The appraiser firm on June 30, 2022.

- (i) Hong-Bang Real Estate Appraisers Firm: Li Ching Tang
- (ii) Affluence Real Estate Appraiser Firm: Chen Bi Yuan, Liu Yi Bo and Qiu, Yi Zhong

The appraiser firm on December 31, 2021 and June 30, 2021.

- (i) Hong-Bang Real Estate Appraisers Firm: Li Ching Tang
- (ii) Affluence Real Estate Appraiser Firm: Chen Bi Yuan

(Continued)

**FUBON INSURANCE CO., LTD. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

The fair value of investment properties is determined by professional appraisal institutions based on market evidence. The valuation methods are primarily Sales Comparison Approach, Income Approach (Including direct capitalization method and discounted cash flow method), Cost Approach and Land Development Analysis Method of Cost Approach. The valuation method of office buildings adopts mainly Sales Comparison Approach and Income Approach because they are easier to circulate within the market and it is easier to obtain sales and rental information of similar object in the neighborhood. For townhouse and land, it usually adopts Cost Approach to evaluate because it's hard to find out the cases of Land and the size of townhouse exists huge difference that all result in a large diversity in total income and poor accuracy and reliability. The Land in development is evaluated by sales comparison approach and Land Development analysis method of cost approach.

Primary parameters applied are listed below:

	<u>June 30, 2022</u>	<u>December 31, 2021</u>	<u>June 30, 2021</u>
Direct capitalization rate (Net)	1.30%~4.65%	1.52%~4.65%	1.50%~4.65%
Profit rate	18.00%~22.00%	18.00%~22.00%	23.00%
Capital interest rate	1.87%~2.52%	1.86%~2.56%	1.89%~2.57%

External appraisers apply market extraction method and collect the information of the transaction in the neighborhood which the objects' characteristics are similar to the target real estate. They also consider the market liquidity and risk premium of future disposal to determine the direct capitalization rate and discount rate.

The primary operation of investment properties is operating lease. Please refer to Notes 6 (q). The content of lease contracts is the same as that in general lease.

As of June 30, 2022, December 31 and June 30, 2021, all investment properties are not pledged.

(1) Property, plant and equipment

	<u>Land</u>	<u>Buildings and constructions</u>	<u>Machinery and computer equipment</u>	<u>Other equipment</u>	<u>Prepayment for purchases of equipment, and construction in progress</u>	<u>Leasehold improvements</u>	<u>Total</u>
Cost or deemed cost							
Balance, January 1, 2022	\$ 4,527,513	1,390,122	949,379	271,037	640,082	221,843	7,999,976
Purchase	-	2,653	21,460	4,131	47,678	388	76,310
Transferred from investment property	10,143	5,225	-	-	-	-	15,368
Transferred from prepayment for purchases of equipment, and construction in progress	-	4,662	11,627	2,080	-	-	18,369
Transferred to investment property	(5,376)	(14,374)	-	-	-	-	(19,750)
Disposal	-	-	(2,550)	(15,517)	-	(4,424)	(22,491)
Reclassified to buildings and constructions	-	-	-	-	(4,662)	-	(4,662)
Reclassified to machinery and computer equipment	-	-	-	-	(11,627)	-	(11,627)
Reclassified to other equipment	-	-	-	-	(2,080)	-	(2,080)
Effect of changes in foreign exchange rates	-	8,098	2,197	2,774	-	2,475	15,544
Balance, June 30, 2022	<u>\$ 4,532,280</u>	<u>1,396,386</u>	<u>982,113</u>	<u>264,505</u>	<u>669,391</u>	<u>220,282</u>	<u>8,064,957</u>

(Continued)

**FUBON INSURANCE CO., LTD. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

	<b>Land</b>	<b>Buildings and constructions</b>	<b>Machinery and computer equipment</b>	<b>Other equipment</b>	<b>Prepayment for purchases of equipment, and construction in progress</b>	<b>Leasehold improvements</b>	<b>Total</b>
Balance, January 1, 2021	\$ 3,383,763	1,817,113	822,406	266,947	233,764	209,968	6,733,961
Purchase	9,744	7,358	51,167	2,818	49,144	10,768	130,999
Transferred from prepayment for purchase of equipment, and construction in progress	142,242	3,257	7,003	442	-	444	153,388
Transferred to investment property	-	(6,606)	-	-	-	-	(6,606)
Disposal	-	-	(2,498)	(6,592)	-	(3,845)	(12,935)
Reclassified to land	-	-	-	-	(142,242)	-	(142,242)
Reclassified to buildings and constructions	-	-	-	-	(3,257)	-	(3,257)
Reclassified to leasehold improvements	-	-	-	-	(444)	-	(444)
Reclassified to machinery and computer equipment	-	-	-	-	(7,003)	-	(7,003)
Reclassified to other equipment	-	-	-	-	(442)	-	(442)
Transferred to expenses	-	-	(13)	-	(1,097)	-	(1,110)
Effect of changes in foreign exchange rates	-	(5,221)	(1,205)	(1,358)	(6)	(1,269)	(9,059)
Balance, June 30, 2021	<u>\$ 3,535,749</u>	<u>1,815,901</u>	<u>876,860</u>	<u>262,257</u>	<u>128,417</u>	<u>216,066</u>	<u>6,835,250</u>
<b>Depreciation and impairment loss</b>							
Balance, January 1, 2022	\$ -	518,965	711,895	219,601	-	183,851	1,634,312
Depreciation for the year	-	18,229	37,022	8,024	-	7,892	71,167
Transferred to investment property	-	(3,568)	-	-	-	-	(3,568)
Disposal	-	-	(2,359)	(15,246)	-	(4,109)	(21,714)
Effect of changes in foreign exchange rates	-	680	1,628	2,331	-	2,048	6,687
Balance, June 30, 2022	<u>\$ -</u>	<u>534,306</u>	<u>748,186</u>	<u>214,710</u>	<u>-</u>	<u>189,682</u>	<u>1,686,884</u>
Balance, January 1, 2021	\$ -	762,294	645,533	220,277	-	170,621	1,798,725
Depreciation for the year	-	24,329	36,319	7,325	-	9,885	77,858
Disposal	-	-	(2,382)	(6,085)	-	(3,842)	(12,309)
Effect of changes in foreign exchange rates	-	(389)	(867)	(1,073)	-	(986)	(3,315)
Balance, June 30, 2021	<u>\$ -</u>	<u>786,234</u>	<u>678,603</u>	<u>220,444</u>	<u>-</u>	<u>175,678</u>	<u>1,860,959</u>
<b>Carrying amount:</b>							
Balance, January 1, 2022	<u>\$ 4,527,513</u>	<u>871,157</u>	<u>237,484</u>	<u>51,436</u>	<u>640,082</u>	<u>37,992</u>	<u>6,365,664</u>
Balance, June 30, 2022	<u>\$ 4,532,280</u>	<u>862,080</u>	<u>233,927</u>	<u>49,795</u>	<u>669,391</u>	<u>30,600</u>	<u>6,378,073</u>
Balance, January 1, 2021	<u>\$ 3,383,763</u>	<u>1,054,819</u>	<u>176,873</u>	<u>46,670</u>	<u>233,764</u>	<u>39,347</u>	<u>4,935,236</u>
Balance, June 30, 2021	<u>\$ 3,535,749</u>	<u>1,029,667</u>	<u>198,257</u>	<u>41,813</u>	<u>128,417</u>	<u>40,388</u>	<u>4,974,291</u>

The Company and its subsidiaries elected to apply the previous GAAP revaluation as the deemed cost on the transition date when adopting IFRSs endorsed by FSC. As of June 30, 2022, December 31 and June 30, 2021, the revaluation increment which is included in the cost amounted to \$630,021 thousand on all dates.

As of June 30, 2022, December 31 and June 30, 2021, the property, plant and equipment of the Company and its subsidiaries had not been pledged as collateral for borrowings.

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**FUBON INSURANCE CO., LTD. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

(m) Intangible assets

	<u>Computer software</u>
<b>Costs:</b>	
Balance, January 1, 2022	\$ 1,011,970
Purchase	31,395
Disposal	(64)
Effect of changes in foreign exchange rates	<u>3,904</u>
Balance, June 30, 2022	<u><u>\$ 1,047,205</u></u>
Balance, January 1, 2021	\$ 899,187
Purchase	35,217
Disposal	(54)
Effect of changes in foreign exchange rates	<u>(1,644)</u>
Balance, June 30, 2021	<u><u>\$ 932,706</u></u>
<b>Accumulated amortization:</b>	
Balance, January 1, 2022	\$ 797,579
Amortization for the year	65,082
Disposal	(64)
Effect of changes in foreign exchange rates	<u>3,659</u>
Balance, June 30, 2022	<u><u>\$ 866,256</u></u>
Balance, January 1, 2021	\$ 671,456
Amortization for the year	62,193
Disposal	(54)
Effect of changes in foreign exchange rates	<u>(1,496)</u>
Balance, June 30, 2021	<u><u>\$ 732,099</u></u>
<b>Carrying amount:</b>	
Balance, January 1, 2022	<u><u>\$ 214,391</u></u>
Balance, June 30, 2022	<u><u>\$ 180,949</u></u>
Balance, January 1, 2021	<u><u>\$ 227,731</u></u>
Balance, June 30, 2021	<u><u>\$ 200,607</u></u>

(Continued)

**FUBON INSURANCE CO., LTD. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

## (n) Provisions

	<u>June 30, 2022</u>	<u>December 31, 2021</u>	<u>June 30, 2021</u>
Decommissioning liabilities	\$ 9,939	9,900	-
Employee benefit liabilities	<u>1,077,435</u>	<u>1,228,900</u>	<u>1,221,366</u>
	<u>\$ 1,087,374</u>	<u>1,238,800</u>	<u>1,221,366</u>

## (i) Decommissioning liabilities

	<u>Decommissioning liabilities</u>
Balance, January 1, 2022	\$ 9,900
Unwinding of discount	<u>39</u>
Balance, June 30, 2022	<u>\$ 9,939</u>

## (ii) Employee benefit

## 1) Defined benefit plans

Because there is no market fluctuation, curtailment, settlement or any material events occurs, the Company and its subsidiaries use December 31, 2021 and 2020 actuarially determined pension cost to measure and disclose pension cost for an interim period.

The expenses recognized in profit or loss for the three months and six months ended June 30, 2022 and 2021 are amounted to \$10,008 thousand, \$10,029 thousand, \$21,343 thousand and \$21,474 thousand, respectively.

## 2) Defined contribution plan

The Company and its subsidiaries allocate 6% of each employee's monthly wages to the personal account at the Bureau of Labor Insurance in accordance with the provisions of the Labor Pension Act. Under these defined contribution plans, the Company and its subsidiaries allocate a fixed amount to the Bureau of Labor Insurance without additional legal or constructive obligations.

The pension costs incurred from the contributions to the Bureau of the Labor Insurance and labor management agency regulated by the local authority of the subsidiary amounted to \$25,089 thousand, \$24,526 thousand, \$49,208 thousand and \$47,764 thousand for the three months and six months ended June 30, 2022 and 2021, respectively.

(Continued)

**FUBON INSURANCE CO., LTD. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

(o) Insurance liabilities

	<b>June 30, 2022</b>	<b>December 31, 2021</b>	<b>June 30, 2021</b>
Unearned premium reserve	\$ 33,690,852	30,272,634	31,339,430
Guarantee reserve	443	471	4,098
Special reserve	3,047,718	6,084,883	6,084,777
Claims reserve	49,396,082	28,102,700	26,415,469
Premium deficiency reserve	<u>760,515</u>	<u>265,393</u>	<u>205,382</u>
	<u>86,895,610</u>	<u>64,726,081</u>	<u>64,049,156</u>
Ceded unearned premium reserve	9,428,310	7,857,368	8,517,893
Ceded claim reserve	19,686,801	10,102,557	9,689,454
Ceded premium deficiency reserve	<u>223,085</u>	<u>155,928</u>	<u>82,525</u>
	<u>29,338,196</u>	<u>18,115,853</u>	<u>18,289,872</u>
Net	<u><u>\$ 57,557,414</u></u>	<u><u>46,610,228</u></u>	<u><u>45,759,284</u></u>

(Continued)

**FUBON INSURANCE CO., LTD. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

## (i) Unearned premium reserve

## 1) Detail of reserve for unearned premiums and reserve for unearned premiums ceded

Item	June 30, 2022			
	Unearned premium reserve		Reserve for unearned ceded	
	Direct business	Reinsurance assumed business	Reinsurance ceded business	Retained business
Fire insurance	\$ 1,693,141	1,486	805,766	888,861
Marine cargo insurance	515,896	1,130	194,925	322,101
Marine hull/Fishing vessel/ Aviation insurance	346,683	560	260,702	86,541
Voluntary moto insurance	9,915,922	232,142	482,490	9,665,574
Compulsory moto TPL insurance	2,412,917	790,367	1,447,750	1,755,534
Liability insurance	2,062,796	5,886	541,250	1,527,432
Engineering and nuclear insurance	2,657,359	25,919	2,049,845	633,433
Surety and credit insurance	169,810	593	128,450	41,953
Other property insurance	1,950,267	232	620,983	1,329,516
Personal accident insurance	3,198,140	13,421	56,123	3,155,438
Typhoon, flood and earthquake insurance	2,796,287	46,079	1,765,855	1,076,511
Personal and commercial multiple peril insurance	588,087	-	32,594	555,493
Health insurance	1,181,597	1	198,171	983,427
Overseas reinsurance assumed	-	282,257	3,917	278,340
Overseas subsidiaries	1,857,169	944,708	839,727	1,962,150
Less: Accumulated impairment	-	-	(238)	238
<b>Total</b>	<b>\$ 31,346,071</b>	<b>2,344,781</b>	<b>9,428,310</b>	<b>24,262,542</b>

(Continued)

**FUBON INSURANCE CO., LTD. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

Item	December 31, 2021			
	Unearned premium reserve		Reserve for unearned ceded	
	Direct business	Reinsurance assumed business	Reinsurance ceded business	Retained business
Fire insurance	\$ 1,313,180	4,476	522,858	794,798
Marine cargo insurance	360,478	797	97,933	263,342
Marine hull/Fishing vessel/ Aviation insurance	238,109	546	155,446	83,209
Voluntary moto insurance	9,449,155	292,583	509,036	9,232,702
Compulsory moto TPL insurance	2,308,606	779,386	1,385,163	1,702,829
Liability insurance	1,849,240	4,136	456,077	1,397,299
Engineering and nuclear insurance	1,527,060	25,820	1,006,810	546,070
Surety and credit insurance	124,717	569	88,634	36,652
Other property insurance	1,815,870	116	1,209,187	606,799
Personal accident insurance	3,345,606	11,893	36,542	3,320,957
Typhoon, flood and earthquake insurance	2,014,209	44,497	1,332,383	726,323
Personal and commercial multiple peril insurance	530,567	-	13,596	516,971
Health insurance	1,022,254	1	250,303	771,952
Overseas reinsurance assumed	-	311,722	17,502	294,220
Overseas subsidiaries	1,898,663	998,378	776,765	2,120,276
Less: Accumulated impairment	-	-	(867)	867
Total	<u>\$ 27,797,714</u>	<u>2,474,920</u>	<u>7,857,368</u>	<u>22,415,266</u>

(Continued)

**FUBON INSURANCE CO., LTD. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

Item	June 30, 2021			
	Unearned premium reserve		Reserve for unearned ceded	
	Direct business	Reinsurance assumed business	Reinsurance ceded business	Retained business
Fire insurance	\$ 1,444,025	4,226	480,402	967,849
Marine cargo insurance	422,353	717	163,852	259,218
Marine hull/Fishing vessel/ Aviation insurance	282,330	1,774	203,235	80,869
Voluntary moto insurance	9,221,285	297,493	511,518	9,007,260
Compulsory moto TPL insurance	2,278,357	760,015	1,367,014	1,671,358
Liability insurance	1,857,471	2,290	463,871	1,395,890
Engineering and nuclear insurance	2,302,051	28,391	1,702,970	627,472
Surety and credit insurance	150,953	646	104,485	47,114
Other property insurance	1,940,172	276	1,294,410	646,038
Personal accident insurance	3,249,346	12,811	45,183	3,216,974
Typhoon, flood and earthquake insurance	2,260,196	46,732	1,274,774	1,032,154
Personal and commercial multiple peril insurance	565,816	-	28,417	537,399
Health insurance	1,057,240	2	301,590	755,652
Overseas reinsurance assumed	-	344,312	5,496	338,816
Overseas subsidiaries	1,972,195	835,955	574,106	2,234,044
Less: Accumulated impairment	-	-	(3,430)	3,430
Total	<u>\$ 29,003,790</u>	<u>2,335,640</u>	<u>8,517,893</u>	<u>22,821,537</u>

Reserves above were expressed in net amount and estimated accumulated impairment losses amounted to \$238 thousand, \$867 thousand and \$3,430 thousand as of June 30, 2022, December 31 and June 30, 2021, respectively.

(Continued)

**FUBON INSURANCE CO., LTD. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

- 2) The movements in reserve for unearned premiums and reserve for unearned premiums ceded were as follows:

<u>Item</u>	<u>For the six months ended June 30, 2022</u>	
	<u>Unearned premium reserve</u>	<u>Reserve for unearned premiums ceded</u>
Beginning balance	\$ 30,272,634	7,857,368
Provision	33,617,168	9,401,383
Recovery	(30,272,634)	(7,858,235)
Reversal of impairment losses	-	629
Other — effect of changes in foreign exchange rates	73,684	27,165
Ending balance	<u>\$ 33,690,852</u>	<u>9,428,310</u>
	<u>For the six months ended June 30, 2021</u>	
<u>Item</u>	<u>Unearned premium reserve</u>	<u>Reserve for unearned premiums ceded</u>
Beginning balance	\$ 27,581,389	6,622,068
Provision	31,371,500	8,529,245
Recovery	(27,581,389)	(6,630,521)
Reversal of impairment losses	-	5,023
Other — effect of changes in foreign exchange rates	(32,070)	(7,922)
Ending balance	<u>\$ 31,339,430</u>	<u>8,517,893</u>

The Company and its subsidiaries provide the reserve for unearned premiums according to the Regulations Governing the Setting Aside of Various Reserves by Insurance Enterprises amended by Financial Supervisory Commission, Executive Yuan, Jin-Guan-Bao-Cai-Zi No.10102501561 on February 7, 2012. Under the Regulations, the unearned premiums of effective insurance contracts which have not matured yet or insurance contracts which are not yet effective is calculated in accordance with the unexpired risk for every type of insurance, and the reserve for unearned premiums is also provided accordingly. The method of providing the reserve mentioned above, which is noted in the insurance product application filed with the Authority, is decided by actuaries in according to type of insurance. This method cannot be changed, unless approved by the Authority.

(Continued)

**FUBON INSURANCE CO., LTD. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

Based on local regulations, the reserve for unearned premiums is provided for compulsory automobile liability insurance, nuclear insurance and resident earthquake insurance as follows:

- a) The unearned premium reserve for compulsory private passenger automobile liability is provided based on the Regulations for Deposit and Management of the Reserve of Compulsory Automobile Liability Insurance.
- b) The unearned premium reserve for nuclear insurance is provided based on The Regulations for the Reserve of Nuclear Insurance.
- c) The unearned premium reserve for resident earthquake insurance is provided according to the Enforcement Rules for the Risk Spreading Mechanism for Resident Earthquake Insurance.

(ii) Special reserve

- 1) Special reserve comprises two parts, catastrophe reserve and risk volatility reserve. The provision each year is recognized in special reserve under equity account with the amount deducted by income tax. The amount is calculated based on IAS 12. For the amount which should be written off or reclaimed, the Company and its subsidiaries write off and reclaim it via special reserve under equity account with the amount deducted by income tax. From January 1, 2013, the special reserve provided in liability account is reclassified to special reserve in equity account following the regulation of IAS 12. In accordance with “ Notice to Reserve Enforcement of Insurance Companies for Catastrophe Loss Reserve”, Property insurance companies, effective from January 1, 2013, should first fill the special catastrophe reserve and risk volatility reserve for commercial earthquake insurance and typhoon and flood insurance to maximum amount with the special catastrophe reserve and risk volatility reserve, which was in liability account and was provided before December 31, 2012, in the equity account. The amount provided is deducted by income tax. The reserves mentioned (before December 31, 2012) exclude the insurances as below: compulsory automobile liability insurance, nuclear insurance, governmental residential earthquake insurance, commercial earthquake insurance and typhoon and flood insurance.

a) Catastrophe special reserve

Catastrophe special reserve for each line of business shall be determined based on ratios regulated by the Authority.

An event is defined as a catastrophe event if, and only if, (a) the event is announced by the Government; and (b) the net losses caused by the event exceed over NT\$ 2 billion dollars for the whole insurance industry; and (c) the losses caused by the event exceed over NT\$ 30 million dollars for the individual company. The portion of the losses over NT\$ 30 million dollars shall be recovered from catastrophe special reserve.

Catastrophe special reserve can be released after 15 years based on the mechanism decided by the appointed actuary and filed to the Authority.

(Continued)

**FUBON INSURANCE CO., LTD. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

b) Equalization special reserve

If the actual loss, after deducting catastrophe special reserve, is less than the expected loss, an equalization special reserve shall be recognized at 15% of that difference.

In addition, according to Jin-Guan-Bao-Cai-Zi No.10002509161 on June 16, 2011, for commercial earthquake insurance and typhoon and flood insurance, if the actual claim of the retention, deducted by the balance of the insurance written off by catastrophe special reserve, is lower than the expected claim, then a equalization special reserve shall be provided based on 75% of the difference. The expected claim shall not be less than 60% of the expected rate of loss.

If the actual loss, after deducting the catastrophe special reserve recovered for the line of business retention, exceeds the expected loss, the amount of that difference shall be recovered from the equalization special reserve. If the equalization special reserve is insufficient to deduct for a specific line of business, it can be released from other line of business. The amount released and the line of business from which shall follow the related regulations.

If the cumulative equalization special reserve exceeds 60% of the net earned premium, the equalization special reserve shall be released by that difference.

2) Segmentation of specific assets

The Company and its subsidiaries are engaged in compulsory moto TPL insurance (hereinafter referred to as "this insurance") accounting to Compulsory Automobile Liability Insurance Law has independent operations and accounting.

According to the Regulations for Deposit and Management of the Reserve of Compulsory Automobile Liability Insurance Article 5 special reserve provided by the insurer, the insurer shall deposit the reserve with a financial institution as a time deposit or treasury bills. Provided that with the approval of the competent authority, the insurer may purchase the following domestic securities:

- a) Government bonds, not including exchangeable government bonds.
- b) Financial bonds, negotiable certificates of deposit, bankers' acceptances, and commercial paper guaranteed by a financial institution, provided that financial bonds shall be limited to ordinary financial bonds only.

The amount of time deposits and treasury bills placed in a financial institution under the preceding paragraph shall not be less than 30 percent of the total amount of the insurer's retained earned pure premiums for this 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 it deems appropriate based on the insurer's operational status.

(Continued)

**FUBON INSURANCE CO., LTD. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

If the balance of the insurer's special reserve is less than 30 percent of the total amount of the insurer's retained earned pure premiums for this insurance in the most recent period, as audited or reviewed by a certified public accountant, then the full amount of its special reserve shall be deposited in a financial institution as a time deposit or treasury bills.

According to article 6 of the "Regulations for Deposit and Management of the Reserve of Compulsory Automobile Liability Insurance", except for the special reserve provided as prescribed in the preceding article, funds held by an insurer for this insurance shall be deposited in a financial institution in the form of demand deposits and time deposits, provided that with the approval of the competent authority, an insurer may purchase any of the following domestic securities:

- a) Treasury bills.
- b) Negotiable certificates of deposit, bankers' acceptances, and commercial paper guaranteed by a financial institution.
- c) Government bonds in a repo transaction.

The amount of demand deposits deposited in financial institutions under the first paragraph shall not be less than 45 percent of the balance remaining after subtracting the amount of special reserves from the amount of funds held by the insurer due to the operation of this insurance, or less than 30 percent of the retained earned pure premium for the most recent period as audited or reviewed by a certified public accountant. The competent authority may raise the percentage of deposits required by the insurer to a level it deems appropriate based on the insurer's operational status.

If the total amount of unearned premium reserve and loss reserve of the insurer with respect to this insurance is less than 30 percent of the retained earned pure premiums of this Insurance for the most recent period as audited or reviewed by a certified public accountant, the funds held by the insurer through its conduct of this Insurance shall be deposited in full with a financial institution in the form of deposits.

Accounting to the Regulations for Deposit and Management of the Reserve of Compulsory Automobile Liability Insurance Article 11 when an insurer suspends business operations or terminates its operation of this Insurance, the various reserves for this Insurance shall be transferred into the various reserves provided for handling of this Insurance by the other insurer that assumes the business.

When an insurer has been duly ordered to suspend business and undergo rehabilitation, ordered to dissolve, or its permission to operate this Insurance business has been revoked, and no other insurer is to assume this Insurance business, and there is no outstanding liability under this insurance and the balance of the special reserve is positive, the assets corresponding to the special reserve shall be transferred to the Motor Vehicle Accident Compensation Fund.

(Continued)

**FUBON INSURANCE CO., LTD. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

- 3) The special reserve for compulsory private passenger auto liability, compulsory commercial auto liability and compulsory motorcycle liability were provided based on the Regulations for Deposit and Management of the Reserve of Compulsory Automobile Liability Insurance and Jin-Guan-Bao-Chan-Zi No.11004107771.
- 4) Special reserve – compulsory moto TPL insurance

Item	For the six months ended June 30,	
	2022	2021
Beginning balance	\$ 281,716	333,473
Provision	140,349	98,991
Recovery	(177,514)	(150,854)
Ending balance	<u>\$ 244,551</u>	<u>281,610</u>

- 5) Special reserve – non-compulsory auto liability insurance

Item	For the six months ended June 30, 2022						
	Liabilities			Special reserve			
	Catastrophe	Dangerous change	Total	Catastrophe	Dangerous change	Travel-safety insurance	Total
Beginning	\$ 314,980	5,488,187	5,803,167	3,722,205	7,033,793	5,054	10,761,052
Recovered (Note1)	-	(3,000,000)	(3,000,000)	(3,722,205)	-	-	(3,722,205)
Ending balance	<u>\$ 314,980</u>	<u>2,488,187</u>	<u>2,803,167</u>	<u>-</u>	<u>7,033,793</u>	<u>5,054</u>	<u>7,038,847</u>

  

Item	For the six months ended June 30, 2021						
	Liabilities			Special reserve			
	Catastrophe	Dangerous change	Total	Catastrophe	Dangerous change	Travel-safety insurance	Total
Ending balance (as beginning balance)	<u>\$ 314,980</u>	<u>5,488,187</u>	<u>5,803,167</u>	<u>3,177,525</u>	<u>6,295,514</u>	<u>-</u>	<u>9,473,039</u>

Note 1: The catastrophe special reserve recovered \$3,722,205 thousand in current period according to Jin-Guan-Bao-Cai-Zi No.1110431535 and Subparagraph 2, Paragraph 1 Article 9 of “the Regulations Governing the Provision of Various Reserves” . The dangerous change under liabilities recovered \$3,000,000 thousand in current period in accordance with Jin-Guan-Bao-Cai-Zi No.11101405951 “Notice to Reserve Enforcement of Insurance Companies for Catastrophe Loss Reserve” No.8.

Note 2: The special reserve above covers all the insurances except for the special reserve for compulsory automobile liability insurance, which was recognized before January 1, 2011.

- 6) The special reserve for nuclear insurance was provided based on the Regulations for the Reserve of Nuclear Insurance.
- 7) Resident earthquake insurance was based on the Regulations for Danger Diversified Mechanism for Resident Earthquake Insurance.
- 8) Travel-safety insurance was based on Jin-Guan-Bao-Cai-Zi No.10904939031.

(Continued)

**FUBON INSURANCE CO., LTD. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

## (iii) Claim reserve

1) Liabilities for claims are to be paid, reported but unpaid and incurred but not reported.

Item	June 30, 2022				
	Note payable (claims)	Claims payable	Claim reserve		
	Reported to be paid	Reported but unpaid	IBNR	Total	
Fire insurance	\$ -	3	6,314,918	48,168	6,363,086
Marine cargo insurance	-	1,797	819,058	191,185	1,010,243
Marine hull/ Fishing vessel/Aviation insurance	-	63	332,561	91,891	424,452
Voluntary moto insurance	-	46,198	5,373,699	1,096,290	6,469,989
Compulsory moto TPL insurance	-	13,546	921,936	3,554,342	4,476,278
Liability insurance	-	9,351	1,699,542	807,852	2,507,394
Engineering and nuclear insurance	-	291	923,221	231,176	1,154,397
Surety and credit insurance	-	1	137,607	38,785	176,392
Other property insurance	-	53,856	430,283	6,207,508	6,637,791
Personal accident insurance	-	9,954	476,515	1,263,801	1,740,316
Typhoon, flood and earthquake insurance	-	1,153	291,156	231,052	522,208
Personal and commercial multiple peril insurance	-	288	45,432	94,348	139,780
Health insurance	-	60,309	434,410	13,315,677	13,750,087
Overseas reinsurance assumed	-	-	747,629	48,643	796,272
Overseas subsidiaries	-	30,471	1,881,706	1,345,691	3,227,397
<b>Total</b>	<b>\$ -</b>	<b>227,281</b>	<b>20,829,673</b>	<b>28,566,409</b>	<b>49,396,082</b>

(Continued)

**FUBON INSURANCE CO., LTD. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

Item	December 31, 2021				
	Note payable (claims)	Claims payable	Claim reserve		
	Reported to be paid	Reported but unpaid	IBNR	Total	
Fire insurance	\$ -	275	5,155,605	44,940	5,200,545
Marine cargo insurance	-	508	650,434	173,012	823,446
Marine hull/ Fishing vessel/Aviation insurance	-	14	271,717	86,499	358,216
Voluntary moto insurance	-	1,107	5,058,893	1,071,498	6,130,391
Compulsory moto TPL insurance	-	12,555	869,127	3,441,929	4,311,056
Liability insurance	-	3,014	1,742,227	776,869	2,519,096
Engineering and nuclear insurance	-	527	731,129	246,785	977,914
Surety and credit insurance	-	-	130,175	36,230	166,405
Other property insurance	-	450	177,467	233,493	410,960
Personal accident insurance	-	1,539	483,860	1,355,562	1,839,422
Typhoon, flood and earthquake insurance	-	1,430	382,349	223,835	606,184
Personal and commercial multiple peril insurance	-	189	48,065	92,702	140,767
Health insurance	-	2,318	75,410	223,977	299,387
Overseas reinsurance assumed	-	-	738,431	44,176	782,607
Overseas subsidiaries	-	9,911	1,953,723	1,582,581	3,536,304
Total	<u>\$ -</u>	<u>33,837</u>	<u>18,468,612</u>	<u>9,634,088</u>	<u>28,102,700</u>

(Continued)

**FUBON INSURANCE CO., LTD. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

Item	June 30, 2021				
	Note payable (claims)	Claims payable	Claim reserve		
	Reported to be paid	Reported but unpaid	IBNR	Total	
Fire insurance	\$ -	206,026	5,637,381	143,695	5,781,076
Marine cargo insurance	-	1,725	661,600	158,373	819,973
Marine hull/ Fishing vessel/Aviation insurance	-	144	265,933	125,603	391,536
Voluntary moto insurance	-	45,722	4,535,292	1,034,549	5,569,841
Compulsory moto TPL insurance	-	18,978	919,670	3,064,284	3,983,954
Liability insurance	-	11,155	1,629,121	764,078	2,393,199
Engineering and nuclear insurance	-	1,438	648,463	196,135	844,598
Surety and credit insurance	-	392	131,300	34,929	166,229
Other property insurance	-	4,197	156,754	164,325	321,079
Personal accident insurance	-	13,488	424,713	1,303,910	1,728,623
Typhoon, flood and earthquake insurance	-	1,139	139,515	217,396	356,911
Personal and commercial multiple peril insurance	-	485	47,756	91,039	138,795
Health insurance	-	1,613	83,543	247,441	330,984
Overseas reinsurance assumed	-	-	406,849	36,091	442,940
Overseas subsidiaries	-	14,407	1,702,347	1,443,384	3,145,731
Total	<u>\$ -</u>	<u>320,909</u>	<u>17,390,237</u>	<u>9,025,232</u>	<u>26,415,469</u>

(Continued)

**FUBON INSURANCE CO., LTD. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

- 2) Reinsurance assets - the insurance ceded business for the policy holders with reported but unpaid claims or unreported claims

Item	June 30, 2022		
	Reported but unpaid	IBNR	Total
Fire insurance	\$ 4,855,593	26,856	4,882,449
Marine cargo insurance	336,878	85,753	422,631
Marine hull/ Fishing vessel/ Aviation insurance	252,596	71,727	324,323
Voluntary moto insurance	215,500	32,814	248,314
Compulsory moto TPL insurance	362,559	1,696,365	2,058,924
Liability insurance	750,209	184,644	934,853
Engineering and nuclear insurance	377,403	193,256	570,659
Surety and credit insurance	80,420	30,106	110,526
Other property insurance	247,829	2,607,226	2,855,055
Personal accident insurance	2,237	17,782	20,019
Typhoon, flood and earthquake insurance	135,465	163,074	298,539
Personal and commercial multiple peril insurance	6,224	4,753	10,977
Health insurance	140,754	5,627,049	5,767,803
Overseas reinsurance assumed	14,044	1,513	15,557
Overseas subsidiaries	604,648	562,419	1,167,067
Less: Accumulated impairment	(730)	(165)	(895)
Total	\$ 8,381,629	11,305,172	19,686,801

(Continued)

**FUBON INSURANCE CO., LTD. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

	<b>December 31, 2021</b>		
<b>Item</b>	<b>Reported but unpaid</b>	<b>IBNR</b>	<b>Total</b>
Fire insurance	\$ 3,629,500	24,469	3,653,969
Marine cargo insurance	248,537	76,116	324,653
Marine hull/ Fishing vessel/ Aviation insurance	218,964	69,214	288,178
Voluntary moto insurance	213,412	31,640	245,052
Compulsory moto TPL insurance	334,570	1,672,771	2,007,341
Liability insurance	787,202	178,011	965,213
Engineering and nuclear insurance	288,920	207,355	496,275
Surety and credit insurance	74,968	27,736	102,704
Other property insurance	99,036	157,918	256,954
Personal accident insurance	11,972	14,117	26,089
Typhoon, flood and earthquake insurance	248,904	156,293	405,197
Personal and commercial multiple peril insurance	6,227	4,603	10,830
Health insurance	-	42,370	42,370
Overseas reinsurance assumed	14,049	922	14,971
Overseas subsidiaries	574,311	690,097	1,264,408
Less: Accumulated impairment	<u>(1,193)</u>	<u>(454)</u>	<u>(1,647)</u>
<b>Total</b>	<b><u>\$ 6,749,379</u></b>	<b><u>3,353,178</u></b>	<b><u>10,102,557</u></b>

(Continued)

**FUBON INSURANCE CO., LTD. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

	<b>June 30, 2021</b>		
<b>Item</b>	<b>Reported but unpaid</b>	<b>IBNR</b>	<b>Total</b>
Fire insurance	\$ 4,016,231	46,934	4,063,165
Marine cargo insurance	334,047	69,562	403,609
Marine hull/ Fishing vessel/ Aviation insurance	208,652	101,911	310,563
Voluntary moto insurance	186,287	31,063	217,350
Compulsory moto TPL insurance	335,922	1,455,160	1,791,082
Liability insurance	709,430	179,694	889,124
Engineering and nuclear insurance	223,808	146,495	370,303
Surety and credit insurance	78,061	26,038	104,099
Other property insurance	94,079	99,282	193,361
Personal accident insurance	1,902	10,332	12,234
Typhoon, flood and earthquake insurance	74,616	153,125	227,741
Personal and commercial multiple peril insurance	6,504	5,415	11,919
Health insurance	13,275	58,750	72,025
Overseas reinsurance assumed	14,151	349	14,500
Overseas subsidiaries	483,795	526,502	1,010,297
Less: Accumulated impairment	<u>(1,216)</u>	<u>(702)</u>	<u>(1,918)</u>
<b>Total</b>	<b>\$ <u>6,779,544</u></b>	<b><u>2,909,910</u></b>	<b><u>9,689,454</u></b>

Reserves above were expressed in net amount and estimated accumulated impairment losses amounted to \$895 thousand, \$1,647 thousand and \$1,918 thousand as of June 30, 2022, December 31 and June 30, 2021, respectively.

(Continued)

**FUBON INSURANCE CO., LTD. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

3) Movements in claim reserve and claim ceded reserve

<u>Item</u>	<u>For the six months ended June 30, 2022</u>	
	<u>Claim reserve</u>	<u>Claim reserve ceded</u>
Beginning balance	\$ 28,102,700	10,102,557
Provision	49,308,956	19,645,176
Recovery	(28,102,700)	(10,104,204)
Reversal of impairment loss	-	752
Other-effect of changes in foreign exchange rates	87,126	42,520
Ending balance	<u>\$ 49,396,082</u>	<u>19,686,801</u>
	<u>For the six months ended June 30, 2021</u>	
<u>Item</u>	<u>Claim reserve</u>	<u>Claim reserve ceded</u>
Beginning balance	\$ 23,863,660	8,722,261
Provision	26,449,238	9,705,392
Recovery	(23,863,660)	(8,736,774)
Reversal of impairment loss	-	12,595
Other-effect of changes in foreign exchange rates	(33,769)	(14,020)
Ending balance	<u>\$ 26,415,469</u>	<u>9,689,454</u>

(Continued)

**FUBON INSURANCE CO., LTD. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

- 4) Acquisition of non-insurance assets from exercising the right of retrieve-salvage and subrogation

Item	For the three months ended June 30,		For the six months ended June 30,	
	2022	2021	2022	2021
Fire insurance	\$ 13,587	5	15,179	57
Marine cargo insurance	11,698	785	16,248	5,388
Marine hull/ Fishing vessel/ Aviation insurance	-	-	-	6,403
Voluntary moto insurance	276,115	313,576	552,539	577,495
Compulsory moto TPL insurance	75,235	77,724	120,529	127,254
Liability insurance	9,243	6,962	17,218	16,305
Engineering and nuclear insurance	6,704	-	10,388	-
Surety and credit insurance	6,120	12,671	8,019	14,975
Other property insurance	191	27	2,424	145
Personal accident insurance	1	331	262	544
Personal and commercial multiple peril insurance	4	20	255	529
Typhoon, flood and earthquake insurance	68	68	69	475,397
Health insurance	54	45	184	47
Overseas reinsurance assumed	-	-	-	-
Overseas subsidiaries	2,408	8,783	5,209	12,538
Total	<u>\$ 401,428</u>	<u>420,997</u>	<u>748,523</u>	<u>1,237,077</u>

The Company provides claims reserve according to the Regulations Governing the Provision of Various Reserves by Insurance Enterprises amended by Financial Supervisory Commission, Executive Yuan, Jin-Guan-Bao-Cai-Zi No.10102501561 on February 7, 2012. Non-life insurance companies should calculate the claims reserve divided into reported but unpaid claims and IBNR based on the past claim experience and payments, using the actuary methodology. Regarding to the claims reserve for reported but not paid, it should be estimated based on actual situation by each case. The claim reserve has been provided, return at final accounting in next year, and then provide it according to actual final accounting data in that very year.

The methodology for providing claims reserve is decided by actuaries and reported to the authority. If there is any change, it should adopt the same procedures as fore-mentioned.

(Continued)

**FUBON INSURANCE CO., LTD. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

## (iv) Liability reserve

- 1) The formula for calculating liability reserve is reported to the authority and the current interest rate is used for discounting purposes of calculating the present value of the liability reserve.
- 2) Movements in liability reserve and liability-ceded reserve:

Item	For the six months ended June 30,			
	2022		2021	
	Liability reserve	Liability reserve ceded	Liability reserve	Liability reserve ceded
Beginning balance	\$ 471	-	8,362	-
Provision	3	-	32	-
Principal returned	(31)	-	(4,296)	-
Ending balance	\$ 443	-	4,098	-

## (v) Premium deficiency reserve

- 1) Premium deficiency reserve

Item	June 30, 2022			
	Premium deficiency reserve		Premium deficiency reserve ceded	
	Direct business	Reinsurance ceded-in	Reinsurance ceded-out	Retention
Fire insurance	\$ 131,666	134	39,656	92,144
Marine cargo insurance	-	-	-	-
Marine hull/ Fishing vessel/ Aviation insurance	7,183	-	-	7,183
Voluntary moto insurance	-	-	-	-
Compulsory moto TPL insurance	-	-	-	-
Liability insurance	-	-	-	-
Engineering and nuclear insurance	-	-	-	-
Surety and credit insurance	-	-	-	-
Other property insurance	366,166	-	39,415	326,751
Personal accident insurance	-	-	-	-
Typhoon, flood and earthquake insurance	-	-	-	-
Personal and commercial multiple peril insurance	-	-	-	-
Health insurance	117,874	-	27,379	90,495
Overseas reinsurance assumed	-	2,933	-	2,933
Overseas subsidiaries	24,500	110,059	116,635	17,924
Total	\$ 647,389	113,126	223,085	537,430

(Continued)

**FUBON INSURANCE CO., LTD. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

December 31, 2021				
Item	Premium deficiency reserve		Premium deficiency reserve ceded	Retention
	Direct business	Reinsurance ceded-in	Reinsurance ceded-out	
Fire insurance	\$ 96,794	403	19,312	77,885
Marine cargo insurance	-	-	-	-
Marine hull/ Fishing vessel/ Aviation insurance	8,511	-	-	8,511
Voluntary moto insurance	-	-	-	-
Compulsory moto TPL insurance	-	-	-	-
Liability insurance	-	-	-	-
Engineering and nuclear insurance	-	-	-	-
Surety and credit insurance	-	-	-	-
Other property insurance	-	-	-	-
Personal accident insurance	-	-	-	-
Typhoon, flood and earthquake insurance	-	-	-	-
Personal and commercial multiple peril insurance	-	-	-	-
Health insurance	-	-	-	-
Overseas reinsurance assumed	-	1,888	-	1,888
Overseas subsidiaries	31,692	126,105	136,616	21,181
Total	<u>\$ 136,997</u>	<u>128,396</u>	<u>155,928</u>	<u>109,465</u>

(Continued)

**FUBON INSURANCE CO., LTD. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

June 30, 2021				
Item	Premium deficiency reserve		Premium deficiency reserve ceded	Retention
	Direct business	Reinsurance ceded-in	Reinsurance ceded-out	
Fire insurance	\$ 82,707	279	-	82,986
Marine cargo insurance	-	-	-	-
Marine hull/ Fishing vessel/ Aviation insurance	21,019	-	-	21,019
Voluntary moto insurance	-	-	-	-
Compulsory moto TPL insurance	-	-	-	-
Liability insurance	-	-	-	-
Engineering and nuclear insurance	-	-	-	-
Surety and credit insurance	-	-	-	-
Other property insurance	-	-	-	-
Personal accident insurance	-	-	-	-
Typhoon, flood and earthquake insurance	-	-	-	-
Personal and commercial multiple peril insurance	-	-	-	-
Health insurance	-	-	-	-
Overseas reinsurance assumed	-	992	-	992
Overseas subsidiaries	25,749	74,636	82,525	17,860
Total	<u>\$ 129,475</u>	<u>75,907</u>	<u>82,525</u>	<u>122,857</u>

(Continued)

**FUBON INSURANCE CO., LTD. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

2) The net change of premium deficiency reserve and premium deficiency reserve ceded

Item	For the six months ended June 30, 2022									
	Direct underwrite		Reinsurance ceded-in		The net change of premium deficiency	Reinsurance ceded-out		The net change of premium ceded deficiency	Net deposit of premium deficiency reserve	
	Provision	Recovery	Provision	Recovery		Provision	Recovery			
Fire insurance	\$ 131,666	96,794	134	403	34,603	39,656	19,312	20,344	14,259	
Marine cargo insurance	-	-	-	-	-	-	-	-	-	
Marine hull/ Fishing vessel/ Aviation insurance	7,183	8,511	-	-	(1,328)	-	-	-	(1,328)	
Voluntary moto insurance	-	-	-	-	-	-	-	-	-	
Compulsory moto TPL insurance	-	-	-	-	-	-	-	-	-	
Liability insurance	-	-	-	-	-	-	-	-	-	
Engineering and nuclear insurance	-	-	-	-	-	-	-	-	-	
Surety and credit insurance	-	-	-	-	-	-	-	-	-	
Other property insurance	366,166	-	-	-	366,166	39,415	-	39,415	326,751	
Personal accident insurance	-	-	-	-	-	-	-	-	-	
Typhoon, flood and earthquake insurance	-	-	-	-	-	-	-	-	-	
Personal and commercial multiple peril insurance	-	-	-	-	-	-	-	-	-	
Health insurance	117,874	-	-	-	117,874	27,379	-	27,379	90,495	
Overseas reinsurance assumed	-	-	2,933	1,888	1,045	-	-	-	1,045	
Overseas subsidiaries	24,216	31,704	109,844	125,877	(23,521)	116,408	136,370	(19,962)	(3,559)	
Other—effect of changes in foreign exchange rate	284	(12)	215	228	283	(1,969)	(2,797)	828	(545)	
<b>Total</b>	<b>\$ 647,389</b>	<b>136,997</b>	<b>113,126</b>	<b>128,396</b>	<b>495,122</b>	<b>220,889</b>	<b>152,885</b>	<b>68,004</b>	<b>427,118</b>	

  

Item	For the six months ended June 30, 2021									
	Direct underwrite		Reinsurance ceded-in		The net change of premium deficiency	Reinsurance ceded-out		The net change of premium ceded deficiency	Net deposit of premium deficiency reserve	
	Provision	Recovery	Provision	Recovery		Provision	Recovery			
Fire insurance	\$ 82,707	59,612	279	474	22,900	-	5,616	(5,616)	28,516	
Marine cargo insurance	-	-	-	-	-	-	-	-	-	
Marine hull/ Fishing vessel/ Aviation insurance	21,019	19,093	-	-	1,926	-	-	-	1,926	
Voluntary moto insurance	-	-	-	-	-	-	-	-	-	
Compulsory moto TPL insurance	-	-	-	-	-	-	-	-	-	
Liability insurance	-	-	-	-	-	-	-	-	-	
Engineering and nuclear insurance	-	-	-	-	-	-	-	-	-	
Surety and credit insurance	-	-	-	-	-	-	-	-	-	
Other property insurance	-	-	-	-	-	-	-	-	-	
Personal accident insurance	-	-	-	-	-	-	-	-	-	
Typhoon, flood and earthquake insurance	-	-	-	-	-	-	-	-	-	
Personal and commercial multiple peril insurance	-	-	-	-	-	-	-	-	-	
Health insurance	-	-	-	-	-	-	-	-	-	
Overseas reinsurance assumed	-	-	992	717	275	-	-	-	275	
Overseas subsidiaries	25,911	39,533	75,131	137,342	(75,833)	83,072	146,369	(63,297)	(12,536)	
Other—effect of changes in foreign exchange rate	(162)	(4)	(495)	2,508	(3,161)	(3,664)	(147)	(3,517)	356	
<b>Total</b>	<b>\$ 129,475</b>	<b>118,234</b>	<b>75,907</b>	<b>141,041</b>	<b>(53,893)</b>	<b>79,408</b>	<b>151,838</b>	<b>(72,430)</b>	<b>18,537</b>	

(Continued)

**FUBON INSURANCE CO., LTD. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

- 3) Movements in net premium deficiency reserve net premium deficiency ceded reserve net change

<u>Item</u>	<b>For the six months ended June 30, 2022</b>	
	<b>Premium deficiency reserve</b>	<b>Ceding premium deficiency reserve</b>
Beginning balance	\$ 265,393	155,928
Provision	756,891	220,308
Recovery	(265,393)	(155,928)
Other — effect of changes in foreign exchange rates	3,624	2,777
Ending balance	<u>\$ 760,515</u>	<u>223,085</u>
	<b>For the six months ended June 30, 2021</b>	
<u>Item</u>	<b>Premium deficiency reserve</b>	<b>Ceding premium deficiency reserve</b>
Beginning balance	\$ 259,275	154,658
Provision	206,906	83,752
Recovery	(259,275)	(154,658)
Other — effect of changes in foreign exchange rates	(1,524)	(1,227)
Ending balance	<u>\$ 205,382</u>	<u>82,525</u>

The Company and its subsidiaries provide Premium deficiency reserve according to the Regulations Governing the Provision of Various Reserves by Insurance Enterprises amended by Financial Supervisory Commission, Executive Yuan, Jin-Guan-Bao-Cai-Zi No.10102501561 on February 7, 2012. Non-life insurance companies should evaluate the claim payments and expense which will be incurred in the future and compare the fore-mentioned expenditures to the premium based on insurance policy without expiration or the accepting risk which is not terminative. If the expenditures are lower than the premium, non-life insurance companies should provide the differences as the premium deficiency reserve. The methodology for providing premium deficiency reserve is decided by actuaries and reported to the Authority. If there is any change, it should adopt the same procedures as the afore-mentioned. The Company and its subsidiaries reported its methodology for providing premium deficiency reserve on December 9, 2019 and obtained the approval issued by Financial Supervisory Commission, Executive Yuan, Jin-Guan-Bao-Chan-Zi No.1080439733.

(Continued)

**FUBON INSURANCE CO., LTD. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

(p) Lease liabilities

The future minimum lease payments of the Company and its subsidiaries' lease liabilities were as follows:

	<u>June 30, 2022</u>	<u>December 31, 2021</u>	<u>June 30, 2021</u>
Less than one year	\$ 238,268	238,514	97,987
Between one and five years	633,074	692,894	143,113
More than five years	<u>1,395</u>	<u>2,100</u>	<u>3,304</u>
	<u>\$ 872,737</u>	<u>933,508</u>	<u>244,404</u>

For the three months and six months ended June 30, 2022 and 2021, the Company and its subsidiaries recognized its lease liabilities amounting to \$46,061 thousand, \$55,976 thousand, \$62,152 thousand and \$69,214 thousand, respectively with an interest rate of 1.26%~9.00% and 1.42%~6.25%, respectively. The lease liabilities are due from December 31, 2023 to May 31, 2027 and from December 31, 2022 to May 31, 2026.

The amounts recognized in profit or loss were as follows:

	<u>For the three months ended June 30,</u>		<u>For the six months ended June 30,</u>	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
Interest on lease liabilities	<u>\$ 7,535</u>	<u>2,420</u>	<u>15,226</u>	<u>4,687</u>
Variable lease payments not included in the measurement of lease liabilities	<u>\$ 12,729</u>	<u>12,007</u>	<u>17,330</u>	<u>17,156</u>
Expenses relating to short-term leases	<u>\$ 7,867</u>	<u>9,553</u>	<u>15,379</u>	<u>22,329</u>
Expenses relating to leases of low-value assets, excluding short-term leases of low-value assets	<u>\$ 14,018</u>	<u>12,421</u>	<u>26,554</u>	<u>26,144</u>

The amounts recognized in the statement of cash flows for the Company and its subsidiaries were as follows:

	<u>For the three months ended June 30,</u>		<u>For the six months ended June 30,</u>	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
Total cash outflow for leases	<u>\$ 99,147</u>	<u>62,297</u>	<u>189,782</u>	<u>121,179</u>

(i) Real estate leases

The Company and its subsidiaries lease buildings for their office space. The leases of office space typically run for a period for 2 to 10 years. Some leases include an option to renew the lease for an additional period of the same duration after the end of the contract term.

(Continued)

**FUBON INSURANCE CO., LTD. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

(ii) Other leases

The Company and its subsidiaries lease vehicles and equipment, with lease terms of 2 to 8 years.

In addition, the Company and its subsidiaries have elected not to recognize right-of-use assets and lease liabilities for short term leases or leases of low-value items.

(q) Operating leases

(i) Leases as lessor

The Company and its subsidiaries lease out their investment property. The Company and its subsidiaries have classified these leases as operating leases, because it does not transfer substantially all of the risks and rewards incidental to the ownership of the assets. Please refer to Note 6(k).

A maturity analysis of lease payments, showing the undiscounted lease payments to be received after the reporting date are as follows:

	<u>June 30, 2022</u>	<u>December 31, 2021</u>	<u>June 30, 2021</u>
Less than one year	\$ 295,705	307,933	283,383
One to two years	210,500	258,243	188,016
Two to three years	86,585	136,233	102,687
Three to four years	22,092	26,003	32,663
Four to five years	11,030	14,853	19,745
More than five years	<u>37,620</u>	<u>42,541</u>	<u>41,182</u>
	<u>\$ 663,532</u>	<u>785,806</u>	<u>667,676</u>

(r) Capital and other equity

(i) Share capital

As of June 30, 2022, December 31 and June 30, 2021, the Company's authorized capital amount are both \$20,000,000 thousand, and the face value of each share is \$10, total shares outstanding amounted to 2,000,000 thousand shares. The paid-in capitals were amounted to \$3,178,396 thousand.

(Continued)

**FUBON INSURANCE CO., LTD. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

(ii) Capital surplus

The details of this account were as follows:

	<u>June 30, 2022</u>	<u>December 31, 2021</u>	<u>June 30, 2021</u>
Additional paid-in capital	\$ 5,911,934	5,911,934	5,818,907
Adjustment of capital increase of the subsidiaries	115,501	115,501	115,501
Changes in ownership interests in subsidiaries	150,954	150,954	308,068
Total	<u>\$ 6,178,389</u>	<u>6,178,389</u>	<u>6,242,476</u>

According to Company Act, capital surplus should be offset a deficit when legal reserve is not sufficient to offset losses, and then be capitalized or issuing cash dividends. According to “Regulations Governing the Offering and Issuance of Securities by Securities Issuers”, the amount of additional paid-in capital to be used to increase capital shall not exceed 10% of total paid-in capital.

(iii) Retained earnings

1) Legal reserve

The Company’s Articles of Incorporation requires that 20% of the annual income after tax shall be provided as legal reserve until it is equal to the paid in capital. The Company is able to issue new stock or cash dividend from legal reserve if there is no deficit as long as the legal reserve is over 25% of the paid in capital.

2) Special reserve

Under the Company’s Articles of Incorporation, a special reserve equal to current year shareholders’ equity contra account, is provided from current year’s net income and prior years’ inappropriate retained earnings. If a reversal of shareholders’ equity contra account occurs, the reversed portion of the special reserve could be distributed as dividends.

(Continued)

**FUBON INSURANCE CO., LTD. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

3) Undistributed retained earnings appropriated

Under the Company's Articles of Incorporation, the Company's net income after deduction of income tax and losses (if any), should provide 20% as legal reserve, and then the remaining sum shall be used to provide special reserve according to Insurance Act and regulations of various reserve provision and the special reserve shall be written off or recovered per relevant rules. The remaining balance may be distributed as dividend according to the resolution of the shareholders' meeting.

The resolution of the shareholders' meeting held on April 29, 2022 and April 23, 2021 and decided the distribution of retained earnings for the years ended December 31, 2021 and 2020. The details of remuneration paid to directors and supervisors were as follows:

	<b>For the years ended December 31,</b>	
	<b>2021</b>	<b>2020</b>
	<u>                    </u>	<u>                    </u>
Dividends distributed to ordinary shareholders		
Cash	<b>\$ <u>4,798,537</u></b>	<b><u>4,256,876</u></b>

The relevant information about the employee bonuses remuneration paid to directors and supervisors, which were approved by the board of directors and under the consent of the shareholders' meeting, can be obtained on the website of Market Observation Post System.

**FUBON INSURANCE CO., LTD. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

4) Other equity items

The movements in other equity items were as follows:

	Exchange difference on translation of foreign financial statements	Gain or loss on financial assets measured at fair value through other comprehensive income	Revaluation surplus	Other comprehensive income on reclassification under the overlay approach	Total
Balance at January 1, 2022	\$ (156,626)	2,732,604	223,858	7,603,273	10,403,109
Foreign exchange differences (after-tax-amount)	52,556	-	-	-	52,556
Share of other comprehensive income of subsidiaries associates and joint ventures accounted for using equity method	-	(2,732)	-	(12,727)	(15,459)
Gains or losses on valuation of financial assets measured at fair value through other comprehensive income	-	(3,103,775)	-	-	(3,103,775)
Disposal of investments in equity instruments designated at fair value through other comprehensive income	-	5,185	-	-	5,185
Revaluation increment	-	-	12,235	-	12,235
Other comprehensive income on reclassification under the overlay approach	-	-	-	(8,441,511)	(8,441,511)
Balance at June 30, 2022	<u>\$ (104,070)</u>	<u>(368,718)</u>	<u>236,093</u>	<u>(850,965)</u>	<u>(1,087,660)</u>
Balance at January 1, 2021	\$ (134,941)	2,130,639	214,861	5,507,173	7,717,732
Foreign exchange differences (after-tax-amount)	(19,057)	-	-	-	(19,057)
Share of other comprehensive income of subsidiaries associates and joint ventures accounted for using equity method	-	1,876	-	7,263	9,139
Gains or losses on valuation of financial assets measured at fair value through other comprehensive income	-	(170,575)	-	-	(170,575)
Disposal of investments in equity instruments designated at fair value through other comprehensive income	-	681,115	-	-	681,115
Other comprehensive income on reclassification under the overlay approach	-	-	-	1,136,722	1,136,722
Balance at June 30, 2021	<u>\$ (153,998)</u>	<u>2,643,055</u>	<u>214,861</u>	<u>6,651,158</u>	<u>9,355,076</u>

(Continued)

**FUBON INSURANCE CO., LTD. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

(s) Employee compensation

Under the Company's Articles of Incorporation, if the Company profits, 0.1% to 5.0% of the Company's profit shall be distributed as employees' compensation. However, the company's accumulated losses shall have been covered. Qualification requirements of employees entitled to receive cash including the employees of subsidiaries of the company should meet certain specific requirements set by the board of directors.

The employee compensation that the Company estimates are \$(16,632) thousand, \$12,029 thousand, \$0 thousand and \$22,848 thousand for the three months and six months ended June 30, 2022 and 2021, respectively. The estimation of employees' remuneration is based on the net income before tax, before minus employees' compensation, multiply the ratio specified in the Articles of Incorporation, and recognized as operating expenses.

The employee compensation that the Company estimated and actual number in 2021 did not have any difference. The related information can be obtained on the website of Market Observation Post System.

(t) Income tax

(i) Income tax expense (benefit)

The components of the Company and its subsidiaries' income tax expense (benefit) were listed below:

	<u>For the three months ended June 30,</u>		<u>For the six months ended June 30,</u>	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
Current income tax expense				
Current period	\$ (350,192)	232,114	13,817	473,135
Adjustment for prior periods	(804)	(33,098)	(1,982)	(33,098)
	<u>(350,996)</u>	<u>199,016</u>	<u>11,835</u>	<u>440,037</u>
Deferred income tax expenses				
Origination and reversal of temporary differences	(1,503,958)	(38,002)	(1,425,672)	11,212
Income tax expense (benefit)	<u><u>\$ (1,854,954)</u></u>	<u><u>161,014</u></u>	<u><u>(1,413,837)</u></u>	<u><u>451,249</u></u>

(Continued)

**FUBON INSURANCE CO., LTD. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

- (ii) The details of income tax expense (benefit) recognized under other comprehensive income for the three months and six months ended June 30, 2022 and 2021 were as follows:

	<u>For the three months ended June 30,</u>		<u>For the six months ended June 30,</u>	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
Items that will not be reclassified subsequently to profit or loss:				
Revaluation gains or losses on investments in equity instruments measured at fair value through other comprehensive income	\$ -	125,770	-	111,707
Revaluation surplus	136	-	136	-
	<u>\$ 136</u>	<u>125,770</u>	<u>136</u>	<u>111,707</u>
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translation of foreign financial statements	\$ 2,931	(5,149)	13,139	(4,764)
Gains (losses) from investments in debt instruments at fair value through other comprehensive income	(250,792)	81,113	(512,554)	(98,737)
Other comprehensive income on reclassification under the overlay approach	(76,674)	(6,829)	(120,466)	(20,515)
	<u>\$ (324,535)</u>	<u>69,135</u>	<u>(619,881)</u>	<u>(124,016)</u>

- (iii) The Company, its parent company and the parent company's major subsidiaries have filed consolidated income tax returns since 2002.
- (iv) In regard to all taxes filed for the year of assessment but pending for verification, the Company and its subsidiaries assess correlation factors which include relevant regulations, past experience and determined that sufficient income tax liability is reliably estimated.
- (v) The Company's tax returns for the year 2017 were assessed by the tax authorities.

(Continued)

**FUBON INSURANCE CO., LTD. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

## (u) Earnings per share

The calculation of basic earnings per share was shown as follows:

	For the three months ended June 30,		For the six months ended June 30,	
	2022	2021	2022	2021
Profit (loss) attributable to ordinary shareholders of the Company	\$ <u>(6,319,986)</u>	<u>2,371,571</u>	<u>(3,366,847)</u>	<u>4,291,038</u>
Weighted average number of ordinary shares (thousands shares)	<u>317,840</u>	<u>317,840</u>	<u>317,840</u>	<u>317,840</u>
Basic earnings per share (in dollars)	\$ <u>(19.88)</u>	<u>7.46</u>	<u>(10.59)</u>	<u>13.50</u>

## (v) Disclosure of acquisition cost of insurance contracts

Acquisition cost of insurance contracts

Item	For the three months ended June 30, 2022					
	Commission expense	Agent fee	Charge	Reinsurance commission expense	Other cost	Total
Fire insurance	\$ 64,119	-	-	(1)	-	64,118
Marine cargo insurance	38,391	-	51	-	-	38,442
Marine hull/ Fishing vessel/ Aviation insurance	5,159	-	11	7	-	5,177
Voluntary moto insurance	569,505	-	183	29,978	-	599,666
Compulsory moto TPL insurance	-	-	98,432	-	-	98,432
Liability insurance	106,553	-	58	808	-	107,419
Engineering and nuclear insurance	17,672	-	(323)	2,412	-	19,761
Surety and credit insurance	12,376	-	-	-	-	12,376
Other property insurance	383,233	-	13	-	-	383,246
Personal accident insurance	275,959	-	(5)	158	-	276,112
Personal and commercial multiple peril insurance	59,567	-	-	-	-	59,567
Typhoon, flood and earthquake insurance	91,941	-	616	58	-	92,615
Health insurance	203,594	-	-	-	-	203,594
Overseas business	-	-	3,002	10,933	-	13,935
Overseas subsidiaries	<u>120,938</u>	<u>-</u>	<u>-</u>	<u>252,563</u>	<u>-</u>	<u>373,501</u>
Total	\$ <u>1,949,007</u>	<u>-</u>	<u>102,038</u>	<u>296,916</u>	<u>-</u>	<u>2,347,961</u>

(Continued)

**FUBON INSURANCE CO., LTD. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

Item	For the three months ended June 30, 2021					Total
	Commission expense	Agent fee	Charge	Reinsurance commission expense	Other cost	
Fire insurance	\$ 64,895	-	-	(1)	-	64,894
Marine cargo insurance	29,087	-	38	-	-	29,125
Marine hull/ Fishing vessel/ Aviation insurance	3,928	-	22	-	-	3,950
Voluntary moto insurance	540,863	-	114	29,110	-	570,087
Compulsory moto TPL insurance	-	-	94,789	-	-	94,789
Liability insurance	90,658	-	35	451	-	91,144
Engineering and nuclear insurance	16,843	-	(432)	1,381	-	17,792
Surety and credit insurance	11,425	-	-	-	-	11,425
Other property insurance	367,572	-	-	-	-	367,572
Personal accident insurance	282,247	-	1	326	-	282,574
Personal and commercial multiple peril insurance	54,024	-	-	-	-	54,024
Typhoon, flood and earthquake insurance	94,452	-	925	166	-	95,543
Health insurance	174,562	-	-	-	-	174,562
Overseas business	-	-	7,159	28,261	-	35,420
Overseas subsidiaries	<u>143,551</u>	-	-	<u>134,756</u>	-	<u>278,307</u>
Total	<u>\$ 1,874,107</u>	<u>-</u>	<u>102,651</u>	<u>194,450</u>	<u>-</u>	<u>2,171,208</u>

(Continued)

**FUBON INSURANCE CO., LTD. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

Item	For the six months ended June 30, 2022					Total
	Commission expense	Agent fee	Charge	Reinsurance commission expense	Other cost	
Fire insurance	\$ 130,210	-	-	198	-	130,408
Marine cargo insurance	86,677	-	79	-	-	86,756
Marine hull/ Fishing vessel/ Aviation insurance	10,140	-	(264)	15	-	9,891
Voluntary moto insurance	1,164,087	-	(684)	46,016	-	1,209,419
Compulsory moto TPL insurance	-	-	198,840	-	-	198,840
Liability insurance	225,510	-	134	1,185	-	226,829
Engineering and nuclear insurance	46,234	-	254	3,426	-	49,914
Surety and credit insurance	21,485	-	-	-	-	21,485
Other property insurance	508,896	-	13	-	-	508,909
Personal accident insurance	591,742	-	(9)	792	-	592,525
Personal and commercial multiple peril insurance	121,663	-	-	-	-	121,663
Typhoon, flood and earthquake insurance	145,245	-	805	265	-	146,315
Health insurance	322,531	-	-	-	-	322,531
Overseas business	-	-	9,356	46,099	-	55,455
Overseas subsidiaries	245,455	-	-	374,548	-	620,003
Total	<u>\$ 3,619,875</u>	<u>-</u>	<u>208,524</u>	<u>472,544</u>	<u>-</u>	<u>4,300,943</u>

(Continued)

**FUBON INSURANCE CO., LTD. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

Item	For the six months ended June 30, 2021					Total
	Commission expense	Agent fee	Charge	Reinsurance commission expense	Other cost	
Fire insurance	\$ 122,093	-	-	273	-	122,366
Marine cargo insurance	67,732	-	55	-	-	67,787
Marine hull/ Fishing vessel/ Aviation insurance	7,898	-	29	199	-	8,126
Voluntary moto insurance	1,083,583	-	281	93,126	-	1,176,990
Compulsory moto TPL insurance	-	-	190,002	-	-	190,002
Liability insurance	197,113	-	64	459	-	197,636
Engineering and nuclear insurance	35,588	-	286	3,591	-	39,465
Surety and credit insurance	17,857	-	-	3	-	17,860
Other property insurance	465,096	-	-	2	-	465,098
Personal accident insurance	576,369	-	2	1,834	-	578,205
Personal and commercial multiple peril insurance	114,836	-	-	-	-	114,836
Typhoon, flood and earthquake insurance	135,017	-	797	544	-	136,358
Health insurance	273,890	-	-	-	-	273,890
Overseas business	-	-	18,860	98,940	-	117,800
Overseas subsidiaries	254,921	-	-	379,623	-	634,544
Total	<u>\$ 3,351,993</u>	<u>-</u>	<u>210,376</u>	<u>578,594</u>	<u>-</u>	<u>4,140,963</u>

(Continued)

**FUBON INSURANCE CO., LTD. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

## (w) Disclosure of insurance cost-benefit analysis

## (i) Direct underwriting business cost-benefit analysis

For the three months ended June 30, 2022						
Item	Premium revenue	Net change in unearned premium reserve	Insurance contract acquisition cost	Insurance claim payment	Net change in claim reserve	Gain(Loss)
Non-compulsory insurance	\$ 15,143,005	2,304,069	1,949,007	9,677,442	20,651,971	(19,213,919)
Compulsory insurance	1,342,316	62,957	98,432	998,654	12,904	(152,274)
Total	<u>\$ 16,485,321</u>	<u>2,367,026</u>	<u>2,047,439</u>	<u>10,676,096</u>	<u>20,664,875</u>	<u>(19,366,193)</u>
For the three months ended June 30, 2021						
Item	Premium revenue	Net change in unearned premium reserve	Insurance contract acquisition cost	Insurance claim payment	Net change in claim reserve	Gain(Loss)
Non-compulsory insurance	\$ 13,762,020	2,438,900	1,874,107	4,843,248	875,066	1,443,137
Compulsory insurance	1,216,505	(24,558)	94,789	885,251	(18,608)	(3,002)
Total	<u>\$ 14,978,525</u>	<u>2,414,342</u>	<u>1,968,896</u>	<u>5,728,499</u>	<u>856,458</u>	<u>1,440,135</u>
For the six months ended June 30, 2022						
Item	Premium revenue	Net change in unearned premium reserve	Insurance contract acquisition cost	Insurance claim payment	Net change in claim reserve	Gain(Loss)
Non-compulsory insurance	\$ 28,942,012	3,394,297	3,619,875	15,082,381	21,141,024	(16,245,967)
Compulsory insurance	2,660,337	104,311	198,840	1,944,742	85,971	(234,562)
Total	<u>\$ 31,602,349</u>	<u>3,498,608</u>	<u>3,818,715</u>	<u>17,027,123</u>	<u>21,226,995</u>	<u>(16,480,529)</u>
For the six months ended June 30, 2021						
Item	Premium revenue	Net change in unearned premium reserve	Insurance contract acquisition cost	Insurance claim payment	Net change in claim reserve	Gain(Loss)
Non-compulsory insurance	\$ 25,754,329	3,605,583	3,351,993	8,890,312	2,467,811	3,241,516
Compulsory insurance	2,446,839	(9,658)	190,002	1,819,768	45,453	(101,586)
Total	<u>\$ 28,201,168</u>	<u>3,595,925</u>	<u>3,541,995</u>	<u>10,710,080</u>	<u>2,513,264</u>	<u>3,139,930</u>

## (ii) Reinsurance cost-benefit analysis

For the three months ended June 30, 2022						
Item	Reinsurance Premium	Net change in unearned premium reserve	Reinsurance commission expense	Reinsurance claim payment	Net change in claim reserve	Gain(Loss)
Non-compulsory insurance	\$ 654,713	(53,238)	300,522	445,049	30,211	(82,134)
Compulsory insurance	327,230	6,019	-	271,838	28,150	21,223
Total	<u>\$ 981,943</u>	<u>(47,219)</u>	<u>300,522</u>	<u>716,887</u>	<u>58,361</u>	<u>(60,911)</u>
For the three months ended June 30, 2021						
Item	Reinsurance Premium	Net change in unearned premium reserve	Reinsurance commission expense	Reinsurance claim payment	Net change in claim reserve	Gain(Loss)
Non-compulsory insurance	\$ 656,270	(89,742)	202,312	357,151	245,290	(78,637)
Compulsory insurance	319,121	8,416	-	409,345	(39,876)	(58,764)
Total	<u>\$ 975,391</u>	<u>(81,326)</u>	<u>202,312</u>	<u>766,496</u>	<u>205,414</u>	<u>(137,401)</u>

(Continued)

**FUBON INSURANCE CO., LTD. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

For the six months ended June 30, 2022						
Item	Reinsurance Premium	Net change in unearned premium reserve	Reinsurance commission expense	Reinsurance claim payment	Net change in claim reserve	Gain(Loss)
Non-compulsory insurance	\$ 1,297,397	(165,055)	482,228	946,515	(99,990)	117,054
Compulsory insurance	627,141	10,981	-	587,090	79,251	(50,181)
Total	<u>\$ 1,924,538</u>	<u>(154,074)</u>	<u>482,228</u>	<u>1,533,605</u>	<u>(20,739)</u>	<u>66,873</u>

For the six months ended June 30, 2021						
Item	Reinsurance Premium	Net change in unearned premium reserve	Reinsurance commission expense	Reinsurance claim payment	Net change in claim reserve	Gain(Loss)
Non-compulsory insurance	\$ 1,871,543	182,388	598,968	930,465	77,044	179,997
Compulsory insurance	610,992	11,798	-	676,971	(4,730)	(73,047)
Total	<u>\$ 2,482,535</u>	<u>194,186</u>	<u>598,968</u>	<u>1,607,436</u>	<u>72,314</u>	<u>106,950</u>

(iii) Gain/Loss on reinsurance contracts

For the three months ended June 30, 2022						
Item	Reinsurance expense	Net change in unearned premium reserve	Reinsurance commission received	Claims recovered from reinsurers	Net change in ceded claim reserve	(Gain)Loss
Non-compulsory insurance	\$ 4,749,216	1,023,473	677,178	3,900,694	9,715,388	(10,744,024)
Compulsory insurance	594,742	37,774	-	598,791	7,743	(49,566)
Total	<u>\$ 5,343,958</u>	<u>1,061,247</u>	<u>677,178</u>	<u>4,499,485</u>	<u>9,723,131</u>	<u>(10,793,590)</u>

For the three months ended June 30, 2021						
Item	Reinsurance expense	Net change in unearned premium reserve	Reinsurance commission received	Claims recovered from reinsurers	Net change ceded in claim reserve	(Gain)Loss
Non-compulsory insurance	\$ 4,307,674	1,350,165	959,831	818,946	405,969	651,950
Compulsory insurance	536,041	(14,735)	-	530,609	(11,978)	32,145
Total	<u>\$ 4,843,715</u>	<u>1,335,430</u>	<u>959,831</u>	<u>1,349,555</u>	<u>393,991</u>	<u>684,095</u>

For the six months ended June 30, 2022						
Item	Reinsurance expense	Net change in unearned premium reserve	Reinsurance commission received	Claims recovered from reinsurers	Net change in ceded claim reserve	(Gain)Loss
Non-compulsory insurance	\$ 8,821,555	1,480,561	1,239,662	4,800,854	9,489,389	(8,444,885)
Compulsory insurance	1,176,990	62,587	-	1,166,204	51,583	(103,384)
Total	<u>\$ 9,998,545</u>	<u>1,543,148</u>	<u>1,239,662</u>	<u>5,967,058</u>	<u>9,540,972</u>	<u>(8,548,269)</u>

For the six months ended June 30, 2021						
Item	Reinsurance expense	Net change in unearned premium reserve	Reinsurance commission received	Claims recovered from reinsurers	Net change in ceded claim reserve	(Gain)Loss
Non-compulsory insurance	\$ 7,824,117	1,904,519	1,550,683	1,213,403	941,346	2,090,572
Compulsory insurance	1,078,998	(5,795)	-	1,090,919	27,272	(33,398)
Total	<u>\$ 8,903,115</u>	<u>1,898,724</u>	<u>1,550,683</u>	<u>2,304,322</u>	<u>968,618</u>	<u>2,057,174</u>

(Continued)

**FUBON INSURANCE CO., LTD. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

(x) Nature and scope of insurance contract risk

(i) Insurance contract risk management objective, policy, procedure and method.

1) Risk management policy and objective

The Company and its subsidiaries according to the Risk Management Practice Principles for Insurance Enterprises, the Regulations Governing the Implementation of Internal Control and Audit Systems by Insurance Enterprises and Fubon Financial Holding Co., Ltd. Risk Management Policy prescribed risk management policy to ensure conservatism operating to pursuit of shareholder value maximization.

2) Risk management framework organization responsibility and accountability

Risk Management Committee and Independent Risk Management Department are subordinate to the Board. Their related responsibility is as followed:

a) The Board of Directors

- i) Aware of all risks related to operating in the insurance industry, ensures the efficacy of risk management, and assumes ultimate responsibility.
- ii) Assures that the company establishes the appropriate risk management mechanism and culture, approves appropriate risk management policies, and achieves an optimal allocation of resources.
- iii) Consider the effects of aggregating all risk information from the overall perspective of the company, the statutory capital required by the authorities, and relevant regulations that could potentially affect capital allocation.

b) Risk Management Committee

The Risk Management Committee was formed pursuant to the Risk Management Committee Charter. In discharge of its duties, the committee sets risk management policies, structure, organizational function and executes the Board's risk management decisions. The committee also oversees the overall development, establishment and performance of the Company and its subsidiaries' risk management mechanism, reporting to the Board on the implementation of risk management and proposing necessary improvement.

c) Chief Risk Officer

A Chief Risk Officer is appointed by the Company and its subsidiaries and held accountable for the overall operation of risk management, from strategic planning, supervising the Company and its subsidiaries' establishment of and compliance with the risk management protocols, monitoring the adequacy of risk exposure and effectiveness of risk control mechanism, overseeing the risk management department of the Company and its subsidiaries.

(Continued)

**FUBON INSURANCE CO., LTD. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

- d) Risk Management Department
    - i) Risk monitoring, measuring, evaluating of Company daily routine affairs.
    - ii) Assist in the formulation and the implementation of the risk management policies and strategies approved by the Board.
    - iii) Follow the Company' s risk appetite and set risk tolerance and limit
    - iv) Summarize risk information, coordinated and communicated for carrying out policy and quota of each group.
    - v) Risk management report is proposed regularly.
    - vi) Monitor the risk of each operating groups regularly.
    - vii) Assistance of pressure test.
    - viii) Back testing. (if necessary)
    - ix) Others
  - e) Operating Segments
    - i) Execute risk management independent and help to execute risk management effectively.
    - ii) Be responsible for preparing daily risk report, taking actions and conveying risk management information to risk management department regularly.
    - iii) The responsibilities of operating segments are as follows:
      1. Recognize, measure and report the risk information to Risk Management Department regularly.
      2. Review risks and restrictions and ensure the effectiveness of risk tolerance policies.
      3. Monitor risk exposure and measure the risk exceed the tolerance.
      4. Ensure the effectiveness of internal control.
      5. Gather the information which is related to operational risk.
- 3) Scope and nature of risk reporting and measurement system

The Company and its subsidiaries measure insurance risks against each of their risk factors: commodity price, underwriting, claims, catastrophe, reinsurance and reserve; It monitors key risks by setting key risk indicators.

(Continued)

**FUBON INSURANCE CO., LTD. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

The Company and its subsidiaries consider the risk-bearing capacity of its underwriting businesses and sets per retention limit and per occurrence limit to implement risk management and control. Meanwhile, using scenario simulation method, the Company and its subsidiaries set risk tolerance for key risks (insurance risk, market risk, credit risk and operational risk) to ensure that the overall risk does not exceed the Company and its subsidiaries' risk appetite.

Each authorities of the Company and its subsidiaries monitors relevant risk management indicators monthly or quarterly, summarizes and provides the results to the risk management department, which would then report to the Risk Management Committee. The risk management department summarizes risk management reports and risk monitoring indicators every six months, prepares overall risk management reports and represents the overall risk acceptance of the Company and its subsidiaries to the Risk Management Committee and Board of directors, and reviews the operations of risk management mechanism and other specific risk management issues.

4) Insurance risk process and method

Insurance risk means paying the claim and other related expense of the loss caused by unexpected events after the insurance industry receives premium and take the risk that transfer from the insured.

The Company and its subsidiaries prescribed risk management policy to measure: underwrite, reinsurance, catastrophic, claims, commodity price and reserve.

The risk management processes include risk identification, risk measurement, risk monitoring and risk responding. To ensure the timeliness, reliability and safety of risk management information, except for the tiers' disclosure per the regulations, the Company and its subsidiaries also update and keep the relevant risk management documents and report through tiers authorization.

In addition, the Company and its subsidiaries manage insurance risk by establishing risk tolerance, risk limit and critical risk indicators and reports to the Risk Management Committee per the reporting frequencies of respective indicators. If the risk tolerance, risk limit or critical risk exceeds the limit of the indicators, the responsible unit shall submit an explanation for the limit breach and a solution of improvement. The explanation and solution shall be reviewed by the insurance risk team then submitted to the Risk Management Committee. Once approved, the Risk Management Department shall keep track of the improvement per the content approved.

In view of the occurrence of a specific event such as COVID-19 epidemic, the Company and its subsidiaries would monitor the risk factors including underwriting, reinsurance, claims relating to the specific event and closely supervise the risk appetite, and adjust the risk category, risk limit allocation and assumption method according to changes in the environment. If necessary, the Company and its subsidiaries will initiate the assessment of the capital increase demand to ensure the operating safety of the Company and its subsidiaries' working capital liquidity.

(Continued)

**FUBON INSURANCE CO., LTD. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

- (ii) Insurance risk information  
 1) Insurance risk sensitivity analysis

Test assumptions

Item	For the three months ended June 30, 2022						
	Insurance revenue	Expected rate of loss	Expected loss ratio increase or decrease in 1%				
			Effect on Profit or Loss		Effect on Equity		
			Before reinsurance	After reinsurance	Before reinsurance	After reinsurance	
Fire insurance	\$ 1,005,954	59.6%	6,970	2,553	5,576	2,042	
Marine cargo insurance	481,004	61.4%	4,946	2,610	3,957	2,088	
Marine hull/Fishing vessel / Aviation insurance	231,413	71.3%	1,851	405	1,481	324	
Voluntary motor insurance	4,666,387	66.9%	47,309	44,703	37,847	35,762	
Compulsory motor TPL insurance	1,669,546	No applicable	No applicable	No applicable	No applicable	No applicable	
Liability insurance	874,199	68.1%	8,839	6,648	7,071	5,318	
Engineering and nuclear insurance	923,476	61.0%	4,805	1,043	3,844	834	
Surety and credit insurance	116,910	67.7%	645	177	516	142	
Other property insurance	1,869,452	66.3%	10,509	2,964	8,407	2,371	
Personal accident insurance	1,413,528	67.9%	15,646	15,350	12,517	12,280	
Typhoon, flood and earthquake insurance	1,649,536	67.8%	10,937	2,683	8,750	2,146	
Personal and commercial multiple peril insurance	276,261	68.2%	2,746	2,616	2,197	2,093	
Health insurance	907,523	61.5%	6,095	4,517	4,876	3,614	
Overseas reinsurance assumed	77,210	62.0%	1,481	1,453	1,185	1,162	
Overseas subsidiaries	1,304,865	63.8%	12,953	10,490	10,362	8,392	

(Continued)

**FUBON INSURANCE CO., LTD. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

For the three months ended June 30, 2021						
Item	Insurance revenue	Expected rate of loss	Expected loss ratio increase or decrease in 1%			
			Effect on Profit or Loss		Effect on Equity	
			Before reinsurance	After reinsurance	Before reinsurance	After reinsurance
Fire insurance	\$ 865,656	60.9%	5,888	2,723	4,710	2,178
Marine cargo insurance	375,143	61.5%	4,130	2,168	3,304	1,734
Marine hull/Fishing vessel / Aviation insurance	188,479	71.3%	1,519	261	1,215	209
Voluntary motor insurance	4,426,944	66.7%	43,962	41,593	35,170	33,274
Compulsory motor TPL insurance	1,535,626	No applicable	No applicable	No applicable	No applicable	No applicable
Liability insurance	757,942	68.2%	8,108	6,115	6,486	4,892
Engineering and nuclear insurance	312,954	60.7%	5,359	933	4,287	746
Surety and credit insurance	95,753	68.1%	568	174	454	139
Other property insurance	1,850,974	66.3%	4,712	1,434	3,770	1,147
Personal accident insurance	1,431,200	68.5%	15,383	15,147	12,306	12,118
Typhoon, flood and earthquake insurance	1,533,730	68.5%	10,279	3,042	8,223	2,434
Personal and commercial multiple peril insurance	250,469	68.2%	2,696	2,567	2,157	2,054
Health insurance	782,330	62.0%	3,605	3,187	2,884	2,550
Overseas reinsurance assumed	148,508	62.9%	1,757	1,699	1,406	1,359
Overseas subsidiaries	1,398,208	64.3%	12,740	10,074	10,192	8,059

For the six months ended June 30, 2022						
Item	Insurance revenue	Expected rate of loss	Expected loss ratio increase or decrease in 1%			
			Effect on Profit or Loss		Effect on Equity	
			Before reinsurance	After reinsurance	Before reinsurance	After reinsurance
Fire insurance	\$ 1,749,038	59.5%	13,721	5,629	10,977	4,503
Marine cargo insurance	1,016,047	61.4%	8,603	4,701	6,882	3,761
Marine hull/Fishing vessel / Aviation insurance	453,899	71.1%	3,453	781	2,762	625
Voluntary motor insurance	9,813,049	66.9%	94,067	88,936	75,254	71,149
Compulsory motor TPL insurance	3,287,478	No applicable	No applicable	No applicable	No applicable	No applicable
Liability insurance	1,956,106	68.1%	17,408	13,130	13,926	10,504
Engineering and nuclear insurance	2,033,081	61.0%	9,027	1,685	7,222	1,348
Surety and credit insurance	185,664	67.7%	1,405	360	1,124	288
Other property insurance	2,392,367	66.3%	22,579	6,989	18,063	5,591
Personal accident insurance	3,004,531	67.9%	31,505	30,938	25,204	24,750
Typhoon, flood and earthquake insurance	2,946,516	68.0%	21,629	5,648	17,303	4,518
Personal and commercial multiple peril insurance	606,555	68.2%	5,490	5,217	4,392	4,174
Health insurance	1,371,174	61.5%	12,118	8,741	9,694	6,993
Overseas reinsurance assumed	258,537	61.3%	2,954	2,807	2,363	2,246
Overseas subsidiaries	2,452,845	63.9%	26,198	21,130	20,958	16,904

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**FUBON INSURANCE CO., LTD. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

Item	For the six months ended June 30, 2021					
	Insurance revenue	Expected rate of loss	Expected loss ratio increase or decrease in 1%			
			Effect on Profit or Loss		Effect on Equity	
			Before reinsurance	After reinsurance	Before reinsurance	After reinsurance
Fire insurance	\$ 1,441,731	60.9%	11,787	5,103	9,430	4,082
Marine cargo insurance	818,387	61.4%	6,994	3,886	5,595	3,109
Marine hull/Fishing vessel / Aviation insurance	361,965	71.1%	3,103	578	2,482	462
Voluntary motor insurance	9,160,015	66.8%	86,880	82,266	69,504	65,813
Compulsory motor TPL insurance	3,057,831	No applicable	No applicable	No applicable	No applicable	No applicable
Liability insurance	1,722,989	68.2%	15,994	12,014	12,795	9,611
Engineering and nuclear insurance	1,295,795	60.7%	10,767	1,773	8,614	1,418
Surety and credit insurance	157,750	68.0%	1,240	349	992	279
Other property insurance	2,298,627	66.3%	7,718	2,257	6,174	1,806
Personal accident insurance	2,929,705	68.5%	30,578	30,094	24,462	24,075
Typhoon, flood and earthquake insurance	2,384,462	68.9%	20,346	5,557	16,277	4,446
Personal and commercial multiple peril insurance	555,996	68.2%	5,341	5,084	4,273	4,067
Health insurance	1,158,458	62.0%	6,921	6,339	5,537	5,071
Overseas reinsurance assumed	486,706	63.0%	3,118	3,040	2,494	2,432
Overseas subsidiaries	2,853,286	64.2%	27,612	20,844	22,090	16,675

2) Concentration of insurance risk

a) The premium proportion of underwriting and reinsurance.

The insurance contracts which the Company and its subsidiaries underwrite are separated in various types of insurances and not concentrated in any single type of insurance. For the three months ended June 30, 2022 and 2021, the top 5 insurances in terms of proportion are voluntary moto insurance, other property insurance, compulsory moto TPL insurance, typhoon, flood and earthquake insurance, personal accident insurance. For the six months ended June 30, 2022 and 2021, the top 5 insurances in terms of proportion are voluntary moto insurance, compulsory moto TPL insurance, personal accident insurance, typhoon, flood and earthquake insurance and other property insurance. The voluntary moto insurance has the highest proportion accounts for 26.7%, 27.7%, 29.3% and 29.8% for the three months and six months ended June 30, 2022 and 2021, respectively. Although the proportion is slightly higher than other insurances, the loss experience of voluntary moto insurance is stable, and the risk variation is low. There is no concentration risk in other insurances.

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**FUBON INSURANCE CO., LTD. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

The premium proportion of underwriting insurance and reinsurance:

Type	For the three months ended June 30,			
	2022		2021	
	Amount	Percentage	Amount	Percentage
Fire insurance	\$ 1,005,954	5.8 %	865,656	5.4 %
Marine cargo insurance	481,004	2.7 %	375,143	2.4 %
Marine hull/ Fishing vessel / Aviation insurance	231,413	1.3 %	188,479	1.2 %
Voluntary moto insurance	4,666,387	26.7 %	4,426,944	27.7 %
Compulsory moto TPL insurance	1,669,546	9.6 %	1,535,626	9.6 %
Liability insurance	874,199	5.0 %	757,942	4.7 %
Engineering and nuclear insurance	923,476	5.3 %	312,954	2.0 %
Surety and credit insurance	116,910	0.7 %	95,753	0.6 %
Other property insurance	1,869,452	10.7 %	1,850,974	11.6 %
Personal accident insurance	1,413,528	8.1 %	1,431,200	9.0 %
Typhoon, flood and earthquake insurance	1,649,536	9.4 %	1,533,730	9.6 %
Personal and commercial multiple peril insurance	276,261	1.6 %	250,469	1.6 %
Health insurance	907,523	5.2 %	782,330	4.9 %
Overseas business	77,210	0.4 %	148,508	0.9 %
Overseas subsidiaries	1,304,865	7.5 %	1,398,208	8.8 %
<b>Total</b>	<b>\$ 17,467,264</b>	<b>100.0 %</b>	<b>15,953,916</b>	<b>100.0 %</b>

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**FUBON INSURANCE CO., LTD. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

Type	For the six months ended June 30,			
	2022		2021	
	Amount	Percentage	Amount	Percentage
Fire insurance	\$ 1,749,038	5.2 %	1,441,731	4.7 %
Marine cargo insurance	1,016,047	3.0 %	818,387	2.7 %
Marine hull/ Fishing vessel / Aviation insurance	453,899	1.4 %	361,965	1.2 %
Voluntary moto insurance	9,813,049	29.3 %	9,160,015	29.8 %
Compulsory moto TPL insurance	3,287,478	9.8 %	3,057,831	10.0 %
Liability insurance	1,956,106	5.8 %	1,722,989	5.6 %
Engineering and nuclear insurance	2,033,081	6.1 %	1,295,795	4.2 %
Surety and credit insurance	185,664	0.5 %	157,750	0.5 %
Other property insurance	2,392,367	7.1 %	2,298,627	7.5 %
Personal accident insurance	3,004,531	9.0 %	2,929,705	9.5 %
Typhoon, flood and earthquake insurance	2,946,516	8.8 %	2,384,462	7.8 %
Personal and commercial multiple peril insurance	606,555	1.8 %	555,996	1.8 %
Health insurance	1,371,174	4.1 %	1,158,458	3.8 %
Overseas business	258,537	0.8 %	486,706	1.6 %
Overseas subsidiaries	2,452,845	7.3 %	2,853,286	9.3 %
<b>Total</b>	<b>\$ 33,526,887</b>	<b>100.0 %</b>	<b>30,683,703</b>	<b>100.0 %</b>

b) Percentage of retained premium

The Company and its subsidiaries evaluate the proportion of retained premium with retained business. For the three months ended June 30, 2022, the top 5 insurances with the highest proportion are voluntary moto insurance, personal accident insurance, other property insurance, compulsory moto TPL insurance and health insurance. For the three months ended June 30, 2021, the top 5 insurances with the highest proportion are voluntary moto insurance, personal accident insurance, compulsory moto TPL insurance, liability insurance and other property insurance. For the six months ended June 30, 2022, the top 5 insurances with the highest proportion are voluntary moto insurance, personal accident insurance, compulsory moto TPL insurance, liability insurance and other property insurance. For the six months ended June 30, 2021, the top 5 insurances with the highest proportion are voluntary moto insurance, personal accident insurance, compulsory moto TPL insurance, liability insurance and typhoon, flood and earthquake insurance. The voluntary moto insurance which has the highest proportion accounts for 36.5%, 37.7%, 39.4% and 39.8%, for the three months and six months ended June 30, 2022 and 2021, respectively. The Company and its subsidiaries considered that the loss experience of voluntary moto insurance is stable and retained all the reinsurance. For other insurances, the Company and its subsidiaries evaluated the possibility of significant accumulated loss and arranged appropriate reinsurance contracts to diversify the risk and there is no risk concentration.

(Continued)

## FUBON INSURANCE CO., LTD. AND SUBSIDIARIES

### Notes to the Consolidated Financial Statements

In addition, the insurance which is likely to result in significant accumulated loss is catastrophe insurance (For example, earthquake, typhoon and flood) and the insurances which are likely to result in accumulation are property insurance (fire insurance and engineering insurance), marine insurance and personal accident insurance. To avoid the operating risk resulting from the underwriting risk concentration, the Company and its subsidiaries have bought catastrophe reinsurance contracts in advance for abovementioned insurances to diversify the risk.

The percentage of retained premium was as follows:

Type	For the three months ended June 30,			
	2022		2021	
	Amount	Percentage	Amount	Percentage
Fire insurance	\$ 328,899	2.7 %	471,768	4.2 %
Marine Cargo insurance	248,312	2.1 %	199,018	1.8 %
Marine hull/ Fishing vessel / Aviation insurance	41,438	0.3 %	38,665	0.4 %
Voluntary moto insurance	4,422,107	36.5 %	4,183,015	37.7 %
Compulsory moto TPL insurance	1,074,804	8.9 %	999,585	9.0 %
Liability insurance	657,065	5.4 %	614,797	5.5 %
Engineering and nuclear insurance	102,479	0.8 %	87,960	0.8 %
Surety and credit insurance	22,892	0.2 %	28,079	0.3 %
Other property insurance	1,212,231	10.0 %	582,754	5.2 %
Personal accident insurance	1,396,559	11.5 %	1,411,740	12.7 %
Typhoon, flood and earthquake insurance	543,982	4.5 %	577,426	5.2 %
Personal and commercial multiple peril insurance	273,569	2.3 %	248,218	2.2 %
Health insurance	717,807	5.9 %	462,532	4.2 %
Overseas business	75,218	0.6 %	147,443	1.3 %
Overseas subsidiaries	1,005,944	8.3 %	1,057,201	9.5 %
<b>Total</b>	<b>\$ 12,123,306</b>	<b>100.0 %</b>	<b>11,110,201</b>	<b>100.0 %</b>

(Continued)

**FUBON INSURANCE CO., LTD. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

Type	For the six months ended June 30,			
	2022		2021	
	Amount	Percentage	Amount	Percentage
Fire insurance	\$ 657,544	2.8 %	733,774	3.4 %
Marine cargo insurance	528,907	2.3 %	429,156	2.0 %
Marine hull/ Fishing vessel / Aviation insurance	81,456	0.3 %	68,008	0.3 %
Voluntary moto insurance	9,265,731	39.4 %	8,667,919	39.8 %
Compulsory moto TPL insurance	2,110,488	9.0 %	1,978,833	9.1 %
Liability insurance	1,443,099	6.1 %	1,315,714	6.0 %
Engineering and nuclear insurance	254,213	1.1 %	205,657	0.9 %
Surety and credit insurance	41,258	0.2 %	46,107	0.2 %
Other property insurance	1,421,636	6.0 %	704,970	3.2 %
Personal accident insurance	2,928,328	12.4 %	2,878,225	13.2 %
Typhoon, flood and earthquake insurance	914,967	3.9 %	851,758	3.9 %
Personal and commercial multiple peril insurance	560,202	2.4 %	516,883	2.4 %
Health insurance	1,156,725	4.9 %	818,995	3.8 %
Overseas business	257,365	1.1 %	479,886	2.2 %
Overseas subsidiaries	1,906,423	8.1 %	2,084,703	9.6 %
<b>Total</b>	<b>\$ 23,528,342</b>	<b>100.0 %</b>	<b>21,780,588</b>	<b>100.0 %</b>

(Continued)

**FUBON INSURANCE CO., LTD. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

c) Claims trend

i) Accumulated reported claims - gross

Occurrence year	June 30, 2022					
	≤2017	2018	2019	2020	2021	2022
At the end of occurrence year	-	25,636,176	29,448,311	30,665,330	34,337,096	39,349,161
The first year	-	23,841,595	28,142,131	28,644,708	35,252,666	-
The second year	-	23,356,298	27,558,240	28,359,007	-	-
The third year	-	23,208,934	27,399,594	-	-	-
The fourth year	-	23,225,276	-	-	-	-
Estimation of accumulated claims	-	23,225,276	27,399,594	28,359,007	35,252,666	39,349,161
Cumulative payment to date	-	22,871,007	26,381,271	25,138,810	22,333,637	8,676,234
Subtotal	1,088,685	354,269	1,018,323	3,220,197	12,919,029	30,672,927
Reconciliations (Note)						499,211
Consolidated write-offs						(376,559)
Total amount recognized on balance sheet						49,396,082

Occurrence year	December 31, 2021					
	≤2016	2017	2018	2019	2020	2021
At the end of occurrence year	-	24,309,303	25,571,020	29,375,370	30,579,554	34,192,567
The first year	-	22,554,927	23,790,630	28,086,166	28,588,523	-
The second year	-	22,477,480	23,304,569	27,519,691	-	-
The third year	-	22,316,509	23,161,621	-	-	-
The fourth year	-	22,289,374	-	-	-	-
Estimation of accumulated claims	-	22,289,374	23,161,621	27,519,691	28,588,523	34,192,567
Cumulative payment to date	-	21,949,708	22,708,641	25,984,643	23,348,355	14,707,310
Subtotal	946,410	339,666	452,980	1,535,048	5,240,168	19,485,257
Reconciliations (Note)						398,165
Consolidated write-offs						(294,994)
Total amount recognized on balance sheet						28,102,700

Occurrence year	June 30, 2021					
	≤2016	2017	2018	2019	2020	2021
At the end of occurrence year	-	24,287,658	25,551,137	29,353,916	30,553,007	18,087,870
The first year	-	22,537,766	23,774,598	28,068,926	28,508,615	-
The second year	-	22,460,220	23,288,246	27,672,214	-	-
The third year	-	22,299,094	23,106,696	-	-	-
The fourth year	-	22,258,324	-	-	-	-
Estimation of accumulated claims	-	22,258,324	23,106,696	27,672,214	28,508,615	18,087,870
Cumulative payment to date	-	21,888,795	22,491,712	24,876,086	20,446,347	4,624,955
Subtotal	992,857	369,529	614,984	2,796,128	8,062,268	13,462,915
Reconciliations (Note)						371,734
Consolidated write-offs						(254,946)
Total amount recognized on balance sheet						26,415,469

Note: Reconciliations are paid-distributable claims expense.

(Continued)

**FUBON INSURANCE CO., LTD. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

ii) Accumulated reported claims - net

Occurrence year	June 30, 2022					
	≤2017	2018	2019	2020	2021	2022
At the end of occurrence year	-	19,938,279	22,112,799	22,604,803	25,203,503	23,709,199
The first year	-	18,916,377	21,078,015	21,492,132	25,841,325	-
The second year	-	18,724,029	20,873,765	21,371,302	-	-
The third year	-	18,619,188	20,790,581	-	-	-
The fourth year	-	18,642,246	-	-	-	-
Estimation of accumulated claims	-	18,642,246	20,790,581	21,371,302	25,841,325	23,709,199
Cumulative payment to date	-	18,400,290	20,293,349	19,972,998	17,792,250	5,152,872
Subtotal	466,281	241,956	497,232	1,398,304	8,049,075	18,556,327
Reconciliations (Note)						500,106
Total amount recognized on balance sheet						29,709,281

Occurrence year	December 31, 2021					
	≤2016	2017	2018	2019	2020	2021
At the end of occurrence year	-	18,979,319	19,890,784	22,065,014	22,555,266	25,117,628
The first year	-	17,775,179	18,877,191	21,037,512	21,458,479	-
The second year	-	17,651,858	18,684,193	20,841,757	-	-
The third year	-	17,527,494	18,581,182	-	-	-
The fourth year	-	17,512,771	-	-	-	-
Estimation of accumulated claims	-	17,512,771	18,581,182	20,841,757	21,458,479	25,117,628
Cumulative payment to date	-	17,280,515	18,265,423	20,020,953	18,718,229	11,975,701
Subtotal	349,335	232,256	315,759	820,804	2,740,250	13,141,927
Reconciliations (Note)						399,812
Total amount recognized on balance sheet						18,000,143

Occurrence year	June 30, 2021					
	≤2016	2017	2018	2019	2020	2021
At the end of occurrence year	-	18,961,350	19,874,888	22,049,173	22,539,166	13,172,483
The first year	-	17,760,441	18,864,005	21,024,345	21,346,210	-
The second year	-	17,636,789	18,670,779	20,839,398	-	-
The third year	-	17,512,309	18,551,299	-	-	-
The fourth year	-	17,474,173	-	-	-	-
Estimation of accumulated claims	-	17,474,173	18,551,299	20,839,398	21,346,210	13,172,483
Cumulative payment to date	-	17,222,101	18,139,878	19,522,412	16,690,875	3,850,261
Subtotal	394,327	252,072	411,421	1,316,986	4,655,335	9,322,222
Reconciliations (Note)						373,652
Total amount recognized on balance sheet						16,726,015

Note: Reconciliations are paid-distributable claims expense and cumulative impairment.

(Continued)

**FUBON INSURANCE CO., LTD. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

(iii) Credit risk, Liquidity risk, Market risk

1) Credit risk

The credit risk of insurance contracts comes mainly from reinsurance business (The reinsurers' default or bad financial condition which leads to the incapability of paying the reinsurance claims). The Company and its subsidiaries arrange their reinsurance contracts in accordance with "Regulations Governing Insurance Enterprises Engaging in Operating Reinsurance and Other Risk Spreading Mechanisms". The reinsurers which the Company and its subsidiaries engage are mostly with certain credit rating and are qualified for the criteria for authorized reinsurer. The Company and its subsidiaries also established relevant risk control procedures to regularly track and monitor and credit rating change of reinsurers.

Compliance with the "Regulations Governing the Provision of Unauthorized Reinsurance Reserves for Insurance Company" No.5, the transaction with unauthorized reinsurers shall be represented in the notes of financial statements and the content shall include the summary of unauthorized reinsurance contracts and types of reinsurance, the reinsurance premium expense of unauthorized reinsurance contracts and general description of the amount of unauthorized reserve and its components.

- a) Until June 30, 2022 the major unauthorized reinsurance companies that the Company and its subsidiaries had transactions with are as follows:
- i) AMERICAN INTERNATIONAL GROUP UK LTD. etc.: Facultative reinsurance of engineering insurance.
  - ii) SPACIOM LIMITED etc.: Facultative reinsurance of commercial fire insurance.
  - iii) Asia Capital Reinsurance Group Pte Ltd etc.: Facultative reinsurance of marine insurance.
  - iv) Trust International Insurance and Reinsurance CO. B.S.C. (C) TRUST RE etc.: Treaty reinsurance of marine insurance.
  - v) Likewize Corp. etc.: Facultative reinsurance of casualty insurance.
  - vi) RiverStone Insurance (UK) limited etc.: Treaty reinsurance of engineering insurance.
- b) Until December 31, 2021, the major unauthorized reinsurance companies that the Company and its subsidiaries had transactions with are as follows:
- i) AMERICAN INTERNATIONAL GROUP UK LTD. etc.: Facultative reinsurance of engineering insurance.
  - ii) MILLI REASURANS T.A.S. (SINGAPORE BRANCH) etc.: Treaty reinsurance of fire insurance.

(Continued)

## FUBON INSURANCE CO., LTD. AND SUBSIDIARIES

### Notes to the Consolidated Financial Statements

- iii) ASIA CAPITAL REINSURANCE GROUP PTE LTD. (HONG KONG BRANCH) etc.: Facultative reinsurance of commercial fire insurance.
  - iv) Asia Capital Reinsurance Group Pte Ltd.: Facultative reinsurance of marine insurance.
  - v) Trust International Insurance and Reinsurance CO. B.S.C. (C) TRUST RE etc.: Treaty reinsurance of marine insurance.
  - vi) BRIGHTSTAR RE. LTD etc.: Facultative reinsurance of casualty insurance.
  - vii) RiverStone Insurance (UK) limited etc.: Treaty reinsurance of engineering insurance.
- c) Until June 30, 2021, the major unauthorized reinsurance companies that the Company and its subsidiaries had transactions with are as follows:
- i) AMERICAN INTERNATIONAL GROUP UK LTD. etc.: Facultative reinsurance of engineering insurance.
  - ii) MILLI REASURANS T.A.S. (SINGAPORE BRANCH) etc.: Treaty reinsurance of fire insurance.
  - iii) ASIA CAPITAL REINSURANCE GROUP PTE LTD. (HONG KONG BRANCH) etc.: Facultative reinsurance of commercial fire insurance.
  - iv) Asia Capital Reinsurance Group Pte Ltd. etc.: Facultative reinsurance of marine insurance.
  - v) Trust International Insurance and Reinsurance CO. B.S.C. (C) TRUST RE etc.: Treaty reinsurance of marine insurance
  - vi) BRIGHTSTAR RE. LTD etc.: Facultative reinsurance of casualty insurance.
  - vii) RiverStone Insurance (UK) limited etc.: Treaty reinsurance of engineering insurance.
- d) As of the three months and six months ended June 30, 2022 and 2021, the expenses for reinsurance, which were dealt with unauthorized reinsurance company, amounted to \$35,829 thousand, \$9,932 thousand, \$32,386 thousand and \$21,883 thousand, respectively.
- e) As of June 30, 2022, December 31 and June 30, 2021, the unauthorized reinsurance reserves amounted to \$32,354 thousand, \$77,589 thousand and \$98,746 thousand, respectively. The components of this account include: (a) ceded unearned premium reserve amounted to \$26,434 thousand, \$33,172 thousand and \$68,866 thousand, respectively. (b) claims recoverable from reinsurers of paid claims overdue in nine months amounted to \$237 thousand, \$740 thousand and \$18,377 thousand, respectively. (c) claims recoverable from reinsurers which were reported but unpaid amounted to \$5,683 thousand, \$43,677 thousand and \$11,503 thousand, respectively.

(Continued)

**FUBON INSURANCE CO., LTD. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

2) Liquidity risk

The Company and its subsidiaries' written insurance contract was most for a one-year policy period. Significant claims will lead to insurance contract liquidity risk which may cause funding liquidity risk, so the Company and its subsidiaries evaluated liquidity risk with current ratio. To ensure that the total amount of cash, cash equivalent and assets which can be transferred into cash is larger than the risk limit of capital liquidity in order to prevent insufficient liquidity.

3) Market risk

The market risk of insurance contracts comes mainly from the market risk of the various reserves provided for insurance contracts, such as the variation of market interest rate.

According to "Regulations Governing the Provision of Reserves for Insurance Companies", the reserves which the Company and its subsidiaries provide include unearned premium reserve, claims reserve, special reserve, premium deficiency reserve, liability adequacy reserve and liability reserve. None of the reserves is discounted by market interest rate except the unearned premium of three-years period personal accident insurance which is calculated by using the interest rate the competent authority enacted. The variation of market interest rate does not have influence over the estimated reserve.

Liability reserve is provided for long-term return premium fire insurance (this insurance operation has been terminated). Currently it is provided for effective and undue policies. The discount rate which is applied for the provision of liability reserve takes into account the average remaining years and the trend of past market interest rate. Yet the product ceased to exist and the remaining effective policies are not many. After the evaluation the variation of market interest rate does not have significant influence over the provision of liability reserves and the profit or loss of the Company and its subsidiaries.

(y) Fair value and tiers information

(i) Fair value information

1) Definition of fair value

Fair value refers to the price which market participants can collect from selling assets or pay from transferring liability on the measurement date in an orderly market. Financial instrument is measured at fair value at initial recognition, which mostly refers to transaction price. Except for those measured at amortized cost, financial instruments are measured at fair value on a recurring basis. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities. If the market is not active, the fair value of financial instruments is determined in accordance with valuation techniques, valuation provided by the professional information providers which are commonly used by market participants, or quoted prices of the counter party.

(Continued)

**FUBON INSURANCE CO., LTD. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

2) Definition of the 3 tiers of fair value

a) First tier

The input of this tier is the public quote of the same financial instrument in an active market. An active market is a market that meets all the conditions listed below: Products traded in the market is of homogeneity; it is able to reach buyer and seller anytime in the market and the price information can be accessed by the public. The equity instruments and debt instruments with public quote in an active market possessed by the Company and its subsidiaries belong to the first tier.

b) Second tier

The input of this tier refers to observable price except public quote in an active market, including direct observable input parameters (such as price) or indirect observable input parameters (derivation from price). The bond instruments without public quotes in an active market and the derivative financial instruments of the Company and its subsidiaries belong to the second tier.

c) Third tier

Third tier inputs are valuation parameters which are not based on the information available in the market or the quoted price comes from the counter party. The investment in equity and debt instruments without active market prices but based on counter party and part of the debt instruments evaluated by self-built models as well as most investment property is categorized in third tier.

When evaluating a financial instrument, if the direct market parameters cannot be obtained, the value of the financial instrument is accessed by the public parameters of other comparable companies. However, the public parameters of other comparable companies are indirectly related; therefore, the financial instrument is within the scope of third tier. The investments in unlisted stocks are categorized in third tier.

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**FUBON INSURANCE CO., LTD. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

(ii) Measured at fair value

1) Tier information of the fair value

The financial instruments measured at fair value and investment properties possessed by the Company and its subsidiaries are both measured at fair value based on repeatability. The fair value tier information of the Company and its subsidiaries is as follows:

		<u>June 30, 2022</u>			
<u>Assets and liabilities</u>	<u>Total</u>	<u>Quoted prices in active markets for identical assets (1st Tier)</u>	<u>Significant other observable inputs (2nd Tier)</u>	<u>Significant unobservable inputs (3rd Tier)</u>	
<b>Repeatable fair value measurement</b>					
<u>Non-derivative financial assets and liabilities</u>					
Assets:					
Financial assets at fair value through profit or loss					
Security Investment	\$ 10,210,037	10,210,037	-	-	
Other	14,126,268	13,976,504	82,484	67,280	
Financial assets at fair value through other comprehensive income					
Security Investment	1,921,414	266,358	-	1,655,056	
Bond Investment (Note)	21,329,689	16,912,775	1,155,378	3,261,536	
Investment property	9,636,232	-	-	9,636,232	
<u>Derivative financial assets and liabilities</u>					
Assets:					
Financial assets at fair value through profit or loss	3,110	-	3,110	-	
Liabilities:					
Financial liabilities at fair value through profit or loss	737,966	-	737,966	-	
		<u>December 31, 2021</u>			
<u>Assets and liabilities</u>	<u>Total</u>	<u>Quoted prices in active markets for identical assets (1st Tier)</u>	<u>Significant other observable inputs (2nd Tier)</u>	<u>Significant unobservable inputs (3rd Tier)</u>	
<b>Repeatable fair value measurement</b>					
<u>Non-derivative financial assets and liabilities</u>					
Assets:					
Financial assets at fair value through profit or loss					
Security Investment	\$ 21,303,520	21,303,520	-	-	
Other	13,288,432	13,133,305	83,749	71,378	
Financial assets at fair value through other comprehensive income					
Security Investment	2,292,316	305,876	-	1,986,440	
Bond Investment (Note)	24,275,161	18,661,460	2,714,280	2,899,421	
Investment property	9,600,412	-	-	9,600,412	
<u>Derivative financial assets and liabilities</u>					
Assets:					
Financial assets at fair value through profit or loss	113,925	-	113,925	-	
Liabilities:					
Financial liabilities at fair value through profit or loss	5,966	-	5,966	-	

(Continued)

**FUBON INSURANCE CO., LTD. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

Assets and liabilities	June 30, 2021			
	Total	Quoted prices in active markets for identical assets (1st Tier)	Significant other observable inputs (2nd Tier)	Significant unobservable inputs (3rd Tier)
<b>Repeatable fair value measurement</b>				
<u>Non-derivative financial assets and liabilities</u>				
Assets:				
Financial assets at fair value through profit or loss				
Security Investment	\$ 19,101,375	19,101,375	-	-
Other	16,883,829	16,620,335	171,266	92,228
Financial assets at fair value through other comprehensive income				
Security Investment	2,124,914	344,517	-	1,780,397
Bond Investment (Note)	22,160,303	17,635,456	1,932,494	2,592,353
Investment property	10,664,552	-	-	10,664,552
<u>Derivative financial assets and liabilities</u>				
Assets:				
Financial assets at fair value through profit or loss	249,971	-	249,971	-
Liabilities:				
Financial liabilities at fair value through profit or loss	16,750	-	16,750	-

Note: Includes securities serving as government bond of refundable deposits.

- 2) Valuation techniques of fair value measurement
- a) Financial instruments

If there is a public quote in an active market for the financial instrument such as the market price announced by Taiwan Stock Exchange or Taipei Exchange, the theoretical price of central government bonds and the net asset value of funds from Securities Investment Trust and Consulting Association of the R.O.C., the market price is regarded as the fair value of the financial instrument. The fair value of some financial instruments are obtained from the quote or model valuation techniques of the trade counterparties. The fair value derived from valuation techniques can be calculated by applying models with reference to the present fair value of other substantially similar financial instruments, discounted cash flow method or other valuation techniques (including accessible market data such as yield curve of Taipei Exchange). Regarding financial instruments with higher complexity, the Company and its subsidiaries measure the fair values with the quote of the trade counterparties or by purchased or self-developed valuation models using valuation methods or techniques widely accepted in the industry.

The method and assumptions the Company and its subsidiaries apply when estimating the fair value of financial instrument are as follows: If there is a quoted price in an active market, the market price is the fair value. The fair value of investments without active market, might include domestic or foreign financial bonds, corporate bonds, beneficiary certificates and preferred stocks, is determined per the order below (1) OTC yield rate/clean price or the fair value of corporate bonds (2) Quote or model price from the trade counterparties.

(Continued)

**FUBON INSURANCE CO., LTD. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

The fair value of derivative financial instruments is the price which the Company and its subsidiaries should receive or pay assuming it terminates the contracts on the balance sheet date. Generally, it includes the unrealized profit or loss of the unsettled contracts in the period. The valuation of the Company and its subsidiaries' derivative financial instruments is based on valuation model commonly used by the public such as Discounted Cash Flow Method. The Company and its subsidiaries value FX forward contracts with simple cash discounted method and the spot exchange rate on the balance sheet day. Which could also refer to the quotes of the trade counterparties.

b) Non-financial instruments

The determination of the fair value of investment properties is, in accordance with Regulations Governing the Preparation of Financial Reports by Insurance Companies, based on the accreditation of professional appraisal institutions. The appraisal institutions conduct the accreditation with the support of market evidence. Please refer to Note 6(k) for further information.

3) Adjustment of fair value

All valuation models have their limits and may not be able to reflect all relevant factors of the financial instruments possessed by the Company and its subsidiaries. Therefore, the estimates of the valuation models may be adjusted based on additional parameters. Because the fair value valuation models of the Company and its subsidiaries are equipped with verification procedures, the valuation adjustment is adequate and necessary. The price information and parameters used in the valuation process are assessed with prudence and are adjusted based on current market status.

4) Transfer between the first tier and the second tier

For the six months ended June 30, 2022, investment instruments measured at fair value through other comprehensive income with a carrying amount of \$192,304 thousand were transferred from first tier to second tier because activeness of source is lower than original; investment instruments measured at fair value through other comprehensive income with a carrying amount of \$1,111,502 thousand were transferred from second tier to first tier because activeness of source is greater than original.

For the six months ended June 30, 2021, investment instruments measured at fair value through other comprehensive income with a carrying amount of \$1,411,968 thousand were transferred from second tier to first tier because activeness of source is greater than original.

(Continued)

**FUBON INSURANCE CO., LTD. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

5) Changes of the third-tier financial assets

Changes of financial assets categorized in the third tier

Name	For the six months ended June 30, 2022							Balance at the end of the year
	Balance at the beginning of the year	Valuation profit or loss		Increase		Decrease		
		Recognized in profit or loss	Recognized in other comprehensive income	Purchase or issue	Transfer to the 3rd tier from other tiers	Sale, disposal or settlement	Transferring to other tiers from the 3rd tier	
Financial assets measured at fair value through profit or loss	\$ 71,378	(655)	-	-	-	3,443	-	67,280
Financial assets measured at fair value through other comprehensive income	4,885,861	(4,287)	(855,136)	700,000	200,000	9,846	-	4,916,592
Investment properties	9,600,412	22,635	-	-	28,553	-	15,368	9,636,232
<b>Total</b>	<b>\$ 14,557,651</b>	<b>17,693</b>	<b>(855,136)</b>	<b>700,000</b>	<b>228,553</b>	<b>13,289</b>	<b>15,368</b>	<b>14,620,104</b>

  

Name	For the six months ended June 30, 2021							Balance at the end of the year
	Balance at the beginning of the year	Valuation profit or loss		Increase		Decrease		
		Recognized in profit or loss	Recognized in other comprehensive income	Purchase or issue	Transfer to the 3rd tier from other tiers	Sale, disposal or settlement	Transferring to other tiers from the 3rd tier	
Financial assets measured at fair value through profit or loss	\$ 106,891	29,959	-	-	-	44,622	-	92,228
Financial assets measured at fair value through other comprehensive income	4,238,593	(2,660)	406,520	-	-	29,467	240,236	4,372,750
Investment properties	10,617,069	40,877	-	-	6,606	-	-	10,664,552
<b>Total</b>	<b>\$ 14,962,553</b>	<b>68,176</b>	<b>406,520</b>	<b>-</b>	<b>6,606</b>	<b>74,089</b>	<b>240,236</b>	<b>15,129,530</b>

**For the six months ended June 30,**  
**2022**                      **2021**

For the valuation profit or loss recognized in current profit or loss, the change of unrealized profit or loss which can be attributed to the assets and liabilities possessed by the Company and its subsidiaries

\$ 27,539                      43,238

For the valuation profit or loss recognized in other comprehensive income, the changes of unrealized profit or loss which can be attributed to the assets and liabilities possessed by the Company and its subsidiaries

\$ (870,928)                      476,803

(Continued)

**FUBON INSURANCE CO., LTD. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

- 6) Quantified information of the fair value measurement of significant unobservable inputs (the third tier).

The financial instruments which are classified as third tier are including FVTPL, FVOCI and investment property. In accordance with the Regulations Governing Preparation of Financial and Operational Reports, the fair value of investment property is determined by professional appraisal institutions based on market evidence. (The details please refer to note 6(k)). Because the relationship between significant unobservable inputs and the fair value cannot be fully controlled, as of June 30, 2022, December 31 and June 30, 2021, the fair value without quantified information for disclosure is \$3,328,926 thousand, \$2,970,909 thousand and \$2,684,691 thousand, respectively. The details of fair value mentioned above are as follows:

June 30, 2022					
Item	Fair value	Valuation technique	Significant unobservable inputs	Interval (Average)	Inter-relationship between significant unobservable inputs and fair value measurement
Financial assets measured at fair value through other comprehensive income	\$ 1,654,946	Asset-based approach	Discount for the lack of liquidity Non-controlling interest discount	0%~10% (6.25%) 0%~29.7% (15.48%)	The estimated fair value would increase (decrease) if:  • the discount for the lack of liquidity were lower (higher); or  • the non-controlling interest discount were lower (higher) .
		Market-based approach—comparable companies	Discount for the lack of liquidity Price-to-book ratio	22%~28% (25%) 1.8~3 (2.4)	The estimated fair value would increase (decrease) if:  • the discount for the lack of liquidity were lower (higher); or  • the price-to-book ratio were higher (lower).
Investment properties	9,636,232	Note 6(k)			
December 31, 2021					
Item	Fair value	Valuation technique	Significant unobservable inputs	Interval (Average)	Inter-relationship between significant unobservable inputs and fair value measurement
Financial assets measured at fair value through other comprehensive income	\$ 1,986,330	Asset-based approach	Discount for the lack of liquidity Non-controlling interest discount	0%~10% (7%) 0%~29.7% (18.32%)	The estimated fair value would increase (decrease) if:  • the discount for the lack of liquidity were lower (higher); or  • the non-controlling interest discount were lower (higher) .
		Market-based approach—comparable companies	Discount for the lack of liquidity Price-earning ratio Price-to-book ratio	22%~28% (25%) 10.7 1.5~3.1 (2.3)	The estimated fair value would increase (decrease) if:  • the discount for the lack of liquidity were lower (higher); or  • the price-earning ratio were higher (lower); or  • the price-to-book ratio were higher (lower).
Investment properties	9,600,412	Note 6(k)			

(Continued)

**FUBON INSURANCE CO., LTD. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

June 30, 2021

Item	Fair value	Valuation technique	Significant unobservable inputs	Interval (Average)	Inter-relationship between significant unobservable inputs and fair value measurement
Financial assets measured at fair value through other comprehensive income	\$ 1,780,287	Asset-based approach	Discount for the lack of liquidity Non-controlling interest discount	0%~10% (7%) 0%~29.7% (18.32%)	The estimated fair value would increase (decrease) if: • the discount for the lack of liquidity were lower (higher); or • the non-controlling interest discount were lower (higher) .
		Market-based approach – comparable companies	Discount for the lack of liquidity Price-earning ratio Price-to-book ratio	22%~28% (25%) 13.6 2.2~2.9 (2.55)	The estimated fair value would increase (decrease) if: • the discount for the lack of liquidity were lower (higher); or • the price-earning ratio were higher (lower); or • the price-to-book ratio were higher (lower).
Investment properties	10,664,552	Note 6(k)			

7) Valuation procedure of the third-tier inputs

When the Company and its subsidiaries' fair value measurement uses both unobservable inputs and observable inputs which need a significant adjustment based on the parameters of unobservable inputs, the asset or liability is categorized into third tier. The third-tier inputs come from:

- a) Prices referring from the professional finance information providers (Bloomberg), which are not different for each acquirer despite having a low activeness of source and which shall be acquired by specific facility.
- b) Prices referring from quoted prices of the counter party or evaluation agency. Price information is provided on a monthly or a quarterly basis and shall be kept properly. Valuation shall be reviewed regularly to ensure the consistency with reference pricing source and the reasonability of the valuation.
- c) Self-built complex model to evaluate the price of debt instruments, the model is highly complex, and the relevant parameters may not be directly taken from the open market.
- d) Prices referring from the evaluation of equity investment using market method or assets method.

Investment property is appraised by professional appraisers in accordance with the valuation techniques announced by the FSC.

8) Sensitivity analysis of the third-tier fair value if reasonably possible alternative assumptions used

Financial instruments and investment properties of the Company and its subsidiaries are reasonable. The only financial instruments currently classified at the third-tier and measured fair value by its own models are zero-coupon callable bonds and cumulated perpetual subordinated debts. Because the parameters used in its evaluation are directly or indirectly taken from open-market information, there is no need to conduct sensitivity analysis, which might replace the assumptions.

(Continued)

**FUBON INSURANCE CO., LTD. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

(iii) Financial instruments not measured at fair value

1) Fair value information

Except those listed in the table below, for financial instruments not measured at fair value, such as cash and cash equivalents, account receivables, reinsurance contract assets, account payables and other financial liabilities, the carrying amount is a reasonable approximation of the fair value. Therefore, the Company and its subsidiaries do not disclose the fair value.

<u>Item</u>	<u>Book value</u>	<u>Fair value</u>
<b>June 30, 2022</b>		
Financial assets		
Financial assets measured at amortized cost	\$ 1,494,413	1,287,061
<b>December 31, 2021</b>		
Financial assets		
Financial assets measured at amortized cost	1,381,474	1,291,118
<b>June 30, 2021</b>		
Financial assets		
Financial assets measured at amortized cost	1,381,199	1,316,642

2) Fair value information

<u>Item</u>	<u>Total</u>	<u>June 30, 2022</u>		
		<u>Quoted prices in active markets for identical assets (1st Tier)</u>	<u>Significant other observable inputs (2nd Tier)</u>	<u>Significant unobservable inputs (3rd Tier)</u>
Financial assets:				
Financial assets measured at amortized cost	\$ 1,287,061	891,865	22,794	372,402

(Continued)

**FUBON INSURANCE CO., LTD. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

		<b>December 31, 2021</b>		
<b>Item</b>	<b>Total</b>	<b>Quoted prices in active markets for identical assets (1st Tier)</b>	<b>Significant other observable inputs (2nd Tier)</b>	<b>Significant unobservable inputs (3rd Tier)</b>
Financial assets:				
Financial assets measured at amortized cost	\$ 1,291,118	830,675	16,484	443,959
		<b>June 30, 2021</b>		
<b>Item</b>	<b>Total</b>	<b>Quoted prices in active markets for identical assets (1st Tier)</b>	<b>Significant other observable inputs (2nd Tier)</b>	<b>Significant unobservable inputs (3rd Tier)</b>
Financial assets:				
Financial assets measured at amortized cost	\$ 1,316,642	836,099	-	480,543

3) Value method

The assumption and the methods of estimating financial instruments not measured at fair value used by the Company and its subsidiaries are as follows:

- a) The fair value of short-term financial commodity is estimated by the carrying amount of balance sheet. The carrying amount is the reasonable basis to estimate the fair value, because the maturity date of the commodity is near. The method applied on cash and equivalent cash, accounts receivables, current tax asset, guarantee deposits paid, accounts payables, current tax liability and other financial liabilities.
- b) If investments assets measured at amortized cost have transaction price or quotes of the market makers, use the recent transaction price and quotes as the basis of estimating fair value. If without market value, discounted cash flow method or the quotes of the counterparties are used to calculate fair value or the quoted prices of the counter party.

(Continued)

**FUBON INSURANCE CO., LTD. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

(z) Financial risk information

(i) Risk management system

1) The organization structure of risk management

The board of directors is ultimately responsible for the risk management of the Company and its subsidiaries. Other relevant departments include Establishment of Risk Management Committee and Independent Risk Management Department. The general manager acts as the coordinator in the committee who appoints the vice coordinator, executive secretary and the conveners and members of each group. The difference between the groups of the committee is nature of the risks. In the 18th board meeting taking place on August 22, 2013, the Board resolved to establish a position of Director of Risk Management who is in charge of the risk management of the company and participates in the Company's important decision making to execute risk management.

2) Objectives and policies of the risk management

The risk management policy of the Company and its subsidiaries include risk management strategy and objective, risk management organization and responsibility, main types of risk, risk appetite, and risk management operation and documentation. This policy is intended to define the overall organization structure, to ensure that the Company shall maximize shareholder's value, to improve confidence level of the insured, and to ensure the corporate image. The objective of risk management is established to conform to related regulations from authority and to achieve business objectives.

The Risk management procedures include risk identification, risk measurement, risk processing, risk monitoring, risk responding and information, communication and documentation. In addition, the Company and its subsidiaries established management principles and regulated measurement and assessment methods in terms of primary risks such as market risk, liquidity risk, credit risk, operation risk and insurance risk and provides risk reports to monitor various risks regularly.

With respect to information, communication and documentation, the risk management of the Company and its subsidiaries ensure the timeliness, reliability and security of the information and discloses information per different tiers to make sure that each competent authority fully understands and complies with relevant regulations. Furthermore, risk management papers and reports are documented, undated and preserved under appropriate delegation.

(ii) Risk management process, and principles of measurement and control

1) Credit risk

Credit risk is the risk the Company and its subsidiaries would suffer from the loss due to the downgrade of borrower's credit rating or borrower failing to make payments, the counterparty's failure or refusing to meet its obligation. The risk includes but not limited to the following risks: the credit risk of the issuer, the counterparty and the underlying assets.

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**FUBON INSURANCE CO., LTD. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

Credit risk mainly comes from the trading of financial instruments generated from operating activity of the Company and its subsidiaries. The Company and its subsidiaries decrease the probability of a larger loss resulting from any single credit risk event due to the over concentration of the portfolios through regular analysis and monitor as follows:

a) Management process of credit risk

i) Risk identification

The Company and its subsidiaries' management process of credit risk could identify the existing and potential risk, analyze the source of the major risk of the operation and the product, and plan proper control system.

ii) Risk measurement

When measuring credit risk, the Company and its subsidiaries consider the factors including the content of contracts, the condition of the market, securities or guarantees, the variation of the future probable risk of the counterparty and evaluating the risk in asset portfolios with credit risk except for individual risk. Also, by collecting related information of credit rating, the Company and its subsidiaries analyze and quantitatively measure the credit risk in accordance with the level of business and practical settlement methods and calculate the credit risk capital based on the rules stipulated by the authority. For AC, FVOCI and other credit position, depending on the practical settlement methods, the Company measures the credit risk by referring to the expected loss formula ( $ECL=EAD \times PD \times LGD$ ).

iii) Risk monitoring

Based on the process of risk monitoring established, the Company and its subsidiaries review and monitor the credit limit and the condition of exceeding the limit regularly with proper disposition. Through proper and monitoring frequent and hierarchical control system, the responsible person could submit the report by related rules when finding mistakes and unusual events. When the relevant unit gets aware of significant credit risk event, it should notify risk management department of the Company and its subsidiaries by email and deal with the problem according to Fubon Financial Holding's guidelines related to the reporting of significant credit risk event to control the timeliness of the dealing process.

iv) Risk responding

When an event of credit risk occurs, the head of any related unit involved or who has authority to deal with the event would respond to the event immediately, and report to risk management department by following authorization table of the Company and its subsidiaries. Afterwards, the reason of the event would be investigated, the remediation plan would be developed and the progress of actions would be followed.

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**FUBON INSURANCE CO., LTD. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

b) Credit risk management mechanism

Credit risk management mechanism includes:

i) Credit risk management before transaction:

Before the Company and its subsidiaries are engaged in investment and transaction business, a completed evaluation and analysis will be performed on subject of investments and transactions, issuer, credit and financial position information of counterparty and guarantee agency and it also will confirm the legality of the transaction. Meanwhile, the Company and its subsidiaries will confirm if transaction counterparty, issuer and guarantee agency exceed credit limits. In case of involving in the decision-making process of complex structured instrument, the Company and its subsidiaries should follow the authorization level related to credit risk management and have proper notification process and operating activities.

ii) Management of credit limit by hierarchy:

Considering the complexity and characteristics of the investment assets, the Company and its subsidiaries set credit hierarchical management system and manages them by different hierarchy, including the following:

1. By counterparty, issuer and guarantee agency, set credit limit and manage by different hierarchy.
2. By country, set credit limit and manage hierarchically.

Besides, it will reexamine credit limit when inside or outside economic circumstances have changed severely.

iii) Credit risk management after transaction:

1. Examine credit status periodically: Periodically review the overall credit market conditions to understand trends in the credit markets and get an early warning to credit risk. Also periodically examine credit status of counterparty, issuer and guarantee agency to fully reveal their risk situation.
2. Control credit risk limit by each position: Measure credit exposure amount monthly, compare with authorized credit risk limit and monitor the risk. Classification of the measuring credit exposure amount of the Company and its subsidiaries include: counterparty, issuer, guarantee agency, country and commodity. According to different business characteristics, the Company and its subsidiaries take individual or portfolio management approach to review the changes in credit status in connection with the transaction balance or position periodically.

(Continued)

**FUBON INSURANCE CO., LTD. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

c) Concentration of credit risk

In order to control the asset concentration risk, there are limits for single transactions and total transaction amounts with each counterparty, to ensure the risk is under control to certain degree.

i) Concentration of credit risk - district

<b>June 30, 2022</b>						
<b>By area</b>	<b>Taiwan</b>	<b>Rest of Asia</b>	<b>North America</b>	<b>Central and South America</b>	<b>Europe</b>	<b>Total</b>
Exposure amount	\$ 46,513,308	7,135,981	9,564,455	570,252	5,953,833	69,737,829
Ratio of the total	66.70 %	10.23 %	13.71 %	0.82 %	8.54 %	100.00 %

  

<b>December 31, 2021</b>						
<b>By area</b>	<b>Taiwan</b>	<b>Rest of Asia</b>	<b>North America</b>	<b>Central and South America</b>	<b>Europe</b>	<b>Total</b>
Exposure amount	\$ 58,935,416	8,592,715	9,476,131	614,494	7,310,515	84,929,271
Ratio of the total	69.39 %	10.12 %	11.16 %	0.72 %	8.61 %	100.00 %

  

<b>June 30, 2021</b>						
<b>By area</b>	<b>Taiwan</b>	<b>Rest of Asia</b>	<b>North America</b>	<b>Central and South America</b>	<b>Europe</b>	<b>Total</b>
Exposure amount	\$ 55,743,868	9,419,606	8,454,707	624,571	7,335,247	81,577,999
Ratio of the total	68.33 %	11.55 %	10.36 %	0.77 %	8.99 %	100.00 %

(Continued)

**FUBON INSURANCE CO., LTD. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

d) Credit risk exposure

Under IFRS 9 and IAS 32, maximum credit risk exposure (without considering collateral or other credit enhancements instruments) is carrying value deducted by expected credit loss.

<b>Non-Derivatives Financial Instruments</b>	<b>June 30, 2022</b>	
	<b>Book value</b>	<b>Maximum credit risk exposure</b>
Financial assets:		
Cash and cash equivalents	\$ 14,849,595	14,849,595
Receivables	8,949,722	8,949,722
Current tax assets	14,059	14,059
Financial assets at fair value through profit or loss	24,336,305	24,336,305
Financial assets at amortized cost	1,494,413	1,494,413
Financial assets at fair value through other comprehensive income	22,798,801	22,798,801
Reinsurance assets	10,368,011	10,368,011
Other assets	2,416,075	2,416,075
Financial liabilities:		
Accounts payable	16,146,587	16,146,587
Current tax liabilities	19,878	19,878
Lease liabilities	808,158	808,158
Other liabilities	442,393	442,393
<b>Derivatives Financial Instruments</b>		
Financial assets:		
Financial assets at fair value through profit or loss	\$ 3,110	3,110
Financial liabilities:		
Financial liabilities at fair value through profit or loss	737,966	737,966

(Continued)

**FUBON INSURANCE CO., LTD. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

<u>Non-Derivatives Financial Instruments</u>	<u>December 31, 2021</u>	
	<u>Book value</u>	<u>Maximum credit risk exposure</u>
Financial assets:		
Cash and cash equivalents	\$ 16,727,855	16,727,855
Receivables	5,657,190	5,657,190
Current tax assets	8,189	8,189
Financial assets at fair value through profit or loss	34,591,952	34,591,952
Financial assets at amortized cost	1,381,474	1,381,474
Financial assets at fair value through other comprehensive income	26,103,411	26,103,411
Reinsurance assets	8,004,273	8,004,273
Other assets	2,448,697	2,448,697
Financial liabilities:		
Accounts payable	15,615,111	15,615,111
Current tax liabilities	395,361	395,361
Lease liabilities	864,260	864,260
Other liabilities	448,809	448,809
 <u>Derivatives Financial Instruments</u>		
Financial assets:		
Financial assets at fair value through profit or loss	\$ 113,925	113,925
Financial liabilities:		
Financial liabilities at fair value through profit or loss	5,966	5,966

(Continued)

**FUBON INSURANCE CO., LTD. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

<u>Non-Derivatives Financial Instruments</u>	June 30, 2021	
	Book value	Maximum credit risk exposure
Financial assets:		
Cash and cash equivalents	\$ 12,300,215	12,300,215
Receivables	7,925,483	7,925,483
Financial assets at fair value through profit or loss	35,985,204	35,985,204
Financial assets at amortized cost	1,381,199	1,381,199
Other financial assets	7,266	7,266
Financial assets at fair value through other comprehensive income	23,802,561	23,802,561
Reinsurance assets	8,422,983	8,422,983
Other assets	2,464,765	2,464,765
Financial liabilities:		
Accounts payable	16,588,548	16,588,548
Current tax liabilities	451,299	451,299
Lease liabilities	228,922	228,922
Other liabilities	467,135	467,135
 <u>Derivatives Financial Instruments</u>		
Financial assets:		
Financial assets at fair value through profit or loss	\$ 249,971	249,971
Financial liabilities:		
Financial liabilities at fair value through profit or loss	16,750	16,750

e) Credit quality analysis

The Company and its subsidiaries periodically follow credit rating information issued by credit rating agency, and based on the rating, classified as low risk, moderate risk and high risk as following table:

- i) Low risk: The issuers or the counterparties are rated as robust or above to fulfill their obligation of the contracts. Even under various negative news or disadvantageous economic conditions, the companies are capable of dealing with the situations.
- ii) Medium risk: The issuers or the counterparties have lower capability of fulfilling their obligation. Negative news or disadvantageous economic conditions may weaken their financial statuses and result in the doubt of asset impairment or the loss of Fubon Life Insurance and its subsidiaries.

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**FUBON INSURANCE CO., LTD. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

- iii) High risk: The possibility that the issuers or counterparties fulfill their obligation is remote and mainly relies on the business environment. Negative news or disadvantageous economic conditions will lower their ability and willingness to fulfill their obligation.
- iv) The impaired items represent the amount of loss allowance provided for financial assets based on the regulations of accounting standards. Under the principle of prudence, the impaired amount is able to reflect the current value of the impaired assets. The information of credit quality is as follow:

	June 30, 2022										
	12-month ECL				Lifetime ECL (not credit-impaired financial assets)				Lifetime ECL (credit-impaired financial assets)	Impairment allowance	Total
	Low risk	Medium risk	High risk	Subtotal	Low risk	Medium risk	High risk	Subtotal			
Financial assets at fair value through other comprehensive income – debt instruments	\$ 21,329,689	-	-	21,329,689	-	-	-	-	-	-	21,329,689
Financial assets at amortized cost	1,494,915	-	-	1,494,915	-	-	-	-	-	502	1,494,413
<b>Total</b>	<b>\$ 22,824,604</b>	<b>-</b>	<b>-</b>	<b>22,824,604</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>502</b>	<b>22,824,102</b>
	December 31, 2021										
	12-month ECL				Lifetime ECL (not credit-impaired financial assets)				Lifetime ECL (credit-impaired financial assets)	Impairment allowance	Total
	Low risk	Medium risk	High risk	Subtotal	Low risk	Medium risk	High risk	Subtotal			
Financial assets at fair value through other comprehensive income – debt instruments	\$ 24,275,161	-	-	24,275,161	-	-	-	-	-	-	24,275,161
Financial assets at amortized cost	1,381,939	-	-	1,381,939	-	-	-	-	-	465	1,381,474
<b>Total</b>	<b>\$ 25,657,100</b>	<b>-</b>	<b>-</b>	<b>25,657,100</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>465</b>	<b>25,656,635</b>
	June 30, 2021										
	12-month ECL				Lifetime ECL (not credit-impaired financial assets)				Lifetime ECL (credit-impaired financial assets)	Impairment allowance	Total
	Low risk	Medium risk	High risk	Subtotal	Low risk	Medium risk	High risk	Subtotal			
Financial assets at fair value through other comprehensive income – debt instruments	\$ 22,160,303	-	-	22,160,303	-	-	-	-	-	-	22,160,303
Financial assets at amortized cost	1,381,666	-	-	1,381,666	-	-	-	-	-	467	1,381,199
<b>Total</b>	<b>\$ 23,541,969</b>	<b>-</b>	<b>-</b>	<b>23,541,969</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>467</b>	<b>23,541,502</b>

Note: The Company and its subsidiaries do not purchase new impairment financial assets.

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**FUBON INSURANCE CO., LTD. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

For all notes receivable, accounts receivable and repayable receivable, the Company and its subsidiaries apply the simplified approach to estimate the expected credit impairment, the analysis is as follows:

	June 30, 2022				Total
	Current	1 to 30 days past due	31 to 90 days past	More than 90 days past	
Expected credit loss rate	0%	2%~5%	10%~25%	25%~100%	
Gross carrying amount	\$ 10,345,571	2,367,819	435,823	274,117	13,423,330
Loss allowance provision	-	50,903	24,526	131,933	207,362

  

	December 31, 2021				Total
	Current	1 to 30 days past due	31 to 90 days past	More than 90 days past	
Expected credit loss rate	0%	2%~5%	10%~25%	25%~100%	
Gross carrying amount	\$ 9,004,995	971,829	167,302	280,974	10,425,100
Loss allowance provision	-	33,752	7,848	65,245	106,845

  

	June 30, 2021				Total
	Current	1 to 30 days past due	31 to 90 days past	More than 90 days past	
Expected credit loss rate	0%	2%~5%	10%~25%	25%~100%	
Gross carrying amount	\$ 11,843,509	1,207,142	208,298	383,159	13,642,108
Loss allowance provision	-	27,962	17,252	150,157	195,371

- f) Determining the credit risk has increased significantly since initial recognition
- i) If it is determined that the credit risk of a financial instrument at the reporting date is low, it can be assumed that the credit risk of the financial instrument has not increased significantly since the date of initial recognition. Judgment criteria: external credit rating above investment grade (BBB-).
  - ii) At each reporting date, the Company and its subsidiaries assessed all the financial instruments applicable for IFRS 9 to determine whether the credit risk has increased significantly since the initial recognition. In order to make this assessment, the Company and its subsidiaries consider reasonable and supportable information (including forward-looking information) that is indicative of significant increases in credit risk since initial recognition. The criteria include external credit rating, overdue status, credit spreads, and other market information related to the issuers or debtors.
- g) Definitions of default and credit-impaired financial assets

The definition of a financial asset default is the same as the assessment of a credit impairment in a financial asset. When one or more of the following events are met, the financial assets are credit-impaired.

- i) Quantitative indicators: When accounts receivable of financial assets are overdue for more than 90 days, it is determined that the financial assets have been credit-impaired.

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## FUBON INSURANCE CO., LTD. AND SUBSIDIARIES

### Notes to the Consolidated Financial Statements

- ii) Qualitative indicators: If there is evidence that the issuer or the debtor will be unable to pay the contract, or has significant financial difficulties, such as:
  1. the issuers or debtors are bankrupt or probably going to enter bankruptcy or financial reorganization;
  2. the contracts of other financial instruments of issuers or debtors have been default;
  3. The financial market for the financial asset disappeared due to the financial difficulties of the issuers or the debtors;
  4. The purchase or origination of a financial asset at a considerable amount of discount that reflects the incurred credit losses.
- iii) The above definition of default and credit impairment applies to all financial assets held by the Company and its subsidiaries and is consistent with the definition of the relevant financial assets used for internal credit risk management purposes and is also used in the relevant impairment assessment model.
- iv) If a financial asset no longer meets the definition of default and credit-impaired for six consecutive months, it is deemed to return to the state of compliance and is no longer considered to be a financial asset that has been default or credit-impaired.
- h) Measuring the expected credit losses
  - i) The methods and assumptions

If the credit risk on a financial instrument has not increased significantly since initial recognition, the Company and its subsidiaries shall measure the allowance for impairment of the financial instrument using the 12-month expected credit losses; if the credit risk on a financial instrument has increased significantly since initial recognition, the Company and its subsidiaries shall measure the allowance for impairment using the lifetime expected credit losses.

In order to measure expected credit losses, the Company and its subsidiaries consider the default probability (Probability of default, "PD") of financial assets or issuers or debtors, and loss given default rate ("LGD") multiplying the exposure at default ("EAD"), taking into account the time value of money as well evaluate 12-month and lifetime loss.

Default probability is the probability that the issuers' or the debtors' defaults, and the loss given default rate is the rate of loss caused by default by the issuers or debtors. The relevant indicators used by the Company and its subsidiaries are based on the default rate and loss given default rate published by Moody's.

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**FUBON INSURANCE CO., LTD. AND SUBSIDIARIES**  
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The Company and its subsidiaries measure the Exposure at default based on the amortized cost of financial instruments plus accrued interest. At reporting date, the Company and its subsidiaries assess the expected change in default risk during the life time of the financial instrument to determine if the credit risk has increased significantly since the initial recognition. The rules for determination are as follows: The financial instruments have the original rating, and at the reporting date is a non-investment grade, and it falls not more than one notch from the originally obtained.

ii) Consideration of forward-looking information

The Company and its subsidiaries obtain forward-looking information which it takes into consideration when determining whether the credit risk of financial instruments have increased significantly since initial recognition and assessing the expected credit losses. The default probability used for impairment assessment of the Company and its subsidiaries is based on the information which already includes forward-looking general economic information published by Moody's.

iii) For the six months ended June 30, 2022, there were no significant changes in evaluation techniques or material assumptions used in the measurement of expected credit losses.

iv) The changes in allowance for credit losses:

1. The changes in allowance for credit losses- investment in debt instruments measured at fair value through other comprehensive income.

	For the six months ended June 30, 2022			The provision of impairment in accordance with IFRS 9
	12-month ECL	Lifetime ECL (assessed on collective)	Lifetime ECL (assessed on individual)	
Beginning balance	\$ 10,166	-	-	10,166
Changes in financial instruments that have been identified at the beginning of the period:				
– The financial assets that have been derecognized	(605)	-	-	(605)
Originated or purchased new financial assets	665	-	-	665
Foreign exchange and other movement	924	-	-	924
Ending balance	<u>\$ 11,150</u>	<u>-</u>	<u>-</u>	<u>11,150</u>

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**FUBON INSURANCE CO., LTD. AND SUBSIDIARIES**  
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	For the six months ended June 30, 2021			
	12-month ECL	Lifetime ECL (assessed on collective)	Lifetime ECL (assessed on individual)	The provision of impairment in accordance with IFRS 9
Beginning balance	\$ 9,455	-	-	9,455
Changes in financial instruments that have been identified at the beginning of the period:				
— The financial assets that have been derecognized	(153)	-	-	(153)
Originated or purchased new financial assets	248	-	-	248
Foreign exchange and other movement	(250)	-	-	(250)
Ending balance	<u>\$ 9,300</u>	<u>-</u>	<u>-</u>	<u>9,300</u>

2. The changes in allowance for credit losses- Investment in debt instruments at amortized cost.

	For the six months ended June 30, 2022			
	12-month ECL	Lifetime ECL (assessed on collective)	Lifetime ECL (assessed on individual)	The provision of impairment in accordance with IFRS 9
Beginning balance	\$ 465	-	-	465
Foreign exchange and other movement	37	-	-	37
Ending balance	<u>\$ 502</u>	<u>-</u>	<u>-</u>	<u>502</u>

	For the six months ended June 30, 2021			
	12-month ECL	Lifetime ECL (assessed on collective)	Lifetime ECL (assessed on individual)	The provision of impairment in accordance with IFRS 9
Beginning balance	\$ 505	-	-	505
Foreign exchange and other movement	(38)	-	-	(38)
Ending balance	<u>\$ 467</u>	<u>-</u>	<u>-</u>	<u>467</u>

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**FUBON INSURANCE CO., LTD. AND SUBSIDIARIES**  
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2) Liquidity risk

Liquidity risk is divided into two types: “market liquidity risk” and” funding liquidity risk.” The Company and its subsidiaries monitored liquidity risk in compliance with its risk management rules. Funding liquidity risk is the risk that the entity cannot provide sufficient funding to meet the needs for the growth of asset level and the settlement of the obligation of matured liabilities, which caused late payment to counterparties or called for an emergency fund raising requirement to cover the funding gaps. Market liquidity risk is the loss incurred as a market participant unable to easily exit a position on a prevailing market price or to liquidate a position immediately while not hitting the best price due to insufficiency of market depth or market transparency, or market failure.

a) Management process of liquidity risk

i) Risk identification

To achieve liquidity risk management goal, the Company and its subsidiaries identified potential liquidity risk factors encountered during operation process. Those risk factors were such as funding liquidity risk factors, market liquidity risk factors and characteristics of products being traded.

ii) Risk measurement

The Company and its subsidiaries measured the possibility of occurrence and the degree of negative impact of risk events and risk factors by qualitative or quantitative method and compared these influences with risk limits set by the management which was used as a basis for the setting of the priority in risk control and the response measures subsequently.

iii) Risk monitoring

The Company and its subsidiaries will periodically monitor the outcome of the afore-mentioned model and test the accuracy of parameters and assumptions being used. established liquidity risk monitoring procedure to review and monitor utilization of various risk limits monthly. An action would be taken if the risk limits are breached. The Company and its subsidiaries have established proper monitor frequency and hierarchical reporting mechanism to deal with whenever there is any abnormal situation occurred or deficiency identified. A specific reporting procedure would be followed to ensure the timely response to significant liquidity risk.

iv) Risk responding

As liquidity risk occurs, the head of any related unit being impacted or relevant unit with the authority to deal with the event would respond to the event immediately, and report to risk management and related departments in accordance with the established authorization. Afterwards, every related unit would work with risk management department to investigate the underlying reason for the event, and develop a remediation plan, and risk management department would monitor the progress of the follow up actions.

(Continued)

**FUBON INSURANCE CO., LTD. AND SUBSIDIARIES**  
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- b) Liquidity risk management mechanism
- i) Management strategy of funding liquidity risk in operation and investment were as follows: ensure balance of capital inflow and outflow, examine and predict capital demand at present and in the future in accordance with strategies of operational management and investment activities, establish critical indicators of funding liquidity risk, and make appropriate adjustment with business strategy and market condition.

The Company and its subsidiaries manage the liquidity risk efficiently in two aspects, short-term and medium long term. Besides setting the percentage of liquid assets in total assets and the net everyday cash flow as standards of measurement and control, the Company and its subsidiaries have already established the immediate cash using information system, using proper market monetary instruments or foreign exchange instruments to allocate daily cash. Medium-long term liquidity management decreases related risk through annual reviewing on the assessment report of using assets and liabilities and applying the model of cash flow analysis to monitor the using of assets and liabilities.

- ii) For the liquidity risk management in the market, consider the transaction volume mainly, the strategy of sales development and the target of budget, according to the market size, dimension and market liquidity of every product, to set the key indicators of the liquidity risk in the market. For lower liquidity products, avoiding the occurrence liquidity risk, the Company and its subsidiaries control the transaction amount and the transaction conditions in every transaction.
- iii) The Company and its subsidiaries established complete risk management system to deal with the mass demand of cash in abnormal or urgent condition. Monitoring daily net cash flow, the Company and its subsidiaries established immediate cash flow estimation system and preserved proper amount of equivalent cash for future response. Financial department and accounting office provide risk management department with the condition of cash liquidity monthly, while risk management department also regularly reviews the limitation of market liquidity risk and it should inform the risk management committee with the indicators of the market liquidity risk and the management of the limitation. If the management indicator approaches the limitation, it should enhance the intention of the capital variation.

Possessing sufficient operating capital, government bonds and other securities to satisfy the capital demand in investment, pay liabilities matured and execute contracts' obligation, the Company and its subsidiaries confront low liquidity in compliance with rules.

**FUBON INSURANCE CO., LTD. AND SUBSIDIARIES**  
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iv) The maturity analysis is as follows:

		June 30, 2022							
		less than one year	1 to 3 year	3 to 5 year	5 to 10 year	10 to 20 year	more than 20 years	no maturity date	Total
The maturity analysis of financial assets									
	Financial assets measured at fair value through other comprehensive income	\$ 895,333	2,602,173	3,852,440	4,036,625	2,485,795	4,789,236	2,668,087	21,329,689
	Financial assets measured at amortized cost	-	-	-	-	103,383	1,391,030	-	1,494,413
		<u>\$ 895,333</u>	<u>2,602,173</u>	<u>3,852,440</u>	<u>4,036,625</u>	<u>2,589,178</u>	<u>6,180,266</u>	<u>2,668,087</u>	<u>22,824,102</u>
		December 31, 2021							
		less than one year	1 to 3 year	3 to 5 year	5 to 10 year	10 to 20 year	more than 20 years	no maturity date	Total
The maturity analysis of financial assets									
	Financial assets measured at fair value through other comprehensive income	\$ 1,966,418	2,383,476	2,579,538	6,105,268	2,887,039	5,538,877	2,814,545	24,275,161
	Financial assets measured at amortized cost	-	-	-	-	107,337	1,274,137	-	1,381,474
		<u>\$ 1,966,418</u>	<u>2,383,476</u>	<u>2,579,538</u>	<u>6,105,268</u>	<u>2,994,376</u>	<u>6,813,014</u>	<u>2,814,545</u>	<u>25,656,635</u>
		June 30, 2021							
		less than one year	1 to 3 year	3 to 5 year	5 to 10 year	10 to 20 year	more than 20 years	no maturity date	Total
The maturity analysis of financial assets									
	Financial assets at fair through profit or loss	\$ 86,291	-	-	-	-	-	-	86,291
	Financial assets measured at fair value through other comprehensive income	1,127,103	2,517,196	3,014,174	4,843,573	2,957,608	5,388,122	2,312,527	22,160,303
	Financial assets measured at amortized cost	-	-	-	-	119,883	1,261,316	-	1,381,199
		<u>\$ 1,213,394</u>	<u>2,517,196</u>	<u>3,014,174</u>	<u>4,843,573</u>	<u>3,077,491</u>	<u>6,649,438</u>	<u>2,312,527</u>	<u>23,627,793</u>

3) The maturity analyses of derivative assets and liabilities

All of the forward rate contracts and swap contracts are not held for trading, but mainly for avoiding the foreign exchange rate risk generated from the foreign investment capital. Being high liquidity monetary, whose probability of being unable to sale in the market is extremely small, the liquidity risk of the currency held is low. Matured forward rate contracts and swap contracts almost will be continued and there is enough capital for settlement. Therefore, the liquidity risk of the capital is low. The maturity analysis of derivative financial instruments is as follows:

		June 30, 2022					
		less than one year	1 to 3 year	3 to 5 year	5 to 10 year	no maturity date	Total
The maturity analysis of financial assets		<u>\$ 3,110</u>	-	-	-	-	<u>3,110</u>
The maturity analysis of financial liabilities		<u>\$ 737,966</u>	-	-	-	-	<u>737,966</u>
		December 31, 2021					
		less than one year	1 to 3 year	3 to 5 year	5 to 10 year	no maturity date	Total
The maturity analysis of financial assets		<u>\$ 113,925</u>	-	-	-	-	<u>113,925</u>
The maturity analysis of financial liabilities		<u>\$ 5,966</u>	-	-	-	-	<u>5,966</u>

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**FUBON INSURANCE CO., LTD. AND SUBSIDIARIES**  
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	June 30, 2021					Total
	less than one year	1 to 3 year	3 to 5 year	5 to 10 year	no maturity date	
The maturity analysis of financial assets	\$ 249,971	-	-	-	-	249,971
The maturity analysis of financial liabilities	\$ 16,750	-	-	-	-	16,750

4) Market risk

Market risk is the risk of losses in the value of assets in a given period resulting from unfavorable changes in the asset's market prices. To prevent the occurrence of market risk, the management has set a monitor system based on the internal management policies and relevant regulations. Moreover, the Company and its subsidiaries also established a sound crisis response mechanism to deal with emergency or abnormal event.

a) Management process of market risk

i) Risk identification

To achieve market risk management goal, the Company and its subsidiaries identified potential market risk factors encountered during operation process. Positions held by the Company and its subsidiaries in different financial instruments were classified into four categories, mainly interest, foreign exchange rate, equity security and commodity, according to accounting standards.

ii) Risk measurement

1. Establish a risk quantification model, adopting basic statistical measurement, sensitivity analysis and scenario analysis etc., for different risk factors to measure market risk.
2. The risk measurement model is closely integrated with daily risk management. Analyze outcome from the risk model for better market risk planning, supervision and control.
3. Measure possible losses from the holding position daily under normal market fluctuation and perform stress testing monthly.
4. Evaluate accuracy of the risk model by retroactive testing or other methodologies, when adopting statistical method to measure market risk.

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**FUBON INSURANCE CO., LTD. AND SUBSIDIARIES**  
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iii) Risk monitoring

The Company and its subsidiaries established market risk monitoring procedure to review and monitor utilization of various risk limits monthly. An action would be taken if the risk limit is breached. The Company and its subsidiaries have established proper monitoring frequency and hierarchical reporting mechanism to ensure proper reporting whenever there is any abnormal situation occurred or any deficiency identified. A specific reporting procedure would be followed to ensure the control of timing in dealing with significant market risk.

iv) Risk responding

As market risk occurs, the head of any related unit being impacted or in charge unit with relevant authority would respond to the event immediately, and report to risk management and related departments based on the established authorization. Afterwards, every related unit would work with risk management department to investigate the underlying reason for the risk event, develop a remediation plan, and risk management department would monitor the progress of the follow up actions.

b) Concentration of market risk

The mainly counterparty and buyer of financial instruments of the Company and its subsidiaries were financial industry. There were rules about limitation of the government bonds, fixed income bonds, bonds, convertible bonds, funds, stocks, derivative financial instruments, structured notes and bonds securitization to control the risk.

c) Market risk management mechanism

i) Risk tolerance management

Risk tolerance refers to the maximum amount of risk an entity is willing to withstand. Market risk tolerance is submitted to and approved by the risk management committee annually.

ii) Risk limit management

Establishment of risk limits is to put risk tolerance management into practice. Risk limits for different financial products were made by trading position, investment position and hedging position separately. When setting risk limits, various factors were taken into account, such as risk tolerance, business history, expected budget target, market liquidity of a specific product, historical utilization of risk limits, traders' trading experiences, trading system and supports by the operation department. The amendment of risk limits should be approved in advance by the Company's risk department; after being signed and authorized through internal delegation, it is then submitted to the risk management committee for review before being presented to the Board of Directors for approval. Under system support, the Company and its subsidiaries' limits include VaR and foreign exchange risk.

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**FUBON INSURANCE CO., LTD. AND SUBSIDIARIES**  
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iii) Valuation management

Commodity was evaluated based on the market value if it is available. If the market value is not readily available, the product value will be calculated by the latest market price, quotation from the counterparty or valuation model.

d) Risk value model

Risk value is a statistical estimate of probable worst outcome during normal fluctuation. The Company and its subsidiaries used value at risk (VaR) model to measure the potential maximum loss in value of an investment portfolio at risk over a period of ten days for a 99% confidence interval with respect to different market factors.

The Company and its subsidiaries applied retroactive testing which provides estimates of the accuracy of VaR model to check whether a VaR methodology is being used appropriately, completely and accurately in measuring the potential maximum loss in value of an investment portfolio. The retroactive testing procedure consists of calculating the number or percentage of times that the actual portfolio returns fall outside the VaR estimate. A VaR was computed over a period of one year with reconciled profit and loss on a daily basis. The Company and its subsidiaries will periodically monitor the outcome of the afore-mentioned model and test the accuracy of parameters and assumptions being used.

i) The Company

<b>Common VaR</b>	<b>June 30, 2022</b>		
	<b>Average</b>	<b>Highest</b>	<b>Lowest</b>
Fixed income group	\$ 711,966	863,621	421,746
Equity group	1,809,757	2,470,680	1,340,854
Fund group	109,179	167,767	82,180
Asset securitization group	48,914	80,768	37,857
Total position	1,998,563	2,632,476	1,409,389

<b>Common VaR</b>	<b>December 31, 2021</b>		
	<b>Average</b>	<b>Highest</b>	<b>Lowest</b>
Fixed income group	\$ 504,169	703,220	361,950
Equity group	2,085,177	2,634,621	1,629,003
Fund group	125,164	212,572	75,188
Asset securitization group	90,999	101,267	56,429
Total position	2,210,565	2,729,511	1,649,536

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<u>Common VaR</u>	<u>June 30, 2021</u>		
	<u>Average</u>	<u>Highest</u>	<u>Lowest</u>
Fixed income group	\$ 583,019	703,220	466,083
Equity group	2,039,512	2,488,965	1,697,445
Fund group	147,516	212,572	79,475
Asset securitization group	95,643	101,267	56,429
Total position	2,252,844	2,729,511	1,813,534

ii) Subsidiary - Fubon P&C Insurance Co., Ltd

<u>Common VaR</u>	<u>June 30, 2022</u>		
	<u>Average</u>	<u>Highest</u>	<u>Lowest</u>
Fixed income group	\$ 11,950	18,688	8,795
Equity group	39,252	60,825	26,315
Total position	41,825	60,673	25,958

<u>Common VaR</u>	<u>December 31, 2021</u>		
	<u>Average</u>	<u>Highest</u>	<u>Lowest</u>
Fixed income group	\$ 14,828	45,967	11,301
Equity group	75,782	102,246	45,987
Total position	77,566	133,694	46,421

<u>Common VaR</u>	<u>June 30, 2021</u>		
	<u>Average</u>	<u>Highest</u>	<u>Lowest</u>
Fixed income group	\$ 15,800	102,246	12,473
Equity group	79,694	91,589	12,435
Total position	82,616	133,694	59,057

Note 1: VaR was adopted from January 1 to June 30, 2022. January 1 to December 31, 2021 and January 1 to June 30, 2021.

Note 2: VaR was computed over a period of ten days.

The subsidiaries in Vietnam, Thailand and Philippines don't need to disclose the information of VaR due to having no investment position.

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**FUBON INSURANCE CO., LTD. AND SUBSIDIARIES**  
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(iii) Transfer of financial assets

Among the routine operational transactions, the Company and its subsidiaries' financial assets that are not derecognized in their entirety are mostly loaned equity securities under securities lending agreement. In such transactions, the contractual rights to the cash flows from the assets has been transferred to other parties and the Company and its subsidiaries reflect the associated financial liabilities of repurchasing the equity securities loaned at fixed prices in future periods. Since the Company and its subsidiaries are not allowed to use, sell, or pledge the transferred financial assets during the effective period of the agreement, the financial assets are not derecognized in their entirety, but the Company and its subsidiaries still bear the risks of interest rates and credit loans. As of June 30, 2022, December 31 and June 30, 2021, the Company and its subsidiaries did not have any derecognized transfer of financial assets.

(iv) Offsetting financial asset and financial liability

The Company and its subsidiaries have some offsetting condition not following the standards but has signed some commitments or similar protocol specification with counterparty. If it settles on a net basis, financial assets and financial liabilities can be offset to settle. If not, it settles on a total basis. But if anything against commitment occurs, another party of the transaction can choose to settle on a net basis. The details are as follows:

June 30, 2022						
Financial asset which available offset master netting arrangement or similar agreement standard						
	Total recognized financial assets (a)	Total recognized financial liability has offset in financial statement (b)	Net recognized financial assets (c)=(a)-(b)	Not offset amount in financial statement (d)		Total (e)=(c) (d)
				Financial instruments	Collateralized cash	
Derivative financial instruments	\$ 3,110	-	3,110	3,110	-	-
June 30, 2022						
Financial liability which available offset master netting arrangement or similar agreement standard						
	Total recognized financial liability (a)	Total recognized financial asset has offset in financial statement (b)	Net recognized financial liability (c)=(a)-(b)	Not offset amount in financial statement (d)		Total (e)=(c) (d)
				Financial instruments	Collateralized cash	
Derivative financial instruments	\$ 737,966	-	737,966	3,110	-	734,856
December 31, 2021						
Financial asset which available offset master netting arrangement or similar agreement standard						
	Total recognized financial assets (a)	Total recognized financial liability has offset in financial statement (b)	Net recognized financial assets (c)=(a)-(b)	Not offset amount in financial statement (d)		Total (e)=(c) (d)
				Financial instruments	Collateralized cash	
Derivative financial instruments	\$ 113,925	-	113,925	5,966	-	107,959
December 31, 2021						
Financial liability which available offset master netting arrangement or similar agreement standard						
	Total recognized financial liability (a)	Total recognized financial asset has offset in financial statement (b)	Net recognized financial liability (c)=(a)-(b)	Not offset amount in financial statement (d)		Total (e)=(c) (d)
				Financial instruments	Collateralized cash	
Derivative financial instruments	\$ 5,966	-	5,966	5,966	-	-

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June 30, 2021						
	Financial asset which Available offset Master netting arrangement or similar agreement standard		Not offset amount in financial statement			
	Total recognized financial assets	Total recognized financial liability has offset in financial statement	Net recognized financial assets	(d)		Total
	(a)	(b)	(c)=(a)-(b)	Financial instruments	Collateralized cash	(e)=(c) (d)
Derivative financial instruments	\$ 249,971	-	249,971	16,750	-	233,221

  

June 30, 2021						
	Financial liability which Available offset Master netting arrangement or similar agreement standard		Not offset amount in financial statement			
	Total recognized financial liability	Total recognized financial asset has offset in financial statement	Net recognized financial liability	(d)		Total
	(a)	(b)	(c)=(a)-(b)	Financial instruments	Collateralized cash	(e)=(c) (d)
Derivative financial instruments	\$ 16,750	-	16,750	16,750	-	-

(aa) Capital Management

The target of capital management of the Company and its subsidiaries are ensuring the ability of going concern to realize the benefit of shareholders, protect the interests of the other stakeholders, and maintain an optimal capital structure to reduce the cost of funds. In order to maintain or adjust the structure of Capital, the Company and its subsidiaries may adjust the dividends paid to shareholders, deduct capital by returning cash to stockholders, issue new shares, or sell assets to pay the liabilities.

The Company and its subsidiaries control the capital based on the liabilities to capital ratio, calculated as the company's net liabilities divided by its total capital. Net liabilities include total liabilities minus cash and Cash and Cash equivalents. Total capital consists of the components of equity, such as Common stock, Capital surplus - additional paid-in capital, Retained earnings, Other equity, and Non-controlling interest, and Net liabilities.

As of June 30, 2022, the method of capital management of the Company and its subsidiaries remains the same.

(ab) Structured entities not included in the consolidated financial statements

- (i) The Company and its subsidiaries possess the equities of the following structured entities which are not included in the consolidated financial statements. The fund is from the Company and its subsidiaries and an outside third party:

<u>Types of structured entity</u>	<u>Characteristic and purpose</u>	<u>Equity owned by the Company and its subsidiaries</u>
Private equity fund	Invests in funds that cannot be traded in a public market	Invests in the fund units issued by the funds or limited partnership equity
Assets securitization products	Invests in assets securitization products of commercial real estate and financial asset beneficiary securities	Asset-backed securities issued by the entity

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**FUBON INSURANCE CO., LTD. AND SUBSIDIARIES**  
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- (ii) The carrying amount of the assets related to the structured entities recognized by the Company and its subsidiaries but not yet included in the consolidated financial statements on June 30, 2022, December 31 and June 30, 2021, is as follows:

<u>June 30, 2022</u>	<u>Private equity fund</u>	<u>Asset securitization products</u>
<b>Assets possessed by the Company and its subsidiaries</b>		
-Financial assets at fair value through profit or loss	\$ 64,129	1,952,980
-Financial assets at fair value through other comprehensive income	-	302,316
-Financial assets at amortized cost	-	103,383
Total assets possessed by the Company and its subsidiaries	<u>\$ 64,129</u>	<u>2,358,679</u>
<u>December 31, 2021</u>	<u>Private equity fund</u>	<u>Asset securitization products</u>
<b>Assets possessed by the Company and its subsidiaries</b>		
-Financial assets at fair value through profit or loss	\$ 67,646	2,037,143
-Financial assets at amortized cost	-	107,338
Total assets possessed by the Company and its subsidiaries	<u>\$ 67,646</u>	<u>2,144,481</u>
<u>June 30, 2021</u>	<u>Private equity fund</u>	<u>Asset securitization products</u>
<b>Assets possessed by the Company and its subsidiaries</b>		
-Financial assets at fair value through profit or loss	\$ 86,037	2,054,212
-Financial assets at amortized cost	-	119,883
Total assets possessed by the Company and its subsidiaries	<u>\$ 86,037</u>	<u>2,174,095</u>

The maximum exposure of the possible loss from the entity is the carrying amount of the assets possessed.

- (iii) The Company and its subsidiaries did not provide any financial support for the private equity funds and the asset securitization products not included in the consolidated financial statements for the six months ended June 30, 2022 and 2021.

(Continued)

**FUBON INSURANCE CO., LTD. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

(ac) Investing and financing activities not affecting current cash flow

The Company and its subsidiaries' investing and financing activities which did not affect the current cash flow for the six months ended June 30, 2022 and 2021 were as follows:

- (i) For details of right-of-use assets under leases, please refer to note 6(j).  
(ii) Reconciliation of liabilities arising from financing activities were as follows:

	<b>For the six months ended June 30,</b>	
	<b>2022</b>	<b>2021</b>
Beginning balance	\$ 864,260	212,474
Cash flows from financing activities		
Payment of lease liabilities	(114,780)	(50,629)
Net cash flows from financing activities	(114,780)	(50,629)
Effect of exchange rate changes	2,083	(1,013)
Others		
Other changes related to liabilities		
Sign/ update lease contracts	57,108	68,324
Interest expense	15,226	4,687
Interest payment	(15,739)	(4,921)
Net increase related to liabilities	56,595	68,090
Ending balance	<b>\$ 808,158</b>	<b>228,922</b>

**(7) Related-party transactions:**

- (a) Names and relationship of related parties

<b>Name of Related Party</b>	<b>Relationship with the Company and its subsidiaries</b>
Fubon Financial Holding Co., Ltd.	Parent company
Fubon Life Insurance Co., Ltd.	The same parent company
Taipei Fubon Commercial Bank Co., Ltd.	The same parent company
Fubon Securities Co., Ltd.	The same parent company
Fubon Direct Marketing Consulting Co., Ltd.	The same parent company
Fubon Financial Holding Venture Capital	The same parent company
Fubon Assets Management Co., Ltd.	The same parent company
Fubon Bank (Hong Kong) Limited	The same parent company
Fubon Securities Investment Trust Co., Ltd.	The same parent company
Jih Sun Financial Holding Co., Ltd.	A subsidiary of Fubon Financial Holding Co., Ltd.
Xiamen Bank Co., Ltd.	The associate of Fubon Financial Holding Co., Ltd. under Equity Method

(Continued)

**FUBON INSURANCE CO., LTD. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

<b>Name of Related Party</b>	<b>Relationship with the Company and its subsidiaries</b>
Fubon Bank (China) Co., Ltd.	A subsidiary of Fubon Financial Holdings and Taipei Fubon Commercial Bank Holding 100% Shares
TFB Capital Co., Ltd.	The investee recognized under Equity Method
Fubon Life Insurance (Vietnam) Co., Ltd.	The investee recognized under Equity Method
Carter Lane (Guernsey) Limited	The investee recognized under Equity Method
Bow Bells House (Jersey) Limited	The investee recognized under Equity Method
Fubon Life Insurance (Hong Kong) Co., Ltd.	The investee recognized under Equity Method
Fubon MTL Property (Jersey) Limited	The investee recognized under Equity Method
Fubon Ellipse (Belgium) Limited	The investee recognized under Equity Method
Fubon Hyundai Life Insurance Co., Ltd.	The investee recognized under Equity Method
Fubon Eurotower (Luxembourg) SARL	The investee recognized under Equity Method
Fubon Futures Co., Ltd.	The investee recognized under Equity Method
Fubon Securities Investment Consulting Co., Ltd.	The investee recognized under Equity Method
Fubon Securities Venture Capital Co., Ltd.	The investee recognized under Equity Method
Fubon Venture Capital Co., Ltd.	The investee recognized under Equity Method
Fubon Investment Holding (BVI) Ltd.	The investee recognized under Equity Method
Fubon Securities (HK) Ltd.	The investee recognized under Equity Method
Fubon Private Equity Co., Ltd.	The investee recognized under Equity Method
Fubon Digital Music Asset Management Co., Ltd.	The investee recognized under Equity Method
Fubon Fund Management (Hong Kong) Limited	The investee recognized under Equity Method
Fubon Digital Music GP Limited	The investee recognized under Equity Method
Fu Sheng Insurance Agency Co., Ltd.	The investee recognized under Equity Method
Fubon Insurance Agency Co., Ltd.	The investee recognized under Equity Method
Fubon Sports & Entertainment Co., Ltd.	The investee recognized under Equity Method
Fubon Stadium Co., Ltd.	The investee recognized under Equity Method
Fubon Credit (Hong Kong) Ltd.	The investee recognized under Equity Method
Fubon Securities (Hong Kong) Ltd.	The investee recognized under Equity Method
Fubon Nominees (Hong Kong) Limited	The investee recognized under Equity Method
Fubon Insurance Brokers Limited	The investee recognized under Equity Method
Admiralty Finance Company Limited	The investee recognized under Equity Method
Aquarius (Nominees) Limited	The investee recognized under Equity Method
Fubon Property Management Co., Ltd.	The investee recognized under Equity Method

(Continued)

**FUBON INSURANCE CO., LTD. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

<u>Name of Related Party</u>	<u>Relationship with the Company and its subsidiaries</u>
Founder Fubon Fund Management Limited	The investee recognized under Equity Method
Citic Futong Financial Leasing Limited	The investee recognized under Equity Method
Citic Capital Holdings Limited	The investee recognized under Equity Method
Fubon Health Management Consulting Co., Ltd.	The investee recognized under Equity Method
Bravelog Sport Technology Co., Ltd.	The investee recognized under Equity Method
Shing Ho Energy Co., Ltd.	The investee recognized under Equity Method
Shing Yau Energy Co., Ltd.	The investee recognized under Equity Method
Line Biz+ Taiwan Limited	The investee recognized under Equity Method
Ho Shih Shuo Power Co., Ltd.	The investee recognized under Equity Method
LINE Bank Co., Ltd.	The investee recognized under Equity Method
Jih Sun Securities Co., Ltd.	The investee recognized under Equity Method
Jih Sun Futures Co., Ltd.	The investee recognized under Equity Method
Jih Sun International Investment Holding Company Limited	The investee recognized under Equity Method
JS CRESVALE Securities International Limited	The investee recognized under Equity Method
JS CRESVALE Capital Limited	The investee recognized under Equity Method
Jih Sun Securities Investment Consulting Co., Ltd.	The investee recognized under Equity Method
Jih Sun Venture Capital Co., Ltd.	The investee recognized under Equity Method
JihSun International Commercial Bank Co., Ltd.	The investee recognized under Equity Method
Jih Sun Life Insurance Agency Co., Ltd.	The investee recognized under Equity Method
Jih Sun International Property Insurance Agency Co., Ltd.	The investee recognized under Equity Method
Jih Sun Securities Investment Trust Co., Ltd.	The investee recognized under Equity Method
XinDing Number One Energy Co., Ltd.	The investee recognized under Equity Method
Sichuan Vip Fubon Consumer Finance Co., Ltd.	The investee recognized under Equity Method
Hyundai Card Co., Ltd.	The investee recognized under Equity Method
Aquastar Energy Corporation	The investee recognized under Equity Method
Shenzhen Teng Fu Bo Investment Limited	The associate of Fubon P&C Insurance Co., Ltd. under equity method
Xiamen Jinfuyuan Insurance Surveyors and Loss Adjusters Limited	The associate of Fubon P&C Insurance Co., Ltd. under equity method
ZA Life Limited	The associate of Fubon Life Insurance (Hong Kong) Co., Ltd. under Equity method

(Continued)

**FUBON INSURANCE CO., LTD. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

<b>Name of Related Party</b>	<b>Relationship with the Company and its subsidiaries</b>
Fubon Multimedia Technology Co, Ltd.	Affiliates
Taiwan Mobile Co., Ltd.	Affiliates
Taiwan Pelican Express Co., Ltd.	Affiliates
Taiwan High Speed Railway Co., Ltd.	Affiliates
Taipei City Government	Affiliates
Taipei Culture Foundation Co, Ltd.	Affiliates
Carplus Auto Leasing Co., Ltd.	Affiliates
Taihsin Property Insurance Agent Co., Ltd.	Affiliates
Tokio Marine Nawa Insurance Co., Ltd.	Affiliates
O-Bank Co., Ltd.	Affiliates
Far Eastern International Bank Co., Ltd.	Affiliates
Taiwan Business Bank, Ltd.	Affiliates
Fubon Industrial Fujian Limited	Affiliates
Fubon Charity Foundation	Affiliates
MediaTek INC.	Affiliates
Kbro Media Co., Ltd.	Affiliates
YFY Inc.	Affiliates
Alpha Networks Inc.	Affiliates
Crystalvue Medical Co., Ltd.	Affiliates
Fubon Land Development Co., Ltd.	Affiliates
Fubon Property Management Co., Ltd.	Affiliates
Yuchang Motor Co., Ltd.	Affiliates
Empower Motor Co., Ltd.	Affiliates
Taiwan Fixed Network Co., Ltd.	Affiliates
Other related parties	Directors, supervisors, managers, chairman of the board, general manager and their close relatives and other affiliates, etc.

(Continued)

**FUBON INSURANCE CO., LTD. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

(b) Significant transactions with related parties are as follows:

(i) The details of premium were as follows:

1) Premium

<b>Names of related parties</b>	<b>For the three months ended June 30,</b>			
	<b>2022</b>		<b>2021</b>	
	<b>Amount</b>	<b>%</b>	<b>Amount</b>	<b>%</b>
Taipei Fubon Commercial Bank Co., Ltd.	\$ 17,834	0.10	3,071	0.02
Fubon Life Insurance Co., Ltd.	66,250	0.38	61,804	0.39
Fubon Multimedia Technology Co., Ltd.	321	-	355	-
Fubon Securities Co., Ltd.	1,526	0.01	786	0.01
Taiwan Mobile Co., Ltd.	25,330	0.14	25,798	0.16
Taiwan Pelican Express Co., Ltd.	-	-	992	0.01
Taipei City Government	12,497	0.07	1,287	0.01
MediaTek INC.	1,261	0.01	396	-
Alpha Networks Inc.	12,340	0.07	-	-
Kbro Media Co., Ltd.	13,972	0.08	14,868	0.09
LINE Bank Taiwan	(602)	-	1,629	0.01
Carplus Auto Leasing Co., Ltd.	78,281	0.45	83,134	0.52
Crystalvue Medical Co., Ltd.	3	-	11,386	0.07
YFY Inc.	-	-	11,289	0.07
Others (accounts with balances of less than \$10,000 thousand)	33,287	0.19	32,603	0.20
	<b>\$ 262,300</b>		<b>249,398</b>	

(Continued)

**FUBON INSURANCE CO., LTD. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

<u>Names of related parties</u>	<b>For the six months ended June 30,</b>			
	<b>2022</b>		<b>2021</b>	
	<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>
Taipei Fubon Commercial Bank Co., Ltd.	\$ 122,882	0.37	94,761	0.31
Fubon Life Insurance Co., Ltd.	76,359	0.23	63,968	0.21
Fubon Multimedia Technology Co., Ltd.	41,886	0.13	28,698	0.09
Fubon Securities Co., Ltd.	10,891	0.03	11,164	0.04
Jih Sun Financial Holding Co., Ltd.	11,636	0.03	-	-
Taiwan Mobile Co., Ltd.	31,331	0.09	31,879	0.10
Taiwan Pelican Express Co., Ltd.	-	-	21,858	0.07
Taipei City Government	15,184	0.05	59,570	0.19
MediaTek INC.	13,911	0.04	5,035	0.02
Alpha Networks Inc.	12,984	0.04	626	-
Kbro Media Co., Ltd.	16,175	0.05	17,032	0.06
LINE Bank Co., Ltd.	10,598	0.03	13,229	0.04
Carplus Auto Leasing Co., Ltd.	176,523	0.53	172,831	0.56
Crystalvue Medical Co., Ltd.	383	-	11,788	0.04
YFY Inc.	10	-	11,289	0.04
Others (accounts with balances of less than \$10,000 thousand)	101,927	0.30	80,382	0.26
	<u>\$ 642,680</u>		<u>624,110</u>	

(Continued)

**FUBON INSURANCE CO., LTD. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

2) Premium revenue receivables

Names of related parties	June 30, 2022		December 31, 2021		June 30, 2021	
	Amount	%	Amount	%	Amount	%
Taipei Fubon Commercial Bank Co., Ltd.	\$ 25,180	0.38	23,041	0.71	25,574	0.46
Fubon Life Insurance Co., Ltd.	66,656	1.01	6,879	0.21	63,255	1.14
Taipei City Government	758	0.01	1,244	0.04	41,259	0.74
Taiwan High Speed Railway Co., Ltd.	3,041	0.05	90,507	2.78	2,013	0.04
Fubon Multimedia Technology Co., Ltd.	1,608	0.03	11,214	0.34	792	0.02
Taipei Culture Foundation Co., Ltd.	-	-	15,650	0.48	-	-
LINE Bank Taiwan	9,880	0.15	2,900	0.09	10,171	0.18
YFY Inc.	8	-	78	-	11,288	0.20
Kbro Media Co., Ltd.	14,395	0.22	2,688	0.08	16,575	0.30
Others (accounts with balances of less than \$10,000 thousand)	15,115	0.23	27,061	0.83	14,699	0.27
	<u>\$ 136,641</u>		<u>181,262</u>		<u>185,626</u>	

The terms of transactions were similar to those of non-related parties.

(ii) Rental revenue

Names of related parties	For the three months ended June 30,			
	2022		2021	
	Rental Revenue	%	Rental Revenue	%
Taipei Fubon Commercial Bank Co., Ltd.	\$ 19,245	24.87	25,269	27.89
Fubon Life Insurance Co., Ltd.	22,967	29.68	22,860	25.23
Fubon Financial Holding Co., Ltd.	-	-	6,257	6.91
Others (accounts with balances of less than \$10,000 thousand)	13,901	17.97	15,125	16.69
	<u>\$ 56,113</u>		<u>69,511</u>	

(Continued)

**FUBON INSURANCE CO., LTD. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

Names of related parties	For the six months ended June 30,			
	2022		2021	
	Rental Revenue	%	Rental Revenue	%
Taipei Fubon Commercial Bank Co., Ltd.	\$ 38,237	24.77	50,513	27.97
Fubon Life Insurance Co., Ltd.	45,691	29.60	45,711	25.31
Fubon Financial Holding Co., Ltd.	-	-	12,546	6.95
Others (accounts with balances of less than \$10,000 thousand)	28,498	18.46	30,139	16.69
	<u>\$ 112,426</u>		<u>138,909</u>	

Names of related parties	June 30, 2022		December 31, 2021		June 30, 2021	
	Guarantee deposit received	%	Guarantee deposit received	%	Guarantee deposit received	%
Taipei Fubon Commercial Bank Co., Ltd.	\$ 19,586	4.43	19,458	4.34	26,011	5.57
Fubon Life Insurance Co., Ltd.	23,760	5.36	23,760	5.30	23,897	5.12
Others (accounts with balances of less than \$10,000 thousand)	14,009	3.17	14,411	3.21	21,146	4.52
	<u>\$ 57,355</u>		<u>57,629</u>		<u>71,054</u>	

The terms of transactions were similar with those of non-related parties.

(iii) Funds purchased from related parties were as follows:

Names of funds	June 30, 2022	December 31, 2021	June 30, 2021
	Funds of Jih Sun securities Investment Trust Co., Ltd	\$ -	-
Funds of Fubon securities Investment Trust Co., Ltd	14,700	-	-
	<u>\$ 14,700</u>	<u>-</u>	<u>448,109</u>

(iv) Investments purchased from Fubon No.1 and No.2 REIT were as follows:

Names of funds	June 30, 2022	December 31, 2021	June 30, 2021
	Fubon No.1 REIT	\$ 939,251	1,018,232
Fubon No.2 REIT	1,013,729	1,018,911	1,042,230
	<u>\$ 1,952,980</u>	<u>2,037,143</u>	<u>2,054,212</u>

(Continued)

**FUBON INSURANCE CO., LTD. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

(v) Other accounts receivable (payable) and prepaid (advance receipts)

1) Other accounts receivable and prepaid

	June 30, 2022		December 31, 2021		June 30, 2021	
	Amount	%	Amount	%	Amount	%
Fubon Life Insurance Co., Ltd.	\$ 3,236	0.17	13,390	0.76	8,646	0.47
Others (accounts with balances of less than \$10,000 thousand)	4,368	0.23	3,678	0.21	1,598	0.09
	<u>\$ 7,604</u>	<u>0.40</u>	<u>17,068</u>	<u>0.97</u>	<u>10,244</u>	<u>0.56</u>

2) Accounts payable and advance receipts

	June 30, 2022		December 31, 2021		June 30, 2021	
	Amount	%	Amount	%	Amount	%
Taipei Fubon Commercial Bank Co., Ltd.	\$ 9,061	0.14	21,746	0.35	7,101	0.10
Fubon Securities Co., Ltd.	1,467	0.02	110,184	1.77	2,631	0.03
Fubon Life Insurance Co., Ltd.	299,357	4.68	248,589	3.99	420,096	5.74
Fubon Insurance Agency Co., Ltd.	227,423	3.56	222,118	3.57	215,973	2.95
Taihsin Property Insurance Agent Co., Ltd.	26,740	0.42	3,098	0.05	23,392	0.32
Others (accounts with balances of less than \$10,000 thousand)	13,481	0.21	9,065	0.15	10,262	0.14
	<u>\$ 577,529</u>	<u>9.03</u>	<u>614,800</u>	<u>9.88</u>	<u>679,455</u>	<u>9.28</u>

(vi) Consolidated Tax Return System

Commencing from 2002, Fubon Financial Holding Company, the parent company of the Company and its subsidiaries, elected to be the tax payer itself. Tax payable (includes estimates payables pending for verification) and tax receivable are and current income tax asset, respectively liability recognized in current income tax liability and asset recognized in current income tax asset.

	June 30, 2022	December 31, 2021	June 30, 2021
Consolidated tax return payable (recognized in current income tax liability)	<u>\$ 14,994</u>	<u>395,361</u>	<u>451,299</u>
Income tax refund receivable (recognized in current income tax asset)	<u>\$ 14,059</u>	<u>-</u>	<u>-</u>

(Continued)

**FUBON INSURANCE CO., LTD. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

## (vii) Deposits

<u>Names of related parties</u>	<u>June 30, 2022</u>	<u>December 31, 2021</u>	<u>June 30, 2021</u>
Taipei Fubon Commercial Bank Co., Ltd.	\$ 1,985,752	2,511,281	2,265,557
O-Bank Co., Ltd.	-	-	626,082
Xiamen Bank Co., Ltd.	267,591	196,446	81,808
Far Eastern International Bank Co., Ltd.	757,071	541,106	-
Taiwan Business Bank Ltd.	53,533	57,577	-
JihSun International Commercial Bank Co., Ltd.	77,761	77,801	77,395
Others (accounts with balances of less than \$10,000 thousand)	9,761	5,683	2,577
	<u>\$ 3,151,469</u>	<u>3,389,894</u>	<u>3,053,419</u>

## (viii) Acquisition of property and equipment

<u>Names of related parties</u>	<u>Type</u>	<u>For the three months ended June 30,</u>		<u>For the six months ended June 30,</u>	
		<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
Fubon Land Development Co., Ltd.	Land	-	-	-	142,242
Taipei City Government	Prepayment for buildings	585	-	585	-
Others (accounts with balances of less than \$10,000 thousand)	Computer equipments	33	-	33	-
		<u>\$ 618</u>	<u>-</u>	<u>618</u>	<u>142,242</u>

For the six months ended June 30, 2021, the Company and its subsidiaries and Fubon property Management Co., Ltd. were terminated due to the urban renewal case, and returned \$142,242 thousand of land capacity transfer which purchased in 2016. In addition, for the six months ended June 30, 2022, due to the case of reconstruction of urban unsafe and old buildings in this year, the Company and its subsidiaries repaid capacity cash \$585 thousand for Taipei City Government, and had paid off on April 29, 2022 ; Furthermore, for the six months ended June 30, 2022, the Company and its subsidiaries bought the computer equipments from other related parties and the purchase price is \$33 thousand. It had paid off on June 8, 2022.

(Continued)

**FUBON INSURANCE CO., LTD. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

## (ix) Commission expenses

Names of related parties	For the three months ended June 30,		For the six months ended June 30,	
	2022	2021	2022	2021
Fubon Insurance Agency Co., Ltd.	\$ 115,569	117,896	230,938	232,439
Taipei Fubon Commercial Bank Co., Ltd.	11,954	13,359	22,305	23,208
Taihsin Property Insurance Agent Co., Ltd.	81,453	70,381	186,639	155,673
Others (accounts with balances of less than \$10,000 thousand)	8,504	6,198	13,495	7,648
	<u>\$ 217,480</u>	<u>207,834</u>	<u>453,377</u>	<u>418,968</u>

## (x) Marketing expense

Names of related parties	For the three months ended June 30,		For the six months ended June 30,	
	2022	2021	2022	2021
Fubon Life Insurance Co., Ltd.	\$ 322,403	261,297	574,695	458,370
Others (accounts with balances of less than \$10,000 thousand)	4,449	3,498	8,975	7,700
	<u>\$ 326,852</u>	<u>264,795</u>	<u>583,670</u>	<u>466,070</u>

## (xi) Administrative service fee

Names of related parties	For the three months ended June 30,		For the six months ended June 30,	
	2022	2021	2022	2021
Fubon Property Management Co., Ltd.	\$ 6,280	5,254	15,225	11,292
Others (accounts with balances of less than \$10,000 thousand)	60	-	119	38
	<u>\$ 6,340</u>	<u>5,254</u>	<u>15,344</u>	<u>11,330</u>

(Continued)

**FUBON INSURANCE CO., LTD. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

## (xii) Insurance expenses

Names of related parties	For the three months ended June 30,		For the six months ended June 30,	
	2022	2021	2022	2021
Fubon Life Insurance Co., Ltd.	\$ 10,768	10,757	18,030	17,948
Others (accounts with balances of less than \$10,000 thousand)	14	(7)	1,028	938
	<u>\$ 10,782</u>	<u>10,750</u>	<u>19,058</u>	<u>18,886</u>

## (xiii) Retained claim payment

Names of related parties	For the three months ended June 30,		For the six months ended June 30,	
	2022	2021	2022	2021
Taiwan Mobile Co., Ltd.	\$ 60,114	47,809	121,146	98,902
Taiwan High Speed Railway Co., Ltd.	22	149	16,261	448
Carplus Auto Leasing Co., Ltd.	34,367	39,764	78,151	80,706
Tokio Marine Nawa Insurance Co., Ltd.	31,797	29,096	69,705	50,677
Yuchang Motor Co., Ltd.	6,475	7,289	15,789	15,984
Empower Motor Co, Ltd.	4,618	4,847	9,367	10,080
Others (accounts with balances of less than \$10,000 thousand)	25,341	29,303	57,724	47,895
	<u>\$ 162,734</u>	<u>158,257</u>	<u>368,143</u>	<u>304,692</u>

## (xiv) Securities brokerage expenses

Names of related parties	For the three months ended June 30,		For the six months ended June 30,	
	2022	2021	2022	2021
Taipei Fubon Commercial Bank Co., Ltd.	\$ 52,011	49,647	97,256	85,857
Others (accounts with balances of less than \$10,000 thousand)	2,381	2,778	7,410	5,625
	<u>\$ 54,392</u>	<u>52,425</u>	<u>104,666</u>	<u>91,482</u>

(Continued)

**FUBON INSURANCE CO., LTD. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

(xv) Right-of-use assets and lease liabilities-buildings and constructions

<u>Names of related parties</u>	<b>Right-of-use assets</b>		
	<u>June 30, 2022</u>	<u>December 31, 2021</u>	<u>June 30, 2021</u>
Taipei Fubon Commercial Bank Co., Ltd.	\$ 9,134	10,643	12,176
Fubon Life Insurance Co., Ltd.	598,442	670,386	35,513
Fubon No.2 REIT	15,546	17,764	21,859
Fubon Industrial Fujian Limited	5,868	8,403	10,975
Others (accounts with balances of less than \$10,000 thousand)	2,995	5,314	6,617
	<u>\$ 631,985</u>	<u>712,510</u>	<u>87,140</u>
<u>Names of related parties</u>	<b>Lease liabilities</b>		
	<u>June 30, 2022</u>	<u>December 31, 2021</u>	<u>June 30, 2021</u>
Taipei Fubon Commercial Bank Co., Ltd.	\$ 9,533	10,995	12,427
Fubon Life Insurance Co., Ltd.	619,843	688,016	36,691
Fubon No.2 REIT	15,836	18,018	21,943
Fubon Industrial Fujian Limited	6,199	8,752	11,265
Others (accounts with balances of less than \$10,000 thousand)	3,016	5,168	6,662
	<u>\$ 654,427</u>	<u>730,949</u>	<u>88,988</u>
<u>Names of related parties</u>	<b>Total contract price</b>		
	<u>June 30, 2022</u>	<u>December 31, 2021</u>	<u>June 30, 2021</u>
Taipei Fubon Commercial Bank Co., Ltd.	\$ 16,612	16,612	16,612
Fubon Life Insurance Co., Ltd.	807,498	807,498	61,484
Fubon No.2 REIT	25,751	25,689	25,688
Fubon Industrial Fujian Limited	17,644	17,290	17,307
Others (accounts with balances of less than \$10,000 thousand)	6,252	8,268	9,700
	<u>\$ 873,757</u>	<u>875,357</u>	<u>130,791</u>

(Continued)

**FUBON INSURANCE CO., LTD. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

<b>Names of related parties</b>	<b>Interest Expense</b>			
	<b>For the three months ended June 30,</b>		<b>For the six months ended June 30,</b>	
	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>
Taipei Fubon Commercial Bank Co., Ltd.	\$ 87	113	180	231
Fubon Life Insurance Co., Ltd.	5,706	398	11,655	817
Fubon No.2 REIT	142	136	290	153
Fubon Industrial Fujian Limited	96	171	212	359
Others (accounts with balances of less than \$10,000 thousand)	35	65	75	96
	<u>\$ 6,066</u>	<u>883</u>	<u>12,412</u>	<u>1,656</u>

(xvi) Operating service fee

<b>Names of related parties</b>	<b>For the three months ended June 30,</b>		<b>For the six months ended June 30,</b>	
	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>
	Taiwan Mobile Co., Ltd.	\$ 5,305	4,656	10,629
Others (accounts with balances of less than \$10,000 thousand)	26	-	26	-
	<u>\$ 5,331</u>	<u>4,656</u>	<u>10,655</u>	<u>10,031</u>

(xvii) Telephone communications service fee

<b>Names of related parties</b>	<b>For the three months ended June 30,</b>		<b>For the six months ended June 30,</b>	
	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>
	Taiwan fixed Network Co., Ltd.	\$ 5,857	6,419	10,350
Others (accounts with balances of less than \$10,000 thousand)	802	836	1,631	1,684
	<u>\$ 6,659</u>	<u>7,255</u>	<u>11,981</u>	<u>13,926</u>

(Continued)

**FUBON INSURANCE CO., LTD. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

## (xviii) Donation expense

<u>Names of related parties</u>	<u>For the three months ended June 30,</u>		<u>For the six months ended June 30,</u>	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
Fubon Charity Foundation	\$ 6,345	-	9,621	10,314
Others (accounts with balances of less than \$10,000 thousand)	-	100	8,971	10,906
	<u>\$ 6,345</u>	<u>100</u>	<u>18,592</u>	<u>21,220</u>

## (xix) Advertisement expense

<u>Names of related parties</u>	<u>For the three months ended June 30,</u>		<u>For the six months ended June 30,</u>	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
Fubon Sports & Entertainment Co., Ltd.	\$ 5,991	8,442	12,637	14,842
Others (accounts with balances of less than \$10,000 thousand)	4,478	1,171	9,025	3,468
	<u>\$ 10,469</u>	<u>9,613</u>	<u>21,662</u>	<u>18,310</u>

## (xx) Consulting expense

<u>Names of related parties</u>	<u>For the three months ended June 30,</u>		<u>For the six months ended June 30,</u>	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
Fubon Land Development Co., Ltd.	\$ -	24,432	-	24,432
Others (accounts with balances of less than \$10,000 thousand)	607	130	6,794	260
	<u>\$ 607</u>	<u>24,562</u>	<u>6,794</u>	<u>24,692</u>

## (xxi) Reinsurance expense

<u>Names of related parties</u>	<u>For the three months ended June 30,</u>		<u>For the six months ended June 30,</u>	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
Tokio Marine Nawa Insurance Co., Ltd.	<u>\$ 12,544</u>	<u>12,523</u>	<u>16,217</u>	<u>16,762</u>

(Continued)

**FUBON INSURANCE CO., LTD. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

(xxii) Refundable deposit

<u>Names of related parties</u>	<u>June 30, 2022</u>	<u>December 31, 2021</u>	<u>June 30, 2021</u>
Fubon Life Insurance Co., Ltd.	\$ 39,874	39,874	3,064
Others (accounts with balances of less than \$10,000 thousand)	3,611	3,365	3,004
	<u>\$ 43,485</u>	<u>43,239</u>	<u>6,068</u>

(xxiii) Other transactions with related parties (accounts with balances of less than \$10,000)

<u>Item</u>	<u>For the three months ended June 30,</u>		<u>For the six months ended June 30,</u>	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
Interest revenue	\$ 1,696	793	2,138	1,585
Joint marketing revenue	2,011	3,361	5,792	5,223
Training expense	760	20	1,956	20
Information equipment expense	1,500	556	2,148	755
Social expense	-	41	4	221
Rent expense (note)	4,978	8,631	10,212	13,624
Governments bonds	55	53	116	105
Printing expense	-	-	-	1,525
Membership dues	642	-	1,331	689
Marketing promotion fee	2,077	-	2,228	-
Postage	1,402	1,254	2,838	2,228
Deposit interest expense	613	556	613	556
Miscellaneous expense	6	1,549	152	2,412
Reinsurance commission expense	-	-	3	14
Reinsurance commission revenue	1,366	1,430	1,689	1,792

(Note) Although the total amount exceeds 10,000 thousands, the single amount for individual related party did not exceed 10,000 thousands. Therefore, summary disclosure.

<u>Item</u>	<u>June 30, 2022</u>	<u>December 31, 2021</u>	<u>June 30, 2021</u>
Due from reinsurers and ceding companies	\$ 918	52	382
Due to reinsurers and ceding companies	1,901	1,289	2,055

(Continued)

**FUBON INSURANCE CO., LTD. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

(c) Major management remuneration information

	<u>For the three months ended June 30,</u>		<u>For the six months ended June 30,</u>	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
Short term employee benefits	\$ 34,861	29,566	68,055	58,062
Retirement benefit	308	239	582	452
Other long-term employee benefits	148	281	270	409
	<u>\$ 35,317</u>	<u>30,086</u>	<u>68,907</u>	<u>58,923</u>

**(8) Assets pledged as security:**

- (a) As of June 30, 2022, December 31 and June 30, 2021, the assets pledged or mortgaged were as follows:

<u>Pledged Assets</u>	<u>Purpose of pledge</u>	<u>June 30, 2022</u>	<u>December 31, 2021</u>	<u>June 30, 2021</u>
Time deposit	Guarantee for the insurance business and security deposits	\$ 1,075,458	1,040,482	1,040,540
Government bond	Guarantee for the insurance business	452,302	464,066	482,656
Total		<u>\$ 1,527,760</u>	<u>1,504,548</u>	<u>1,523,196</u>

- (b) Pursuant to the requirements of Articles No.141 and No.142 of the Insurance Law, government bonds with book value of \$452,302 thousand, \$464,066 thousand and \$482,656 thousand as of June 30, 2022, December 31 and June 30, 2021, respectively, were deposited with the Central Bank of the Republic China as guarantee for the insurance business.

**(9) Commitments and contingencies:**

- (a) The Company and its subsidiaries had several insurance lawsuits and were required to pay indemnities of \$509,851 thousand, of which approximately \$332,579 thousand were reinsured. The claim had been accrued. These cases have not been resolved with District Court of Appeal as of June 30, 2022.
- (b) The unfunded commitments for the Company and its subsidiaries' signed private equity agreements (Unit: thousand dollars):

	<u>June 30, 2022</u>	<u>December 31, 2021</u>	<u>June 30, 2021</u>
USD	\$ <u>13,289</u>	<u>12,377</u>	<u>12,458</u>
EUR	\$ <u>12,903</u>	<u>13,011</u>	<u>13,776</u>

Note: The unfunded commitments excluded unsettled trades are informed but not deliver.

**(10) Significant losses due to major disasters: None**

(Continued)

**FUBON INSURANCE CO., LTD. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

**(11) Significant subsequent events:**

On August 16, 2022, a board meeting has resolved to a private capital injection. The Company will issue 150 million ordinary shares at a price of \$100 per share and will file for application with the authorities. Once authorized by the Supervisory Commission, R.O.C. (“FSC”), the Company will perform the capital injection procedures.

**(12) Other:**

(a) A summary of personal expenses, depreciation, depletion and amortization:

	<b>For the three months ended June 30,</b>					
	<b>2022</b>			<b>2021</b>		
	<b>Operating Costs</b>	<b>Operating Expenses</b>	<b>Total</b>	<b>Operating Costs</b>	<b>Operating Expenses</b>	<b>Total</b>
Personal expenses:						
Salaries	246,163	844,206	1,090,369	244,291	845,199	1,089,490
Insurance	-	83,196	83,196	-	96,932	96,932
Pension	-	35,097	35,097	-	34,555	34,555
Remuneration of directors	-	4,141	4,141	-	2,233	2,233
Others	-	47,790	47,790	-	55,187	55,187
Depreciation	-	93,873	93,873	-	65,686	65,686
Depletion	-	-	-	-	-	-
Amortization	-	32,628	32,628	-	31,364	31,364

	<b>For the six months ended June 30,</b>					
	<b>2022</b>			<b>2021</b>		
	<b>Operating Costs</b>	<b>Operating Expenses</b>	<b>Total</b>	<b>Operating Costs</b>	<b>Operating Expenses</b>	<b>Total</b>
Personal expenses:						
Salaries	480,172	1,739,450	2,219,622	464,895	1,683,432	2,148,327
Insurance	-	168,753	168,753	-	173,875	173,875
Pension	-	70,551	70,551	-	69,238	69,238
Remuneration of directors	-	7,879	7,879	-	5,097	5,097
Others	-	98,129	98,129	-	106,031	106,031
Depreciation	-	188,769	188,769	-	129,773	129,773
Depletion	-	-	-	-	-	-
Amortization	-	65,082	65,082	-	62,193	62,193

(Continued)

**FUBON INSURANCE CO., LTD. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

(b) Disclosure of earned retention premium by compulsory and non-compulsory insurance

For the three months ended June 30, 2022

Item	Premium Revenue (1)	Reinsurance Premium (2)	Reinsurance Expense (3)	Retained premium (1)+(2)-(3)=(4)	Net change in unearned premium reserve (5)	Retained earned premium (6)=(4)-(5)	Notes
Non-Compulsory insurance:							
Residential fire insurance	\$ 70,933	-	-	70,933	2,077	68,856	
Long-term residential fire insurance	(61)	-	(1)	(60)	(3,300)	3,240	
Commercial fire insurance	935,083	(1)	677,056	258,026	74,653	183,373	
Long-term commercial fire insurance	-	-	-	-	(76)	76	
Inland cargo insurance	89,066	-	14,380	74,686	9,003	65,683	
Marine cargo insurance	390,531	1,407	218,312	173,626	(21,692)	195,318	
Marine hull insurance	146,423	17	123,160	23,280	1,618	21,662	
Fishing vessel insurance	36,153	447	22,906	13,694	(2,834)	16,528	
Aviation insurance	48,372	1	43,909	4,464	2,138	2,326	
Private passenger auto physical damage insurance	1,708,419	59,484	131,502	1,636,401	(30,926)	1,667,327	
Commercial auto physical damage insurance	108,600	1,339	6,080	103,859	14,242	89,617	
Private passenger auto insurance	2,311,530	47,706	104,363	2,254,873	(19,345)	2,274,218	
Commercial passenger auto insurance	427,101	2,208	2,335	426,974	4,352	422,622	
Personal liability insurance	730,077	2,808	134,529	598,356	(1,174)	599,530	
Professional liability insurance	141,260	54	82,605	58,709	(6,529)	65,238	
Engineering insurance	914,315	8,040	820,997	101,358	(235)	101,593	
Nuclear insurance	-	1,121	-	1,121	(1,368)	2,489	
Fidelity and surety insurance	30,995	163	8,918	22,240	7,055	15,185	
Credit insurance	85,752	-	85,100	652	(1,857)	2,509	
Other property insurance	1,868,699	753	657,221	1,212,231	915,802	296,429	
Accident insurance	1,407,282	6,246	16,969	1,396,559	(138,532)	1,535,091	
Commercial earthquake insurance	868,392	5,897	554,930	319,359	164,550	154,809	
Personal multiple insurance	263,704	-	(531)	264,235	10,685	253,550	
Commercial multiple insurance	12,557	-	3,223	9,334	1,265	8,069	
Typhoon and flood insurance	608,229	94	410,420	197,903	104,155	93,748	
Governmental earthquake insurance	149,368	17,556	140,204	26,720	7,017	19,703	
One-year health insurance	907,523	-	189,716	717,807	224,337	493,470	
Foreign reinsurance	-	77,210	1,992	75,218	(45,548)	120,766	
Overseas subsidiaries	882,702	422,163	298,921	1,005,944	(42,175)	1,048,119	
Subtotal	15,143,005	654,713	4,749,216	11,048,502	1,227,358	9,821,144	
Compulsory insurance:							
Compulsory private passenger auto liability insurance	459,221	120,575	186,217	393,579	1,651	391,928	
Compulsory commercial auto liability insurance	123,521	23,629	66,348	80,802	(1,459)	82,261	
Compulsory motorcycle liability insurance	759,574	183,026	342,177	600,423	31,010	569,413	
Subtotal	1,342,316	327,230	594,742	1,074,804	31,202	1,043,602	
Total	\$ 16,485,321	981,943	5,343,958	12,123,306	1,258,560	10,864,746	

(Continued)

**FUBON INSURANCE CO., LTD. AND SUBSIDIARIES**  
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For the three months ended June 30, 2021

Item	Premium Revenue (1)	Reinsurance Premium (2)	Reinsurance Expense (3)	Retained premium (1)+(2)-(3)=(4)	Net change in unearned premium reserve (5)	Retained earned premium (6)-(4)-(5)	Notes
Non-Compulsory insurance:							
Residential fire insurance	\$ 72,078	-	-	72,078	2,632	69,446	
Long-term residential fire insurance	(129)	-	(1)	(128)	(8,550)	8,422	
Commercial fire insurance	793,707	-	393,889	399,818	205,544	194,274	
Long-term commercial fire insurance	-	-	-	-	(145)	145	
Inland cargo insurance	77,784	-	18,513	59,271	4,329	54,942	
Marine cargo insurance	296,340	1,019	157,612	139,747	(22,031)	161,778	
Marine hull insurance	109,941	26	84,686	25,281	10,779	14,502	
Fishing vessel insurance	40,514	296	30,870	9,940	447	9,493	
Aviation insurance	37,702	-	34,258	3,444	1,320	2,124	
Private passenger auto physical damage insurance	1,644,003	49,936	138,459	1,555,480	(22,671)	1,578,151	
Commercial auto physical damage insurance	94,969	1,665	4,282	92,352	18,759	73,593	
Private passenger auto insurance	2,192,359	40,829	99,125	2,134,063	30,106	2,103,957	
Commercial passenger auto insurance	398,469	4,714	2,063	401,120	(2,450)	403,570	
Personal liability insurance	645,968	2,263	87,207	561,024	6,887	554,137	
Professional liability insurance	109,662	49	55,938	53,773	(3,583)	57,356	
Engineering insurance	307,122	4,602	224,994	86,730	(3,907)	90,637	
Nuclear insurance	-	1,230	-	1,230	(1,603)	2,833	
Fidelity and surety insurance	33,353	189	10,683	22,859	7,343	15,516	
Credit insurance	62,211	-	56,991	5,220	3,350	1,870	
Other property insurance	1,850,798	176	1,268,220	582,754	439,325	143,429	
Accident insurance	1,426,479	4,721	19,460	1,411,740	(102,931)	1,514,671	
Commercial earthquake insurance	802,633	9,600	459,974	352,259	177,200	175,059	
Personal multiple insurance	241,312	-	1,892	239,420	(9,158)	248,578	
Commercial multiple insurance	9,157	-	359	8,798	689	8,109	
Typhoon and flood insurance	558,218	124	354,905	203,437	93,614	109,823	
Governmental earthquake insurance	144,024	19,131	141,425	21,730	2,410	19,320	
One-year health insurance	782,328	2	319,798	462,532	143,848	318,684	
Foreign reinsurance	-	148,508	1,065	147,443	(21,010)	168,453	
Overseas subsidiaries	1,031,018	367,190	341,007	1,057,201	48,450	1,008,751	
Subtotal	<u>13,762,020</u>	<u>656,270</u>	<u>4,307,674</u>	<u>10,110,616</u>	<u>998,993</u>	<u>9,111,623</u>	
Compulsory insurance:							
Compulsory private passenger auto liability insurance	446,497	120,590	181,239	385,848	3,886	381,962	
Compulsory commercial auto liability insurance	132,485	23,306	71,212	84,579	638	83,941	
Compulsory motorcycle liability insurance	637,523	175,225	283,590	529,158	(5,931)	535,089	
Subtotal	<u>1,216,505</u>	<u>319,121</u>	<u>536,041</u>	<u>999,585</u>	<u>(1,407)</u>	<u>1,000,992</u>	
Total	<u>\$ 14,978,525</u>	<u>975,391</u>	<u>4,843,715</u>	<u>11,110,201</u>	<u>997,586</u>	<u>10,112,615</u>	

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**FUBON INSURANCE CO., LTD. AND SUBSIDIARIES**  
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For the six months ended June 30, 2022

Item	Premium Revenue (1)	Reinsurance Premium (2)	Reinsurance Expense (3)	Retained premium (4)=(1)+(2)-(3)	Net change in unearned premium reserve (5)	Retained earned premium (6)=(4)-(5)	Notes
Non-Compulsory insurance:							
Residential fire insurance	\$ 138,388	-	-	138,388	533	137,855	
Long-term residential fire insurance	(125)	-	(3)	(122)	(7,902)	7,780	
Commercial fire insurance	1,609,233	1,542	1,091,497	519,278	101,564	417,714	
Long-term commercial fire insurance	-	-	-	-	(132)	132	
Inland cargo insurance	183,417	-	25,656	157,761	27,113	130,648	
Marine cargo insurance	830,394	2,236	461,484	371,146	31,646	339,500	
Marine hull insurance	305,454	54	254,503	51,005	9,077	41,928	
Fishing vessel insurance	75,717	553	49,711	26,559	(7,065)	33,624	
Aviation insurance	73,886	(1,765)	68,229	3,892	1,320	2,572	
Private passenger auto physical damage insurance	3,626,841	83,752	302,981	3,407,612	110,672	3,296,940	
Commercial passenger auto physical damage insurance	216,638	3,482	13,028	207,092	29,943	177,149	
Private passenger auto liability insurance	4,798,459	68,097	220,194	4,646,362	127,700	4,518,662	
Commercial passenger auto liability insurance	1,008,078	7,702	11,115	1,004,665	164,557	840,108	
Personal liability insurance	1,649,537	4,918	343,321	1,311,134	127,371	1,183,763	
Professional liability insurance	301,561	90	169,686	131,965	2,762	129,203	
Engineering insurance	2,016,662	11,420	1,778,868	249,214	87,395	161,819	
Nuclear insurance	-	4,999	-	4,999	(32)	5,031	
Fidelity and surety insurance	50,102	580	12,954	37,728	7,388	30,340	
Credit insurance	134,982	-	131,452	3,530	(2,087)	5,617	
Other property insurance	2,391,272	1,095	970,731	1,421,636	722,717	698,919	
Accident insurance	2,991,096	13,435	76,203	2,928,328	(165,519)	3,093,847	
Commercial earthquake insurance	1,566,841	8,388	1,046,697	528,532	193,624	334,908	
Personal multiple insurance	587,061	-	43,078	543,983	38,055	505,928	
Commercial multiple insurance	19,494	-	3,275	16,219	467	15,752	
Typhoon and flood insurance	1,043,638	623	709,428	334,833	143,278	191,555	
Governmental earthquake insurance	289,963	37,063	275,424	51,602	13,286	38,316	
One-year health insurance	1,371,172	2	214,449	1,156,725	211,475	945,250	
Foreign reinsurance	-	258,537	1,172	257,365	(15,880)	273,245	
Overseas subsidiaries	1,662,251	790,594	546,422	1,906,423	(204,645)	2,111,068	
Subtotal	<u>28,942,012</u>	<u>1,297,397</u>	<u>8,821,555</u>	<u>21,417,854</u>	<u>1,748,681</u>	<u>19,669,173</u>	
Compulsory insurance:							
Compulsory private passenger auto liability insurance	943,812	243,446	382,324	804,934	8,150	796,784	
Compulsory commercial auto liability insurance	258,535	43,739	139,034	163,240	(576)	163,816	
Compulsory motorcycle liability insurance	1,457,990	339,956	655,632	1,142,314	45,131	1,097,183	
Subtotal	<u>2,660,337</u>	<u>627,141</u>	<u>1,176,990</u>	<u>2,110,488</u>	<u>52,705</u>	<u>2,057,783</u>	
Total	<u>\$ 31,602,349</u>	<u>1,924,538</u>	<u>9,998,545</u>	<u>23,528,342</u>	<u>1,801,386</u>	<u>21,726,956</u>	

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**FUBON INSURANCE CO., LTD. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

For the six months ended June 30, 2021

Item	Premium Revenue (1)	Reinsurance Premium (2)	Reinsurance Expense (3)	Retained premium (4)=(1)+(2)-(3)	Net change in unearned premium reserve (5)	Retained earned premium (6)=(4)-(5)	Notes
Non-Compulsory insurance:							
Residential fire insurance	\$ 137,105	-	-	137,105	(3,892)	140,997	
Long-term residential fire insurance	(184)	-	(4)	(180)	(18,163)	17,983	
Commercial fire insurance	1,302,372	2,438	707,961	596,849	245,824	351,025	
Long-term commercial fire insurance	-	-	-	-	(299)	299	
Inland cargo insurance	161,463	-	35,001	126,462	14,971	111,491	
Marine cargo insurance	655,395	1,529	354,230	302,694	25,627	277,067	
Marine hull insurance	224,777	70	183,176	41,671	11,049	30,622	
Fishing vessel insurance	79,205	793	57,577	22,421	(641)	23,062	
Aviation insurance	55,817	1,303	53,204	3,916	(194)	4,110	
Private passenger auto physical damage insurance	3,324,913	145,845	282,450	3,188,308	60,043	3,128,265	
Commercial passenger auto physical damage insurance	178,758	5,037	8,166	175,629	30,769	144,860	
Private passenger auto liability insurance	4,397,147	126,328	190,952	4,332,523	184,840	4,147,683	
Commercial passenger auto liability insurance	965,524	16,463	10,528	971,459	165,697	805,762	
Personal liability insurance	1,430,301	2,313	249,374	1,183,240	97,880	1,085,360	
Professional liability insurance	290,284	91	157,901	132,474	16,478	115,996	
Engineering insurance	1,277,893	12,046	1,090,138	199,801	27,792	172,009	
Nuclear insurance	-	5,856	-	5,856	195	5,661	
Fidelity and surety insurance	51,850	619	14,703	37,766	6,474	31,292	
Credit insurance	105,281	-	96,940	8,341	4,720	3,621	
Other property insurance	2,298,313	314	1,593,657	704,970	479,250	225,720	
Accident insurance	2,916,379	13,326	51,480	2,878,225	(131,150)	3,009,375	
Commercial earthquake insurance	1,180,320	10,192	688,127	502,385	184,668	317,717	
Personal multiple insurance	538,537	-	36,981	501,556	9,405	492,151	
Commercial multiple insurance	17,459	-	2,132	15,327	(900)	16,227	
Typhoon and flood insurance	884,573	851	577,179	308,245	106,539	201,706	
Governmental earthquake insurance	272,423	36,103	267,398	41,128	4,864	36,264	
One-year health insurance	1,158,456	2	339,463	818,995	185,103	633,892	
Foreign reinsurance	-	486,706	6,820	479,886	177,606	302,280	
Overseas subsidiaries	1,849,968	1,003,318	768,583	2,084,703	(1,103)	2,085,806	
Subtotal	<u>25,754,329</u>	<u>1,871,543</u>	<u>7,824,117</u>	<u>19,801,755</u>	<u>1,883,452</u>	<u>17,918,303</u>	
Compulsory insurance:							
Compulsory private passenger auto liability insurance	891,521	241,616	360,618	772,519	5,823	766,696	
Compulsory commercial auto liability insurance	259,775	44,460	139,684	164,551	(3,783)	168,334	
Compulsory motorcycle liability insurance	1,295,543	324,916	578,696	1,041,763	5,895	1,035,868	
Subtotal	<u>2,446,839</u>	<u>610,992</u>	<u>1,078,998</u>	<u>1,978,833</u>	<u>7,935</u>	<u>1,970,898</u>	
Total	<u>\$ 28,201,168</u>	<u>2,482,535</u>	<u>8,903,115</u>	<u>21,780,588</u>	<u>1,891,387</u>	<u>19,889,201</u>	

(Continued)

**FUBON INSURANCE CO., LTD. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

(c) Disclosure of retained claim payment by compulsory and non-compulsory insurance

For the three months ended June 30, 2022

Item	Claim (1)	Claim payment (2)	Reinsurance claim payment (3)	Claims recovered from reinsurance (4)	Retained claim payment (5) = (1)+(2)+(3)-(4)	Notes
Non-Compulsory insurance:						
Residential fire insurance	\$ 1,630	-	-	-	1,630	
Long-term residential fire insurance	-	-	-	-	-	
Commercial fire insurance	664,034	-	6	350,735	313,305	
Long-term commercial fire insurance	-	-	-	-	-	
Inland cargo insurance	10,585	-	-	(305)	10,890	
Marine cargo insurance	129,256	-	-	75,559	53,697	
Marine hull insurance	17,541	-	-	15,190	2,351	
Fishing vessel insurance	14,323	-	-	10,790	3,533	
Aviation insurance	8,944	-	-	8,156	788	
Private passenger auto physical damage insurance	954,082	-	25,386	81,305	898,163	
Commercial auto physical damage insurance	43,751	-	1,297	2,087	42,961	
Private passenger auto insurance	1,352,340	-	23,417	59,856	1,315,901	
Commercial passenger auto insurance	274,221	-	3,875	1,501	276,595	
Personal liability insurance	261,538	-	278	45,368	216,448	
Professional liability insurance	28,875	-	-	19,338	9,537	
Engineering insurance	60,322	-	2,833	15,253	47,902	
Nuclear insurance	-	-	-	-	-	
Fidelity and surety insurance	(112)	-	(3)	(48)	(67)	
Credit insurance	(4,702)	-	-	(1,076)	(3,626)	
Other property insurance	2,489,949	-	32	1,722,143	767,838	
Accident insurance	570,830	11	779	12,716	558,904	
Commercial earthquake insurance	12,955	-	-	644	12,311	
Personal multiple insurance	24,438	-	-	2,488	21,950	
Commercial multiple insurance	1,127	-	-	-	1,127	
Typhoon and flood insurance	181,720	-	-	115,272	66,448	
Governmental earthquake insurance	1,700	-	-	1,700	-	
One-year health insurance	1,912,185	-	-	1,078,005	834,180	
Foreign reinsurance	-	-	165,360	11,785	153,575	
Overseas subsidiaries	665,899	-	221,789	272,232	615,456	
Subtotal	<u>9,677,431</u>	<u>11</u>	<u>445,049</u>	<u>3,900,694</u>	<u>6,221,797</u>	
Compulsory insurance:						
Compulsory private passenger auto liability insurance	312,696	-	112,975	187,615	238,056	
Compulsory commercial auto liability insurance	105,050	-	18,434	63,001	60,483	
Compulsory motorcycle liability insurance	580,908	-	140,429	348,175	373,162	
Subtotal	<u>998,654</u>	<u>-</u>	<u>271,838</u>	<u>598,791</u>	<u>671,701</u>	
Total	<u>\$ 10,676,085</u>	<u>11</u>	<u>716,887</u>	<u>4,499,485</u>	<u>6,893,498</u>	

(Continued)

**FUBON INSURANCE CO., LTD. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

For the three months ended June 30, 2021

Item	Claim (1)	Claim payment (2)	Reinsurance claim payment (3)	Claims recovered from reinsurance (4)	Retained claim payment (5) = (1)+(2)+(3)-(4)	Notes
Non-Compulsory insurance:						
Residential fire insurance	\$ 2,774	-	-	-	2,774	
Long-term residential fire insurance	564	-	-	9	555	
Commercial fire insurance	471,330	-	50	305,682	165,698	
Long-term commercial fire insurance	-	-	-	-	-	
Inland cargo insurance	14,435	-	-	559	13,876	
Marine cargo insurance	91,669	-	-	45,317	46,352	
Marine hull insurance	10,873	-	-	6,319	4,554	
Fishing vessel insurance	811	-	-	109	702	
Aviation insurance	12,839	-	-	13,609	(770)	
Private passenger auto physical damage insurance	936,206	-	24,136	80,496	879,846	
Commercial auto physical damage insurance	43,418	-	840	2,125	42,133	
Private passenger auto insurance	1,226,120	-	21,791	58,993	1,188,918	
Commercial passenger auto insurance	259,539	-	3,172	2,583	260,128	
Personal liability insurance	281,587	-	9	32,237	249,359	
Professional liability insurance	14,199	-	-	4,772	9,427	
Engineering insurance	81,886	-	2,315	61,694	22,507	
Nuclear insurance	-	-	-	-	-	
Fidelity and surety insurance	1,881	-	742	1,532	1,091	
Credit insurance	(1,426)	-	-	466	(1,892)	
Other property insurance	118,150	-	4	79,027	39,127	
Accident insurance	710,876	20	936	4,195	707,637	
Commercial earthquake insurance	2,669	-	-	1,126	1,543	
Personal multiple insurance	30,710	-	-	1,560	29,150	
Commercial multiple insurance	1,123	-	-	-	1,123	
Typhoon and flood insurance	5,063	-	-	6,605	(1,542)	
Governmental earthquake insurance	-	-	-	-	-	
One-year health insurance	122,895	-	-	8,684	114,211	
Foreign reinsurance	-	-	55,570	(892)	56,462	
Overseas subsidiaries	403,037	-	247,586	102,139	548,484	
Subtotal	<u>4,843,228</u>	<u>20</u>	<u>357,151</u>	<u>818,946</u>	<u>4,381,453</u>	
Compulsory insurance:						
Compulsory private passenger auto liability insurance	329,208	-	25,425	197,313	157,320	
Compulsory commercial auto liability insurance	112,745	-	(15,346)	67,589	29,810	
Compulsory motorcycle liability insurance	443,298	-	399,266	265,707	576,857	
Subtotal	<u>885,251</u>	<u>-</u>	<u>409,345</u>	<u>530,609</u>	<u>763,987</u>	
Total	<u>\$ 5,728,479</u>	<u>20</u>	<u>766,496</u>	<u>1,349,555</u>	<u>5,145,440</u>	

(Continued)

**FUBON INSURANCE CO., LTD. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

For the six months ended June 30, 2022

Item	Claim (1)	Claim payment (2)	Reinsurance claim payment (3)	Claims recovered from reinsurance (4)	Retained claim payment (5) = (1)+(2)+(3)-(4)	Notes
Non-Compulsory insurance:						
Residential fire insurance	\$ 9,526	-	-	-	9,526	
Long-term residential fire insurance	-	-	-	-	-	
Commercial fire insurance	1,102,293	-	200	635,821	466,672	
Long-term commercial fire insurance	-	-	-	-	-	
Inland cargo insurance	35,032	-	-	1,879	33,153	
Marine cargo insurance	372,334	-	-	236,377	135,957	
Marine hull insurance	21,302	-	-	15,521	5,781	
Fishing vessel insurance	28,383	-	-	19,841	8,542	
Aviation insurance	16,829	-	-	15,857	972	
Private passenger auto physical damage insurance	1,989,908	-	63,616	172,130	1,881,394	
Commercial passenger auto physical damage insurance	111,902	-	3,054	5,125	109,831	
Private passenger auto liability insurance	2,653,402	-	59,507	128,296	2,584,613	
Commercial passenger auto liability insurance	566,378	-	9,608	3,498	572,488	
Personal liability insurance	574,299	-	395	71,739	502,955	
Professional liability insurance	43,604	-	-	21,884	21,720	
Engineering insurance	150,896	-	4,638	36,764	118,770	
Nuclear insurance	-	-	1	-	1	
Fidelity and surety insurance	3,559	-	(4)	1,860	1,695	
Credit insurance	(6,172)	-	-	(1,436)	(4,736)	
Other property insurance	2,696,004	-	35	1,826,610	869,429	
Accident insurance	1,305,082	100	2,118	35,612	1,271,688	
Commercial earthquake insurance	18,093	-	-	850	17,243	
Personal multiple insurance	54,305	-	-	5,074	49,231	
Commercial multiple insurance	1,809	-	-	-	1,809	
Typhoon and flood insurance	197,813	-	27	129,952	67,888	
Governmental earthquake insurance	1,700	-	-	1,700	-	
One-year health insurance	2,089,665	-	-	1,079,213	1,010,452	
Foreign reinsurance	-	-	295,795	15,293	280,502	
Overseas subsidiaries	1,044,335	-	507,525	341,394	1,210,466	
Subtotal	<u>15,082,281</u>	<u>100</u>	<u>946,515</u>	<u>4,800,854</u>	<u>11,228,042</u>	
Compulsory insurance:						
Compulsory private passenger auto liability insurance	651,566	-	238,607	390,868	499,305	
Compulsory commercial auto liability insurance	226,947	-	39,358	136,012	130,293	
Compulsory motorcycle liability insurance	1,066,229	-	309,125	639,324	736,030	
Subtotal	<u>1,944,742</u>	<u>-</u>	<u>587,090</u>	<u>1,166,204</u>	<u>1,365,628</u>	
Total	<u>\$ 17,027,023</u>	<u>100</u>	<u>1,533,605</u>	<u>5,967,058</u>	<u>12,593,670</u>	

(Continued)

**FUBON INSURANCE CO., LTD. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

For the six months ended June 30, 2021

Item	Claim (1)	Claim payment (2)	Reinsurance claim payment (3)	Claims recovered from reinsurance (4)	Retained claim payment (5) = (1)+(2)+(3)-(4)	Notes
Non-Compulsory insurance:						
Residential fire insurance	\$ 6,816	-	-	-	6,816	
Long-term residential fire insurance	564	-	-	9	555	
Commercial fire insurance	719,281	-	454	453,739	265,996	
Long-term commercial fire insurance	-	-	-	-	-	
Inland cargo insurance	34,355	-	-	2,514	31,841	
Marine cargo insurance	194,254	-	(96)	112,633	81,525	
Marine hull insurance	26,991	-	-	18,740	8,251	
Fishing vessel insurance	834	-	-	52	782	
Aviation insurance	11,207	-	-	11,865	(658)	
Private passenger auto physical damage insurance	1,847,216	-	76,422	151,003	1,772,635	
Commercial passenger auto physical damage insurance	87,396	-	3,171	4,196	86,371	
Private passenger auto liability insurance	2,430,807	-	71,156	115,734	2,386,229	
Commercial passenger auto liability insurance	518,391	-	10,267	5,279	523,379	
Personal liability insurance	557,728	-	112	80,479	477,361	
Professional liability insurance	26,035	-	-	8,403	17,632	
Engineering insurance	199,441	-	4,967	120,576	83,832	
Nuclear insurance	-	-	1	-	1	
Fidelity and surety insurance	4,301	-	737	2,074	2,964	
Credit insurance	(1,270)	-	-	1,946	(3,216)	
Other property insurance	229,905	-	4	152,668	77,241	
Accident insurance	1,412,212	34	2,193	15,856	1,398,583	
Commercial earthquake insurance	8,413	-	-	1,825	6,588	
Personal multiple insurance	58,353	-	-	3,065	55,288	
Commercial multiple insurance	5,712	-	-	-	5,712	
Typhoon and flood insurance	(467,943)	-	-	(352,084)	(115,859)	
Governmental earthquake insurance	-	-	-	-	-	
One-year health insurance	234,958	-	-	12,858	222,100	
Foreign reinsurance	-	-	151,183	(10,421)	161,604	
Overseas subsidiaries	744,321	-	609,894	300,394	1,053,821	
Subtotal	<u>8,890,278</u>	<u>34</u>	<u>930,465</u>	<u>1,213,403</u>	<u>8,607,374</u>	
Compulsory insurance:						
Compulsory private passenger auto liability insurance	690,319	-	159,110	413,928	435,501	
Compulsory commercial auto liability insurance	271,675	-	8,156	162,939	116,892	
Compulsory motorcycle liability insurance	857,774	-	509,705	514,052	853,427	
Subtotal	<u>1,819,768</u>	<u>-</u>	<u>676,971</u>	<u>1,090,919</u>	<u>1,405,820</u>	
Total	<u>\$ 10,710,046</u>	<u>34</u>	<u>1,607,436</u>	<u>2,304,322</u>	<u>10,013,194</u>	

(Continued)

**FUBON INSURANCE CO., LTD. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

(d) Disclosure of each dangerous unit's retention limit:

The details of each dangerous unit's retention limit were as follows:

- (i) Fire insurance: \$1 billion.
- (ii) Marine insurance:
  - 1) Fishing vessels insurance: \$1 billion.
  - 2) Marine hull insurance: \$1 billion.
  - 3) Marine cargo insurance: \$1 billion.
- (iii) Casualty insurance:
  - 1) General liability insurance: \$1 billion.
  - 2) Professional liability insurance: \$1 billion.
  - 3) Other property insurance: \$1 billion.
  - 4) Fidelity and surety insurance: \$1 billion.
  - 5) Accident insurance: \$1 billion.
  - 6) Credit insurance: \$1 billion.
  - 7) Comprehensive commercial liability insurance: \$1 billion.
  - 8) Comprehensive personal liability insurance: \$ 100 million
- (iv) Engineer insurance:
  - 1) Engineer insurance: \$1 billion.
  - 2) Engineer bond insurance: \$1 billion.
  - 3) Nuclear insurance: \$1 billion.
- (v) Motor insurance:
  - 1) Physical loss insurance: \$50 million.
  - 2) Third party liability insurance (including twice the insured amount or tenfold of the insured amount): \$ 250 million

(Continued)

**FUBON INSURANCE CO., LTD. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

(e) Reserves accrued and recovered for compulsory motor and motorcycle insurance:

For the six months ended June 30, 2022

Type	Beginning	Provision	Recovery	Ending	Note
<b>Unearned premium reserve</b>					
Compulsory auto liability insurance	\$ 617,004	624,578	(617,004)	624,578	
Compulsory motorcycle liability insurance	1,085,825	1,130,956	(1,085,825)	1,130,956	
<b>Special reserve</b>					
Compulsory auto liability insurance	723,695	84,177	-	807,872	
Compulsory motorcycle liability insurance	(441,979)	56,172	(177,514)	(563,321)	
<b>Claim reserve</b>					
Compulsory auto liability insurance	970,417	912,637	(970,417)	912,637	
Compulsory motorcycle liability insurance	1,333,298	1,504,717	(1,333,298)	1,504,717	
<b>Total</b>	<b>\$ 4,288,260</b>	<b>4,313,237</b>	<b>(4,184,058)</b>	<b>4,417,439</b>	

For the six months ended June 30, 2021

Type	Beginning	Provision	Recovery	Ending	Note
<b>Unearned premium reserve</b>					
Compulsory auto liability insurance	\$ 607,997	610,037	(607,997)	610,037	
Compulsory motorcycle liability insurance	1,055,426	1,061,321	(1,055,426)	1,061,321	
<b>Special reserve</b>					
Compulsory auto liability insurance	474,528	69,201	-	543,729	
Compulsory motorcycle liability insurance	(141,055)	29,790	(150,854)	(262,119)	
<b>Claim reserve</b>					
Compulsory auto liability insurance	1,069,324	1,081,062	(1,069,324)	1,081,062	
Compulsory motorcycle liability insurance	1,110,097	1,111,810	(1,110,097)	1,111,810	
<b>Total</b>	<b>\$ 4,176,317</b>	<b>3,963,221</b>	<b>(3,993,698)</b>	<b>4,145,840</b>	

(Continued)

**FUBON INSURANCE CO., LTD. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

(f) Financial assets and liabilities that have significant influence are listed below:

	<b>June 30, 2022</b>		
	<u>Amount</u>	<u>Rate</u>	<u>NT\$ Amount</u>
<b><u>Financial Assets</u></b>			
<b><u>Monetary Item (Note 1)</u></b>			
USD	\$ 508,973	29.7288	15,131,169
CNY	590,386	4.4365	2,619,232
VND	945,229,780	0.0013	1,207,058
<b><u>Non-Monetary Item (Note 1)</u></b>			
USD	171,290	29.7288	5,092,255
CNY	289,187	4.4365	1,282,971
<b><u>Derivative Financial instrument (Note 1)</u></b>			
USD	105	29.7288	3,110
<b><u>Long-term equity investment under equity method</u></b>			
CNY	34,646	4.4365	153,704
<b><u>Financial Liabilities</u></b>			
<b><u>Derivative Financial Instrument (Note 1)</u></b>			
USD	24,823	29.7288	737,966
	<b>December 31, 2021</b>		
	<u>Amount</u>	<u>Rate</u>	<u>NT\$ Amount</u>
<b><u>Financial Assets</u></b>			
<b><u>Monetary Item (Note 1)</u></b>			
USD	\$ 613,388	27.6892	16,984,210
CNY	615,469	4.3467	2,675,276
VND	867,340,030	0.0012	1,053,818
<b><u>Non-Monetary Item (Note 1)</u></b>			
USD	224,410	27.6892	6,213,737
CNY	279,364	4.3467	1,214,321
<b><u>Derivative Financial Instrument (Note 1)</u></b>			
USD	4,114	27.6892	113,925
<b><u>Long-term equity investment under equity method</u></b>			
CNY	39,607	4.3467	172,163
<b><u>Financial Liabilities</u></b>			
<b><u>Derivative Financial Instrument (Note 1)</u></b>			
USD	215	27.6892	5,966

(Continued)

**FUBON INSURANCE CO., LTD. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

	<b>June 30, 2021</b>		
	<u>Amount</u>	<u>Rate</u>	<u>NT\$ Amount</u>
<b><u>Financial Assets</u></b>			
<b><u>Monetary Item (Note 1)</u></b>			
USD	\$ 602,041	27.8700	16,778,858
CNY	423,304	4.3146	1,826,365
VND	852,394,709	0.0012	1,032,250
<b><u>Non-Monetary Item (Note 1)</u></b>			
USD	209,041	27.8700	5,825,978
CNY	466,828	4.3146	2,014,153
<b><u>Derivative Financial Instrument (Note 1)</u></b>			
USD	8,969	27.8700	249,971
<b><u>Long-term equity investment under equity method</u></b>			
CNY	128,493	4.3146	554,389
<b><u>Financial Liabilities</u></b>			
<b><u>Derivative Financial Instrument (Note 1)</u></b>			
USD	601	27.8700	16,750

Note 1: For each period, the balance in New Taiwan Dollars after conversion in the respective currency accounts for more than 5% of the total item.

The Company and its subsidiaries' exposure to foreign currency risk arises from the translation of the foreign currency exchange gains and losses on cash and cash equivalents, financial assets at fair value through profit or loss, financial assets at fair value through other comprehensive income and financial assets at amortized cost etc. that are denominated in foreign currency. A weakening (strengthening) of 3% of the NTD against other foreign currencies would have increased (decreased) the net profits by \$(79,064) thousand, \$13,380 thousand, \$749,243 thousand and \$843,732 thousand for the three months and six months ended June 30, 2022 and 2021, respectively. This analysis assumes that all over other variables remain constant for the three months and six months ended June 30, 2022 and 2021.

Since the Company and its subsidiaries have many kinds of functional currency, the information on foreign exchange gain (loss) on monetary items is disclosed by total amount. For the three months and six months ended June 30, 2022 and 2021, foreign exchange gain (loss) (including realized and unrealized portions) amounted to \$398,770 thousand, \$(200,885) thousand, \$994,974 thousand and \$28,742 thousand, respectively.

(Continued)

**FUBON INSURANCE CO., LTD. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

- (g) The Company and its subsidiaries are expected within 12 months of the balance sheet date or exceed the total amount paid or recovered after 12 months is as following:

<u>Assets</u>	<b>June 30, 2022</b>		
	<b>Recovered within 12 months</b>	<b>Recovered after 12 months</b>	<b>Total</b>
Cash and cash equivalents	\$ 14,849,595	-	14,849,595
Receivables	8,949,722	-	8,949,722
Current tax assets	14,059	-	14,059
Financial assets at fair value through profit or loss	24,339,415	-	24,339,415
Financial assets at amortized cost	-	1,494,413	1,494,413
Investments accounted for using equity method, net	-	153,704	153,704
Financial assets at fair value through other comprehensive income	895,333	21,903,468	22,798,801
Right-of-use assets	-	809,120	809,120
Investment properties	-	9,636,232	9,636,232
Reinsurance assets	39,706,207	-	39,706,207
Property and equipment	-	6,378,073	6,378,073
Intangible assets	-	180,949	180,949
Deferred tax assets	197,502	2,700,535	2,898,037
Other assets	-	2,737,804	2,737,804
<b>Total assets</b>	<b>\$ 88,951,833</b>	<b>45,994,298</b>	<b>134,946,131</b>

<u>Liabilities</u>	<b>June 30, 2022</b>		
	<b>Paid within 12 months</b>	<b>Paid after 12 months</b>	<b>Total</b>
Accounts payable	\$ 16,146,587	-	16,146,587
Current tax liabilities	19,878	-	19,878
Financial liabilities measured at fair value through profit or loss	737,966	-	737,966
Insurance liabilities	86,895,610	-	86,895,610
Lease liabilities	210,925	597,233	808,158
Deferred tax liabilities	422,321	1,010,774	1,433,095
Other liabilities	-	2,003,040	2,003,040
Provisions	-	1,087,374	1,087,374
<b>Total liabilities</b>	<b>\$ 104,433,287</b>	<b>4,698,421</b>	<b>109,131,708</b>

(Continued)

**FUBON INSURANCE CO., LTD. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

<b>Assets</b>	<b>December 31, 2021</b>		
	<b>Recovered within 12 months</b>	<b>Recovered after 12 months</b>	<b>Total</b>
Cash and cash equivalents	\$ 16,727,855	-	16,727,855
Receivables	5,657,190	-	5,657,190
Current tax assets	8,189	-	8,189
Financial assets at fair value through profit or loss	34,705,877	-	34,705,877
Financial assets at amortized cost	-	1,381,474	1,381,474
Investment accounted for using equity method, net	-	172,163	172,163
Financial assets at fair value through other comprehensive income	1,966,418	24,136,993	26,103,411
Right-of-use assets	-	867,101	867,101
Investment properties	-	9,600,412	9,600,412
Reinsurance assets	26,120,126	-	26,120,126
Property and equipment	-	6,365,664	6,365,664
Intangible assets	-	214,391	214,391
Deferred tax assets	79,000	835,626	914,626
Other assets	-	2,740,108	2,740,108
<b>Total assets</b>	<b>\$ 85,264,655</b>	<b>46,313,932</b>	<b>131,578,587</b>

<b>Liabilities</b>	<b>December 31, 2021</b>		
	<b>Paid within 12 months</b>	<b>Paid after 12 months</b>	<b>Total</b>
Accounts payable	\$ 15,615,111	-	15,615,111
Current tax liabilities	395,361	-	395,361
Financial liabilities measured at fair value through profit or loss	5,966	-	5,966
Insurance liabilities	64,726,081	-	64,726,081
Lease liabilities	211,045	653,215	864,260
Deferred tax liabilities	250,221	1,244,880	1,495,101
Other liabilities	-	1,804,336	1,804,336
Provisions	-	1,238,800	1,238,800
<b>Total liabilities</b>	<b>\$ 81,203,785</b>	<b>4,941,231</b>	<b>86,145,016</b>

(Continued)

**FUBON INSURANCE CO., LTD. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

<b>Assets</b>	<b>June 30, 2021</b>		
	<b>Recovered within 12 months</b>	<b>Recovered after 12 months</b>	<b>Total</b>
Cash and cash equivalents	\$ 12,300,215	-	12,300,215
Receivables	7,925,483	-	7,925,483
Financial assets at fair value through profit or loss	36,235,175	-	36,235,175
Financial assets at amortized cost	-	1,381,199	1,381,199
Investment accounted for using equity method, net	-	554,389	554,389
Other financial assets	-	7,266	7,266
Financial assets at fair value through other comprehensive income	1,127,103	22,675,458	23,802,561
Right-of-use assets	-	243,891	243,891
Investment properties	-	10,664,552	10,664,552
Reinsurance assets	26,712,855	-	26,712,855
Property and equipment	-	4,974,291	4,974,291
Intangible assets	-	200,607	200,607
Deferred tax assets	57,375	844,410	901,785
Other assets	-	2,807,030	2,807,030
<b>Total assets</b>	<b>\$ 84,358,206</b>	<b>44,353,093</b>	<b>128,711,299</b>

<b>Liabilities</b>	<b>June 30, 2021</b>		
	<b>Paid within 12 months</b>	<b>Paid after 12 months</b>	<b>Total</b>
Accounts payable	\$ 16,588,548	-	16,588,548
Current tax liabilities	451,299	-	451,299
Financial liabilities measured at fair value through profit or loss	16,750	-	16,750
Insurance liabilities	64,049,156	-	64,049,156
Lease liabilities	90,175	138,747	228,922
Deferred tax liabilities	295,175	1,285,338	1,580,513
Other liabilities	-	2,790,455	2,790,455
Provisions	-	1,221,366	1,221,366
<b>Total liabilities</b>	<b>\$ 81,491,103</b>	<b>5,435,906</b>	<b>86,927,009</b>

(Continued)

**FUBON INSURANCE CO., LTD. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

## (h) Compulsory auto liability insurance

## (i) Compulsory auto liability insurance assets and liabilities

Item	Amount		Item	Amount	
	June 30, 2022	June 30, 2021		June 30, 2022	June 30, 2021
<u>Assets</u>			<u>Liabilities</u>		
Cash and cash in bank	\$ 4,089,112	3,838,652	Claims payable	\$ 13,546	18,978
Notes receivable	49,745	53,354	Due to reinsurers and ceding companies	594,717	536,042
Premiums receivable	62,793	59,748	Unearned premium reserve	3,203,284	3,038,372
Claims recoverable from reinsurers	602,467	530,892	Claim reserve	4,476,278	3,983,954
Due from reinsurers and ceding companies	212,681	203,407	Special reserve	244,551	281,610
Financial assets at fair value through other comprehensive income	-	-	Temporary receipts and suspense accounts	1,460	14,165
Ceded unearned premium reserve	1,447,750	1,367,014			
Ceded claim reserve	2,058,924	1,791,082			
Temporary payments and suspense accounts	10,364	28,972			
Total Assets	<u>\$ 8,533,836</u>	<u>7,873,121</u>	Total Liabilities	<u>\$ 8,533,836</u>	<u>7,873,121</u>

## (ii) Compulsory auto liability insurance revenues and cost

Item	For the six months ended June 30,	
	2022	2021
Operating revenues	\$ 1,360,358	1,323,648
Pure premium	1,961,651	1,798,330
Reinsurance premium	627,141	610,992
Premium	2,588,792	2,409,322
Less : Reinsurance expense	(1,176,990)	(1,078,998)
Net change in unearned premium reserve	(52,705)	(7,935)
Retained earned premium	1,359,097	1,322,389
Interest income	1,261	1,259
Operating costs	1,442,102	1,367,408
Insurance claim payment	1,944,742	1,819,768
Reinsurance claim payment	587,090	676,971
Less : Claims recovered from reinsurers	(1,166,204)	(1,090,919)
Retained claim payment	1,365,628	1,405,820
Net change in claim reserve	113,639	13,451
Net change in special reserve	(37,165)	(51,863)

(Continued)

**FUBON INSURANCE CO., LTD. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

- (i) When conducting business or transaction, joint business promotion as well as information and facilities sharing with Fubon Financial Holdings Co., Ltd and other associates, the method to split income, cost, expense and profit or loss is to directly attribute them to each counterparties based on the business characteristics.
- (j) The details of the market values of investments which were held for investment purpose by the discretionary investment trust fund: None.
- (k) Information regarding to discontinued operations: None.
- (l) Material revolutions of adjustments of organization and management policy: None.
- (m) Material influence because of the regulations changed: None.
- (n) The loan because of paying large amount of claims: None.
- (o) Disclosure of catastrophe reserve:

For the six months ended June 30, 2022 and 2021, the influence on the Company and its subsidiaries for not applying the notification on net income before tax, liabilities, and equity of the Company and its subsidiaries resulted in a decrease of \$3,000,000 thousand, a decrease of \$2,336,836 thousand, an increase of \$1,100,761 thousand, and a decrease of \$0 thousand, a decrease of \$5,336,836 thousand, and an increase of \$2,706,351 thousand, respectively. The influence on the Company and its subsidiaries for not applying the notification in the EPS are a decrease of \$7.55 and \$0.00, respectively.

- (p) Disclosure of the special reserve for resident earthquake insurance:

For the six months ended June 30, 2022 and 2021, the influence on the Company and its subsidiaries for not applying the notification on net income before tax, liabilities, and equity of the Company and its subsidiaries both resulted in a decrease of \$382,238 thousand and an increase of \$305,790 thousand. The influence on the Company and its subsidiaries for not applying the notification both had no influence in the EPS.

- (q) Disclosure of the special reserve for nuclear insurance:

For the six months ended June 30, 2022 and 2021, the influence on the Company and its subsidiaries for not applying the notification on liabilities and equity of the Company and its subsidiaries both resulted in a decrease of \$84,093 thousand and an increase of \$67,274 thousand.

- (r) Others:

Due to the COVID-19 pandemic and the epidemic prevention measures promoted by the government, all the Company and its subsidiaries' branch offices operated normally as of June 30, 2022, and the premium for the six months ended June 30, 2022 did not decrease significantly due to the COVID-19 pandemic. The Company and its subsidiaries sold COVID-19 insurance and vaccine insurance for the COVID-19 epidemic, and there were about 1,427 thousand underwritten cases (the premiums were about \$2.221 billion) and 125 thousand pieces of the insurance claim (the insurance claim payment was about \$4.886 billion), and had recognized claim reserves and the insurance claim payment following the regulations in order to protect customer equity. The Company and its subsidiaries had taken corresponding measures and evaluated and dealt with the subsequent events continually.

(Continued)

**FUBON INSURANCE CO., LTD. AND ITS SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

**(13) Other disclosures:**

## (a) Information on significant transactions:

The following is the information on significant transactions required by the “Regulations Governing the Preparation of Financial Reports by Securities Issuers” for the Company and its subsidiaries:

- (i) Acquisition of property and equipment over 100 million or 20% of capital: None
- (ii) Disposal of property and equipment over 100 million or 20% of capital: None
- (iii) Sales and purchase with related party over 100 million or 20% of capital: Please refer to note 7.
- (iv) Account receivable with related party over 100 million or 20% of capital: Please refer to note 7.
- (v) Information on derivative transactions: None
- (vi) The significant influence on invested company:

For the six months ended June 30, 2022

No.	Name of company	Name of counter-party	Nature of relationship	Intercompany transactions			Percentage of the consolidated net revenue or total assets
				Account name	Amount	Trading terms	
0	Fubon insurance Co., Ltd.	Fubon insurance (Vietnam) Co., Ltd	1	Due from reinsurers and ceding companies	33,924	The same as normal transaction	0.03 %
“	“	“	“	Due to reinsurers and ceding companies	1,902	“	- %
“	“	“	“	Unearned premium reserve	48,797	“	0.04 %
“	“	“	“	Claim reserve	14,942	“	0.01 %
“	“	“	“	Reinsurance premium	53,924	“	0.20 %
“	“	“	“	Reinsurance commission expense	11,786	“	0.04 %
“	“	“	“	Reinsurance claim payment	3,317	“	0.01 %
“	“	“	“	Reinsurance expense	1	“	- %
“	“	Fubon P&C Insurance Co., Ltd.	“	Due from reinsurers and ceding companies	205,616	“	0.15 %
“	“	“	“	Due to reinsurers and ceding companies	153,826	“	0.11 %
“	“	“	“	Unearned premium reserve	138,894	“	0.10 %
“	“	“	“	Premium deficiency reserve	259	“	- %
“	“	“	“	Claim reserve	260,876	“	0.19 %
“	“	“	“	Ceded claim reserve	100,741	“	0.07 %
“	“	“	“	Ceded unearned premium reserve	106,416	“	0.08 %
“	“	“	“	Ceded premium deficiency reserve	102	“	- %
“	“	“	“	Reinsurance premium	148,498	“	0.56 %
“	“	“	“	Reinsurance commissions expense	48,025	“	0.18 %
“	“	“	“	Reinsurance claim payment	40,251	“	0.15 %
“	“	“	“	Reinsurance expense	23,080	“	0.09 %
“	“	“	“	Reinsurance commission revenue	5,139	“	0.02 %
“	“	“	“	Claims recovered from reinsurance	13	“	- %
1	Fubon insurance (Vietnam) Co., Ltd	Fubon insurance Co., Ltd.	2	Due to insurers and ceding companies	33,924	“	0.03 %
“	“	“	“	Due from reinsurers and ceding companies	1,902	“	- %
“	“	“	“	Ceded unearned premium reserve	48,797	“	0.04 %
“	“	“	“	Ceded claim reserve	14,942	“	0.01 %
“	“	“	“	Reinsurance expense	53,924	“	0.20 %
“	“	“	“	Reinsurance commission revenue	11,786	“	0.04 %
“	“	“	“	Claims recovered from reinsurance	3,317	“	0.01 %
“	“	“	“	Reinsurance premium	1	“	- %
2	Fubon P&C Insurance Co., Ltd	“	“	Due to reinsurers and ceding companies	205,616	“	0.15 %

(Continued)

**FUBON INSURANCE CO., LTD. AND ITS SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

No.	Name of company	Name of counter-party	Nature of relationship	Intercompany transactions			
				Account name	Amount	Trading terms	Percentage of the consolidated net revenue or total assets
2	Fubon P&C Insurance Co., Ltd	Fubon insurance Co., Ltd.	2	Due from reinsurers and ceding companies	153,826	The same as normal transaction	0.11 %
"	"	"	"	Ceded unearned premium reserve	138,894	"	0.10 %
"	"	"	"	Ceded claim reserve	260,876	"	0.19 %
"	"	"	"	Ceded premium deficiency reserve	259	"	- %
"	"	"	"	Claim reserve	100,741	"	0.07 %
"	"	"	"	Unearned premium reserve	106,416	"	0.08 %
"	"	"	"	Premium deficiency reserve	102	"	- %
"	"	"	"	Reinsurance expense	148,498	"	0.56 %
"	"	"	"	Reinsurance commission revenue	48,025	"	0.18 %
"	"	"	"	Claims recovered from reinsurance	40,251	"	0.15 %
"	"	"	"	Reinsurance premium	23,080	"	0.09 %
"	"	"	"	Reinsurance commission expense	5,139	"	0.02 %
"	"	"	"	Reinsurance claim payment	13	"	- %

Note 1: Each number represents the following definitions:

- (1) Zero stands for the parent company.
- (2) Subsidiaries are coded from No.1 per respective companies.

Note 2: Transaction relationship is as follows:

- (1) Parent company to subsidiary company.
- (2) Subsidiary company to parent company.

(b) Information on investees:

The followings are the information on investees for the six months ended June 30, 2022 (investment in Mainland China is not included):

(In Thousands of New Taiwan Dollars)

Name of investor	Name of investee	Location	Main businesses and products	Original investment amount		Balance as of June 30, 2022			Net income (losses) of investee	Share of profits/losses of investee	Note
				June 30, 2022	December 31, 2021	Shares (thousands)	Percentage of owner	Carrying value			
Fubon insurance Co., Ltd.	Fubon insurance broker (Thailand) Co., Ltd	Thailand	brokerage	4,410	2,765	48,973	48.97 %	35,864	2,947	1,443	Write off under consolidated financial statements
Fubon insurance Co., Ltd.	Fubon insurance (Vietnam) Co., Ltd	Vietnam	insurance	841,606	841,606	-	100.00 %	817,504	58,249	58,249	-
Fubon insurance Co., Ltd.	Fubon insurance broker (Philippines) Co., Ltd	Philippines	brokerage	14,260	14,260	199,994	99.99 %	16,020	249	249	-

On August 17, 2021, a board meeting has resolved to participate in the capital injection for the subsidiary Fubon insurance broker (Thailand) Co., Ltd. The total capital injection in cash amounted to THD \$4,000 thousand (the total capital of Fubon insurance broker (Thailand) Co., Ltd after the capital injection was THD \$10,000 thousand), and the Company invested THD \$1,958.9 thousand. The case was approved and registered by the local authorities on January 24, 2022, and that date was the base date for capital injection. As of June 30, 2022, the Company invested THD \$4,897.3 thousand in total.

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**FUBON INSURANCE CO., LTD. AND ITS SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

(c) Information on investment in Mainland China:

- (i) The Company had been permitted by the Supervisory Commission, R.O.C. (“FSC”), Financial Investment Commission, Ministry of Economic Affairs and China Banking and Insurance Regulatory Commission to found Fubon Property and Casualty Insurance Co., Ltd. for insurance business operation in Mainland China with Fubon Life Insurance Co., Ltd in 2010. In 2012, the Company, Fubon Life Insurance Co., Ltd and Xiamen Port Holding Group signed a joint venture contract to share the ownership of 40%, 40% and 20%, respectively. As of June 30, 2022, Fubon Property & Casualty Insurance Co., Ltd has accumulated its investment CNY \$448 million.

Property & Casualty Insurance Co., Ltd. originally invested in Shenzhen Teng Fu Bo Investment Co. 31.1% shareholdings. On July 16, 2020, a board meeting has resolved not to participate in the capital injection for Shenzhen Teng Fu Bo Investment Co., the capital injection was approved by local authorities on August 19, 2020, which resulted in the decrease in shareholdings from 31.1% to 16.667%. On August 13, 2020, Fubon Property & Casualty Insurance Co., Ltd. shareholders’ meeting has passed a resolution to dispose of 8.5% shareholding in Shenzhen Teng Fu Bo Investment Limited. The case was approved by the authority on October 6, 2021 to sale to Fubon Financial Holding Venture Capital and TFB Capital Co., Ltd. The proportion dropped from 16.667% to 8.167%. As of June 30, 2022, Fubon Property & Casualty Insurance Co., Ltd has invested an accumulative amount of CNY \$60,956 thousand.

Fubon Property & Casualty Insurance Co., Ltd. acquired 24.96% of the equity of Xiamen Jinfuyuan Insurance Surveyors and Loss Adjusters Co.,Ltd. on April 8, 2021. As of June 30, 2022, Fubon Property & Casualty Insurance Co., Ltd. has invested a total of CNY \$668 thousand.

- (ii) The names of investees in Mainland China, the main businesses and products, and other information:

(In Thousands of New Taiwan Dollars)

Name of investee	Main businesses and products	Total amount of paid-in capital (Note 2)	Method of investment (Note 1)	Accumulated outflow of investment from Taiwan as of January 1, 2022	Investment flows		Accumulated outflow of investment from Taiwan as of June 30, 2022	Net income (losses) of the investee	Percentage of ownership	Investment income (losses)	Book value	Accumulated remittance of earnings in current period
					Outflow	Inflow						
Fubon P&C Insurance Co., Ltd.	Property Insurance	4,968,852 (CNY1,120,000)	(a)	2,154,951	-	-	2,154,951	80,258	40.00%	32,103	517,895	-
Shenzhen Teng Fu Bo Investment Ltd. (Note 3)	Investment consultation	3,311,385 (CNY746,400)	(c)	-	-	-	-	(291,168)	3.27%	(8,782)	60,313	-
Xiamen Jinfuyuan Insurance Surveyors and Loss Adjusters Co.,Ltd.	Insurance risk and loss assessment	8,873 (CNY2,000)	(c)	-	-	-	-	(104)	9.98%	(6)	1,169	-

Note 1 : Investment method is divided into three categories and is listed as follows:

- (a) Directly invest in a Chinese company.  
(b) Reinvest in the existing company in the third party and use the company to invest in a Chinese company.  
(c) Other methods.

Note 2 : The Company and its subsidiaries translate all foreign currency items with the spot exchange rate as of June 30, 2022 or the average exchange rate for the six months ended June 30, 2022.

Note 3 : The Company and its subsidiaries indirectly invested in WeSure Insurance Ltd. through Teng Fu Bo Investment Ltd..

- 1) Limitation on investment in Mainland China:

Accumulated Investment in Mainland China as of June 30, 2022	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment
2,154,951 (CNY 448,000)	2,154,951 (CNY 448,000)	15,000,127

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**FUBON INSURANCE CO., LTD. AND ITS SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

- 2) Capital status and its profit and loss : : No Significant investment  
3) Amount and provision methods of reserves please refer to Note 6 (o)

	<u>June 30, 2022</u>	<u>December 31, 2021</u>	<u>June 30, 2021</u>
Unearned premium reserve	\$ 2,442,697	2,635,728	2,371,213
Claim reserve	2,884,517	2,996,825	2,764,187
Premium deficiency reserve	<u>119,970</u>	<u>144,435</u>	<u>89,733</u>
	<u>\$ 5,447,184</u>	<u>5,776,988</u>	<u>5,225,133</u>

- 4) Ratio accounted for the total premium revenue of the parent company: 6.24%  
5) Ratio accounted for the total claim payment of the parent company: 8.31%  
6) The pricing, payment condition, unrealized profit and loss of significant transactions with the investee in China:  
— Amount, ratio and the ending balance of relevant receivables and payables of core business items such as the insurance policy which the policy holder is the investee: None.  
— Amount and profit and loss of property transaction: None.  
— The highest balance, ending balance, interest rate interval and current interest amount of financing: None.  
— Other significant transactions which would influence current profit and loss and other financial condition, such as the provision or receipt of labor service: None.  
7) Reinsurance transaction with foreign insurance in Mainland China:

<u>Names of companies</u>	<u>Amount</u>
PICC Reinsurance Company Limited	\$ (3,606)
Samsung Property & Casualty Insurance Company (China), Ltd.	(6,782)
DaJia Insurance Group Co., Ltd.	29
The People's Insurance Company (HK) Of China Limited.	(9,119)
PICC PROPERTY AND CASUALTY CO., LTD.	(211)
PICC Property and Casualty Company Limited SHENZHEN BRANCH	(6,012)
China Life Property & Casualty Insurance Company Limited	3,741
CHINA CONTINENT PROPERTY & CASUALTY INSURANCE CO., LTD.	3,337
CHINA TAIPING INSURANCE (HK) CO., LTD.	(2,663)
CHINA TAIPING INSURANCE (SG) CO., LTD.	(2,298)
CHINA PACIFIC PROPERTY INSURANCE (HK) CO., LTD.	(11,723)
Ping An Property & Casualty Insurance Co. of China Ltd.	20,607
China Reinsurance (Group) Corporation Singapore Branch	(38,846)
CHINA PROPERTY & CASUALTY REINSURANCE CO., LTD.	354
China United Property Insurance Company	97,994
Bank of China Insurance Company Limited (BOCI)	12,179
TIANAN LIFE INSURANCE COMPANY LIMITED OF CHINA	2,983
TAIPING REINSURANCE CO., LTD.	(43,022)
Yong An Property Insurance Company Ltd.	62
Qianhai Reinsurance Co., Ltd.	(13,143)
Chubb Insurance (China) Company Limited	(239)
Zheshang Property and Casualty Ins. Company Ltd.	1
LLOYDS SYND. 1084 CSL (CHAUCER)	(4,011)
LLOYDS SYND. 1084 CSL (CHAUCER, SG)	(19,225)

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**FUBON INSURANCE CO., LTD. AND ITS SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

<u>Names of companies</u>	<u>Amount</u>
LLOYDS SYND. 2088 CNR	\$ (108)
Zking Property & Casualty Insurance Co., Ltd.	1,274
Huatai Property & Casualty Insurance Co., Ltd.	4,524
Sunshine Property & Casualty Insurance Co., Ltd.	9,593
Swiss Re Corporate Solutions Insurance China?Ltd.	(324)
Champion Property & Casualty Insurance Company Limited	502
Yanzhao Property & Casualty Insurance Co., Ltd	(14)
Haixia Goldenbridge Insurance Co.,Ltd.	1,081
Hannover Ruckversicherung AG Shanghai Branch	(86,967)
AXA Tianping P&C Insurance Co.,Ltd.	(16,181)
Korean Reinsurance Company_SH	(1,934)
The Tokio Marine&Nichido Fire insurance Company(China) Limited	(999)
Cathay Insurance Co., Ltd.	159
Allianz Jingdong General Insurance Company Ltd.	4,792
Lloyd's Insurance Company (China) Ltd.	(110)
Liberty Mutua Insurance Company(China) Limited	(6,824)
MUNICH REINSURANCE COMPANY BEIJING BRANCH	332
Sompo Japan Nipponkoa Insurance(China) Co., Limited	11,018
Nipponkoa Insurance(China) Co., Limited	2,819
Swiss Reinsurance Company Beijing Branch	(5)
Hyundai Insurance (China) Company Limited	(2,676)
XL Reinsurance (China) Company Limited	(2,998)
Mitsui Sumitomo insurance(China) Company Limited	2
Generali China Insurance Co.,Ltd.	36
Starr Property and Casualty(China) Co., Limited	284
8) Insurance transaction with people, company, or other organization in Mainland China: None.	

(iii) Information on significant transactions of investment in Mainland China: None.

(Continued)

**FUBON INSURANCE CO., LTD. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

**(14) Segment information:**

(a) General information

The Company and its subsidiaries run their insurance business and provide insurance contract product in accordance with local insurance laws. They distinguish their reporting sectors by areas, including Taiwan, Vietnam and China, which are the main operating regions of the Company and its subsidiaries. The operating sectors of the Company and its subsidiaries report their profit or loss based on the net income before tax, the value of which is the foundation of performance evaluation and consistent with the report used by their decision makers. The accounting policies of the operating sectors are the same as which mentioned in Note 4 summary of significant accounting policies on the consolidated financial statements as of and for the year ended December 31, 2021.

Other operating segments of the Company and its subsidiaries primarily conduct property insurance business and provide relevant products per the regulations of “Insurance Act”. The abovementioned segments did not reach the quantitative threshold of reportable segment for the six months ended June 30, 2022 and 2021.

(b) Segment information

	<b>For the three months ended June 30, 2022</b>			
	<b>Taiwan area</b>	<b>Other area</b>	<b>Adjustment and reversal (note)</b>	<b>Total</b>
Revenues				
Revenue by external customers	\$ 11,263,384	1,137,363	(42,449)	12,358,298
Revenue between segments	36,118	-	(36,118)	-
Total revenues	<u>\$ 11,299,502</u>	<u>1,137,363</u>	<u>(78,567)</u>	<u>12,358,298</u>
Segment income	<u>\$ (8,179,679)</u>	<u>75,230</u>	<u>(36,118)</u>	<u>(8,140,567)</u>
	<b>For the three months ended June 30, 2021</b>			
	<b>Taiwan area</b>	<b>Other area</b>	<b>Adjustment and reversal (note)</b>	<b>Total</b>
Revenues				
Revenue by external customers	\$ 12,015,082	1,184,265	(10,194)	13,189,153
Revenue between segments	(30,210)	-	30,210	-
Total revenues	<u>\$ 11,984,872</u>	<u>1,184,265</u>	<u>20,016</u>	<u>13,189,153</u>
Segment income	<u>\$ 2,531,250</u>	<u>(79,748)</u>	<u>30,210</u>	<u>2,481,712</u>

(Continued)

**FUBON INSURANCE CO., LTD. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

	<b>For the six months ended June 30, 2022</b>			
	<b>Taiwan area</b>	<b>Other area</b>	<b>Adjustment and reversal (note)</b>	<b>Total</b>
Revenues				
Revenue by external customers	\$ 24,411,082	2,266,586	(64,950)	26,612,718
Revenue between segments	92,044	-	(92,044)	-
Total revenues	<u>\$ 24,503,126</u>	<u>2,266,586</u>	<u>(156,994)</u>	<u>26,612,718</u>
Segment income	<u>\$ (4,794,518)</u>	<u>155,537</u>	<u>(92,044)</u>	<u>(4,731,025)</u>
Segment total assets	<u>\$ 125,199,828</u>	<u>12,199,881</u>	<u>(2,453,578)</u>	<u>134,946,131</u>
Segment total liabilities	<u>\$ 100,199,616</u>	<u>9,998,387</u>	<u>(1,066,295)</u>	<u>109,131,708</u>
	<b>For the six months ended June 30, 2021</b>			
	<b>Taiwan area</b>	<b>Other area</b>	<b>Adjustment and reversal (note)</b>	<b>Total</b>
Revenues				
Revenue by external customers	\$ 22,935,143	2,465,117	(20,360)	25,379,900
Revenue between segments	(8,626)	-	8,626	-
Total revenues	<u>\$ 22,926,517</u>	<u>2,465,117</u>	<u>(11,734)</u>	<u>25,379,900</u>
Segment income	<u>\$ 4,737,665</u>	<u>(52,112)</u>	<u>8,626</u>	<u>4,694,179</u>
Segment total assets	<u>\$ 118,176,765</u>	<u>12,168,975</u>	<u>(1,634,441)</u>	<u>128,711,299</u>
Segment total liabilities	<u>\$ 77,009,307</u>	<u>10,383,441</u>	<u>(465,739)</u>	<u>86,927,009</u>

Note: The related adjustment and consolidated write-off entries are for preparing consolidated financial report.

(c) Important client information

The Company and its subsidiaries do not receive premium revenue from any single customer which exceeds 10% of the direct written premiums received and there is no need to disclose major customer information.