

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

Consolidated Financial Statements

**With Independent Auditors' Report
For the Six Months Ended June 30, 2023 and 2022**

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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, 2023, December 31 and June 30, 2022, the consolidated statements of comprehensive income for the three months and six months ended June 30, 2023 and 2022 and consolidated statements of changes in equity and consolidated statements of cash flows for the six months ended June 30, 2023 and 2022, 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, 2023, December 31 and June 30, 2022, and the results of its consolidated financial performance for the three months and six months ended June 30, 2023 and 2022, and of its consolidated cash flows for the six months ended June 30, 2023 and 2022 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 Standards on Auditing of 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 Norm of Professional Ethicy for Certified Public Accountant of Republic of China, 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, 2023. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be rommunitated in our report.

1. 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, 2022 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.

2. 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, 2022 for related accounting policy, Note 5 (d) for accounting assumptions and estimates, and Note 6 (q) “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, 2023 and 2022, 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 the Regulations Governing the Preparation of Financial Statements by Insurance Enterprises 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.

Auditors’ Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an 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 Standards on Auditing of the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with the Standards on Auditing of the Republic of China, we exercise professional judgment and 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, 2023 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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

KPMG

Taipei, Taiwan (Republic of China)
August 16, 2023

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, 2023, December 31 and June 30, 2022

(Expressed in Thousands of New Taiwan Dollars)

	June 30, 2023		December 31, 2022		June 30, 2022			June 30, 2023		December 31, 2022		June 30, 2022	
	Amount	%	Amount	%	Amount	%		Amount	%	Amount	%	Amount	%
Assets													
11000 Cash and cash equivalents (notes 6(a), 7 and 8)	\$ 11,824,078	10	10,897,303	10	14,849,595	11							
12000 Receivables (notes 6(b), (c), (d) and (h))	7,840,664	6	4,712,357	4	8,949,722	7	23100 Short-term liabilities, net (notes 6(n), (o), (ab) and (ae))	\$ 12,898,375	11	9,780,000	9	-	-
12600 Current tax assets (note 6(v))	3,067,202	3	2,067,260	2	14,059	-	21000 Accounts payable (notes 6(b), (c), (g), (h) and (q))	17,534,281	14	16,482,543	14	16,146,587	12
14110 Financial assets at fair value through profit or loss (notes 6(i), (ab), (ac) and 8)	6,344,196	5	7,404,076	6	24,339,415	18	21700 Current tax liabilities (note 6(v))	9,278	-	9,916	-	19,878	-
14145 Financial assets at amortized cost (notes 6(i), (aa) and (ab))	1,599,893	1	1,560,957	1	1,494,413	1	23200 Financial liabilities at fair value through profit or loss (notes 6(i), (aa) and (ab))	136,191	-	106,214	-	737,966	1
14150 Investments accounted for using equity method, net (note 6(i))	114,032	-	119,205	-	153,704	-	24000 Insurance liabilities (notes 6(q) and (y))	67,122,565	56	77,450,157	68	86,895,610	64
14190 Financial assets at fair value through other comprehensive income (notes 6(i), (aa), (ab) and 8)	7,683,422	6	10,696,822	9	22,798,801	17	23800 Lease liabilities (notes 6(r) and (ae))	655,949	1	742,146	1	808,158	1
16700 Right-of-use assets (note 6(j))	644,942	1	731,863	1	809,120	1	28000 Deferred tax liabilities (note 6(v))	1,549,405	1	1,495,656	1	1,433,095	1
14200 Investment property (note 6(k))	9,837,479	8	9,725,217	9	9,636,232	7	25000 Other liabilities	1,431,621	1	1,633,953	1	2,003,040	1
15000 Reinsurance assets (notes 6(e), (f), (g) and (q))	46,748,188	39	45,352,052	40	39,706,207	29	27000 Provisions (note 6(p))	853,714	1	908,169	1	1,087,374	1
16000 Property and equipment (note 6(l))	6,691,063	6	6,406,870	6	6,378,073	5		102,191,379	85	108,608,754	95	109,131,708	81
17000 Intangible assets (note 6(m))	205,189	-	215,781	-	180,949	-							
17800 Deferred tax assets (note 6(v))	9,378,829	8	9,464,263	8	2,898,037	2	Equity attributable to owners of parent (note (t))						
18000 Other assets	8,703,333	7	4,486,199	4	2,737,804	2	31000 Share capital	14,678,396	12	4,678,396	4	3,178,396	2
							32000 Capital surplus	6,000,000	5	19,678,389	17	6,178,389	5
							Retained earnings:						
							33100 Legal reserve	-	-	3,761,712	3	3,761,712	3
							33200 Special reserve	12,908,638	11	12,910,130	12	12,619,203	9
							33300 Unappropriated retained earnings	(16,202,774)	(14)	(36,420,815)	(32)	350,172	-
							Total retained earnings	(3,294,136)	(3)	(19,748,973)	(17)	16,731,087	12
							Other equity:						
							34100 Exchange differences on translation of foreign financial statements	(81,046)	-	(83,108)	-	(104,070)	-
							34210 Revaluation gains (losses) on investments in equity instruments measured at fair value through other comprehensive income	1,089,225	1	894,578	1	734,744	1
							34220 Gains (losses) from investments in debt instruments measured at fair value through other comprehensive income	(940,813)	(1)	(1,097,056)	(1)	(1,103,462)	(1)
							34600 Revaluation surplus	238,140	-	238,140	-	236,093	-
							34950 Reserve of overlay approach	83,674	-	(75,161)	-	(850,965)	(1)
							Total other equity	389,180	-	(122,607)	-	(1,087,660)	(1)
							Total equity attributed to owners of parent	17,773,440	14	4,485,205	4	25,000,212	18
							36000 Non-controlling interests	717,691	1	746,266	1	814,211	1
							Total equity	18,491,131	15	5,231,471	5	25,814,423	19
Total assets	\$ 120,682,510	100	113,840,225	100	134,946,131	100	Total liabilities and equity	\$ 120,682,510	100	113,840,225	100	134,946,131	100

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, 2023 and 2022****(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				
	2023		2022		2023		2022		
	Amount	%	Amount	%	Amount	%	Amount	%	
Operating revenue:									
41110	Written premium (note 6(y))	\$ 15,570,070	124	16,485,321	133	32,118,812	129	31,602,349	119
41120	Reinsurance premium (note 6(y))	735,617	6	981,943	8	1,408,015	6	1,924,538	7
	Premium	16,305,687	130	17,467,264	141	33,526,827	135	33,526,887	126
51100	Less: Reinsurance expense (note 6(y))	4,888,682	39	5,343,958	43	10,605,684	42	9,998,545	37
51310	Net change in unearned premiums reserve (notes 6(q) and (y))	265,834	2	1,258,560	10	665,604	3	1,801,386	7
	Retained earned premium	11,151,171	89	10,864,746	88	22,255,539	90	21,726,956	82
41300	Reinsurance commission revenue (note 6(y))	927,147	7	677,178	5	1,459,079	6	1,239,662	5
	Net income (loss) from investments								
41510	Interest income	163,993	1	253,339	2	322,014	1	496,789	2
41521	Gains (losses) on financial assets or liabilities at fair value through profit or loss	(181,118)	(1)	(3,895,430)	(31)	525,035	2	(6,752,347)	(25)
41527	Realized gains (losses) on financial assets measured at fair value through other comprehensive income	19,332	-	49,040	-	48,151	-	81,725	-
41540	Share of loss of associates and joint ventures accounted for using equity method (note 6(i))	(5,667)	-	(3,540)	-	(1,575)	-	(21,970)	-
41550	Foreign exchange gains (losses), investments	75,810	1	359,993	3	12,415	-	937,867	3
41570	Gains (losses) on investment property	104,869	1	103,687	1	263,949	1	177,009	1
41585	Expected credit losses or reversal of expected credit losses of investments	(518)	-	(166)	-	(297)	-	(1,039)	-
41590	Other net income (loss) from investments	65	-	94	-	65	-	94	-
41600	Gains (losses) on reclassification under the overlay approach (note 6(i))	247,864	2	3,854,325	31	(154,800)	-	8,593,796	32
41800	Other operating income	40,059	-	95,032	1	80,394	-	134,176	-
	Total operating revenue	12,543,007	100	12,358,298	100	24,809,969	100	26,612,718	100
Operating costs:									
51200	Insurance claim payment (note 6(y))	10,767,056	86	11,392,983	92	36,172,753	146	18,560,728	70
41200	Less: Claims recovered from reinsurers (note 6(y))	2,973,422	24	4,499,485	36	7,346,064	30	5,967,058	23
	Retained claim payment	7,793,634	62	6,893,498	56	28,826,689	116	12,593,670	47
	Net change in insurance liability reserve (note 6(q))								
51320	Net change in claim reserve (note 6(y))	(1,877,574)	(15)	11,000,105	89	(8,999,271)	(36)	11,665,284	44
51330	Net change in liability reserve	-	-	2	-	1	-	3	-
51340	Net change in special claim reserve	33,606	-	(2,970,399)	(24)	39,115	-	(3,037,165)	(12)
51350	Net change in premium deficiency reserve	26,060	-	427,114	3	(729,111)	(3)	427,118	2
51500	Commission expense (notes 6(x) and (y))	2,583,282	21	2,347,961	19	4,559,663	18	4,300,943	16
51800	Other operating costs	217,624	2	108,943	1	656,218	3	171,313	1
	Total operating costs	8,776,632	70	17,807,224	144	24,353,304	98	26,121,166	98
Operating expenses:									
58100	General expenses	2,207,596	17	2,417,576	20	4,072,342	16	4,448,054	17
58200	Administrative expenses	134,247	1	67,295	-	355,370	2	451,414	2
58300	Staff training expenses	5,211	-	2,757	-	6,960	-	6,891	-
58400	Expected credit losses or reversal of expected credit losses of non-investments	87,725	1	68,751	1	102,591	-	101,152	-
	Total operating expenses	2,434,779	19	2,556,379	21	4,537,263	18	5,007,511	19
	Net operating income (loss)	1,331,596	11	(8,005,305)	(65)	(4,080,598)	(16)	(4,515,959)	(17)

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, 2023 and 2022****(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				
	2023		2022		2023		2022		
	Amount	%	Amount	%	Amount	%	Amount	%	
Non-operating income and expenses:									
59100	\$ 92	-	(226)	-	(216)	-	(231)	-	
59400	-	-	(315)	-	-	-	(315)	-	
59900	(63,208)	(1)	(134,721)	(1)	16,937	-	(214,520)	(1)	
	<u>(63,116)</u>	<u>(1)</u>	<u>(135,262)</u>	<u>(1)</u>	<u>16,721</u>	<u>-</u>	<u>(215,066)</u>	<u>(1)</u>	
62000	Profit (loss) from continuing operations before tax	1,268,480	10	(8,140,567)	(66)	(4,063,877)	(16)	(4,731,025)	(18)
63000	Less: Tax expenses (income) (note 6(v))	<u>258,210</u>	<u>2</u>	<u>(1,854,954)</u>	<u>(15)</u>	<u>(837,344)</u>	<u>(3)</u>	<u>(1,413,837)</u>	<u>(6)</u>
	Profit (Loss)	<u>1,010,270</u>	<u>8</u>	<u>(6,285,613)</u>	<u>(51)</u>	<u>(3,226,533)</u>	<u>(13)</u>	<u>(3,317,188)</u>	<u>(12)</u>
83000	Other comprehensive income:								
83100	Components of other comprehensive income that will not be reclassified to profit or loss								
83120	Gains (losses) on revaluation	-	-	12,371	-	-	-	12,371	-
83190	Revaluation gains (losses) on investments in equity instruments measured at fair value through other comprehensive income	(45,764)	-	(114,719)	(1)	194,192	1	(366,580)	(1)
83180	Less: Income tax related to components of other comprehensive income that will not be reclassified to profit or loss (note 6(v))	-	-	136	-	-	-	136	-
	Total components of other comprehensive income that will not be reclassified to profit or loss	<u>(45,764)</u>	<u>-</u>	<u>(102,484)</u>	<u>(1)</u>	<u>194,192</u>	<u>1</u>	<u>(354,345)</u>	<u>(1)</u>
83200	Components of other comprehensive income that will be reclassified to profit or loss								
83210	Exchange differences on translation of foreign financial statements	(21,178)	-	2,065	-	(18,899)	-	81,416	-
83290	Gains (losses) from investments in debt instruments measured at fair value through other comprehensive income	(85,576)	(1)	(1,786,649)	(15)	163,254	1	(3,256,579)	(12)
83295	Other comprehensive income on reclassification under the overlay approach (note 6(i))	(247,864)	(2)	(3,854,325)	(31)	154,800	-	(8,593,796)	(32)
83280	Less: Income tax related to components of other comprehensive income that will be reclassified to profit or loss (note 6(v))	(23,560)	-	(324,535)	(3)	7,154	-	(619,881)	(2)
	Total components of other comprehensive income that will be reclassified to profit or loss	<u>(331,058)</u>	<u>(3)</u>	<u>(5,314,374)</u>	<u>(43)</u>	<u>292,001</u>	<u>1</u>	<u>(11,149,078)</u>	<u>(42)</u>
83000	Total other comprehensive income	<u>(376,822)</u>	<u>(3)</u>	<u>(5,416,858)</u>	<u>(44)</u>	<u>486,193</u>	<u>2</u>	<u>(11,503,423)</u>	<u>(43)</u>
85000	Total comprehensive income	<u>\$ 633,448</u>	<u>5</u>	<u>(11,702,471)</u>	<u>(95)</u>	<u>(2,740,340)</u>	<u>(11)</u>	<u>(14,820,611)</u>	<u>(55)</u>
	Profit (loss), attributable to:								
86100	Owners of parent	\$ 1,030,126	8	(6,319,986)	(51)	(3,223,638)	(13)	(3,366,847)	(12)
86200	Non-controlling interest	<u>(19,856)</u>	<u>-</u>	<u>34,373</u>	<u>-</u>	<u>(2,895)</u>	<u>-</u>	<u>49,659</u>	<u>-</u>
		<u>\$ 1,010,270</u>	<u>8</u>	<u>(6,285,613)</u>	<u>(51)</u>	<u>(3,226,533)</u>	<u>(13)</u>	<u>(3,317,188)</u>	<u>(12)</u>
	Comprehensive income attributable to:								
87100	Owners of parent	\$ 689,201	5	(11,735,358)	(95)	(2,711,765)	(11)	(14,862,801)	(55)
87200	Non-controlling interests	<u>(55,753)</u>	<u>-</u>	<u>32,887</u>	<u>-</u>	<u>(28,575)</u>	<u>-</u>	<u>42,190</u>	<u>-</u>
		<u>\$ 633,448</u>	<u>5</u>	<u>(11,702,471)</u>	<u>(95)</u>	<u>(2,740,340)</u>	<u>(11)</u>	<u>(14,820,611)</u>	<u>(55)</u>
	Earnings per share								
	Basic earnings per share (note 6(w))	<u>\$ 1.08</u>		<u>(19.88)</u>		<u>(4.53)</u>		<u>(10.59)</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, 2023 and 2022****(Expressed in Thousands of New Taiwan Dollars)**

	Equity attributable to owners of parent												
	Capital						Other equity						
	Ordinary share	Capital surplus	Legal reserve	Special reserve	Retained earnings		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
Unappropriated retained earnings					Total								
Balance at January 1, 2022	\$ 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:													
Reversal of special reserve – 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	-	-	-	-	-
Balance at June 30, 2022	<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>
Balance at January 1, 2023	\$ 4,678,396	19,678,389	3,761,712	12,910,130	(36,420,815)	(19,748,973)	(83,108)	(202,478)	238,140	(75,161)	4,485,205	746,266	5,231,471
Loss	-	-	-	-	(3,223,638)	(3,223,638)	-	-	-	-	(3,223,638)	(2,895)	(3,226,533)
Other comprehensive income	-	-	-	-	-	-	2,062	350,976	-	158,835	511,873	(25,680)	486,193
Total comprehensive income	-	-	-	-	(3,223,638)	(3,223,638)	2,062	350,976	-	158,835	(2,711,765)	(28,575)	(2,740,340)
Appropriation and distribution of retained earnings:													
Reversal of special reserve – Employee training and transferring plan	-	-	-	(1,492)	1,492	-	-	-	-	-	-	-	-
Legal reserve used to offset accumulated deficits	-	-	(3,761,712)	-	3,761,712	-	-	-	-	-	-	-	-
Other changes in capital surplus:													
Capital surplus used to offset accumulated deficits	-	(19,678,389)	-	-	19,678,389	19,678,389	-	-	-	-	-	-	-
Issue of shares	10,000,000	6,000,000	-	-	-	-	-	-	-	-	16,000,000	-	16,000,000
Disposal of investments in equity instruments designated at fair value through other comprehensive income	-	-	-	-	86	86	-	(86)	-	-	-	-	-
Balance at June 30, 2023	<u>\$ 14,678,396</u>	<u>6,000,000</u>	<u>-</u>	<u>12,908,638</u>	<u>(16,202,774)</u>	<u>(3,294,136)</u>	<u>(81,046)</u>	<u>148,412</u>	<u>238,140</u>	<u>83,674</u>	<u>17,773,440</u>	<u>717,691</u>	<u>18,491,131</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, 2023 and 2022****(Expressed in Thousands of New Taiwan Dollars)**

	For the six months ended June 30	
	2023	2022
Cash flows from (used in) operating activities:		
Loss before tax	\$ (4,063,877)	(4,731,025)
Adjustments:		
Adjustments to reconcile profit:		
Depreciation expenses	190,504	188,769
Amortization expenses	70,515	65,082
Net loss (gain) on financial assets or liabilities at fair value through profit or loss	(525,035)	6,752,347
Net gain on financial assets or liabilities at fair value through other comprehensive income	(48,151)	(81,725)
Interest expenses	491,390	27,836
Interest income	(322,014)	(496,789)
Net change in insurance liabilities	(9,023,662)	10,856,626
Expected credit losses of investment	297	1,039
Expected credit losses of non-investments	102,591	101,152
Shares of losses of associates and joint ventures accounted for using equity method	1,575	21,970
Losses (gains) reclassified by applying overlay approach	154,800	(8,593,796)
Losses on disposal of property and equipment	216	546
Gains on disposal of investment properties	(64)	-
Reversal of impairment loss on non-financial assets	(177)	(1,381)
Unrealized foreign exchange gains	(98,046)	(1,106,328)
Gains on fair value adjustment of investment property	(109,536)	(22,635)
Other	(21)	(19)
Total adjustments to reconcile profit (loss)	(9,114,818)	7,712,694
Changes in operating assets and liabilities:		
Changes in operating assets:		
Decrease (increase) in notes receivable	(173,000)	111,461
Increase in premiums receivable	(2,972,895)	(3,351,966)
Decrease (increase) in other receivable	48,246	(22,322)
Decrease (increase) in financial assets at fair value through profit or loss	(123,861)	4,069,033
Decrease in financial assets at fair value through other comprehensive income	126,406	716,804
Increase in other financial assets	-	(7,524)
Increase in reinsurance assets	(2,710,514)	(2,405,195)
Decrease in other assets	598,752	38,949
Total changes in operating assets	(5,206,866)	(850,760)
Changes in operating liabilities:		
Increase (decrease) in claims payable	(3,406,151)	193,199
Increase in commissions payable	194,579	434,413
Increase in due to reinsurers and ceding companies	4,384,914	316,108
Decrease in other payable	(71,004)	(479,897)
Decrease in provisions	(51)	(31)
Decrease in provisions for employee benefits	(54,494)	(151,465)
Increase (decrease) in other liabilities	(199,372)	185,961
Total changes in operating liabilities	848,421	498,288
Total changes in operating assets and liabilities	(4,358,445)	(352,472)
Total adjustments	(13,473,263)	7,360,222
Cash inflow (outflow) generated from operations	(17,537,140)	2,629,197
Interest received	341,333	520,493
Dividends received	77,731	296,327
Interest paid	(438,719)	(28,310)
Income taxes paid	(30,295)	(387,477)
Net cash flows from (used in) operating activities	(17,587,090)	3,030,230
Cash flows from (used in) investing activities:		
Acquisition of property and equipment	(375,210)	(76,310)
Proceeds from disposal of property and equipment	496	231
Acquisition of intangible assets	(60,144)	(31,395)
Proceeds from disposal of investment properties	315	-
Net cash flows from (used in) investing activities	(434,543)	(107,474)
Cash flows from (used in) financing activities:		
Increase in short-term loans	7,550,000	-
Decrease in short-term loans	(5,980,000)	-
Increase in commercial papers payable	1,497,051	-
Cash dividends paid	-	(4,798,537)
Proceeds from issuing shares	16,000,000	-
Payments of lease liabilities	(113,763)	(114,780)
Net cash flows from (used in) financing activities	18,953,288	(4,913,317)
Effect of exchange rate changes on cash and cash equivalents	(4,880)	112,301
Net increase (decrease) in cash and cash equivalents	926,775	(1,878,260)
Cash and cash equivalents at the beginning of period	10,897,303	16,727,855
Cash and cash equivalents at the end of period	\$ 11,824,078	14,849,595

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, 2023 and 2022

(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, 2023 and 2022, 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, 2023.

(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 has initially adopted the following new amendments, which do not have a significant impact on its consolidated financial statements, from January 1, 2023:

- Amendments to IAS 1 “Disclosure of Accounting Policies”
- Amendments to IAS 8 “Definition of Accounting Estimates”
- Amendments to IAS 12 “Deferred Tax related to Assets and Liabilities arising from a Single Transaction”

The Company and its subsidiaries has initially adopted the new amendment, which do not have a significant impact on its consolidated financial statements, from May 23, 2023:

- Amendments to IAS 12 “International Tax Reform—Pillar Two Model Rules”

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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 assesses that the adoption of the following new amendments, effective for annual period beginning on January 1, 2024, would not have a significant impact on its consolidated financial statements:

- Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”
- Amendments to IAS 1 “Non-current Liabilities with Covenants”
- Amendments to IAS 7 and IFRS 7 “Supplier Finance Arrangements”
- Amendments to IFRS 16 “Lease Liability in a Sale and Leaseback”

(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:

Standards or Interpretations	Content of amendment	Effective date per IASB
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

Standards or Interpretations	Content of amendment	Effective date per IASB
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"> ● Recognition: an entity recognizes a group of insurance contracts that it issues from the earliest of : <ul style="list-style-type: none"> - the beginning of the coverage period of the group of contracts; - the date when the first payment from a policyholder in the group because due; and - for a group of onerous contracts, when the group becomes onerous, if facts and circumstances indicate that there is such a group. ● 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. ● Presentation and disclosure: the presentation of insurance revenue is based on the provision of service pattern and investment components excluded from insurance revenue. 	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"> ● reduce costs by simplifying some requirements in the Standard; ● make financial performance easier to explain; and ● 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. 	January 1, 2023

(Continued)

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

Standards or Interpretations	Content of amendment	Effective date per IASB
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 Group is 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 Group completes its evaluation.

(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, 2022. For the related information, please refer to note 4 of the consolidated financial statements for the year ended December 31, 2022.

(b) Basis of consolidation

(i) List of subsidiaries in the consolidated financial statements

Name of investor	Name of subsidiary	Business Type	Shareholding		
			June 30, 2023	December 31, 2022	June 30, 2022
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 %

(Continued)

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

(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 measured by multiplying together the pre-tax income for the interim reporting period and the management's best estimate of effective annual tax rate. This should be recognized 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.

The Company and its subsidiaries are likely to be facing uncertainty in pandemic and climate, such as COVID-19 and natural disasters. Those events may have a significant impact in the next financial year on the following accounting estimates, which depend on the future forecasts.

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, 2023</u>	<u>December 31, 2022</u>	<u>June 30, 2022</u>
Cash on hand	\$ 98	135	84
Cash in bank	11,343,412	10,049,029	11,114,557
Short-term notes and bills	531,272	898,765	3,808,980
Less: Statutory deposits	<u>(50,704)</u>	<u>(50,626)</u>	<u>(74,026)</u>
Total	<u>\$ 11,824,078</u>	<u>10,897,303</u>	<u>14,849,595</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, 2023</u>	<u>December 31, 2022</u>	<u>June 30, 2022</u>
Receivables of insurance contracts (Note 6(c))	\$ 7,100,207	3,989,033	7,367,353
Notes receivable-Not for insurance contracts (Note 6(d))	18,682	15,164	23,200
Other receivables (Note 6(h))	<u>721,775</u>	<u>708,160</u>	<u>1,559,169</u>
Total	<u>\$ 7,840,664</u>	<u>4,712,357</u>	<u>8,949,722</u>

(ii) Payables

	<u>June 30, 2023</u>	<u>December 31, 2022</u>	<u>June 30, 2022</u>
Payables of insurance contracts (Note 6(c))	\$ 1,327,133	1,133,119	1,417,022
Due to reinsurers and ceding companies (Note 6(g))	13,173,391	8,832,454	11,078,003
Other payables (Note 6(h))	2,883,788	2,960,257	3,424,281
Claims payables (Note 6(q))	<u>149,969</u>	<u>3,556,713</u>	<u>227,281</u>
Total	<u>\$ 17,534,281</u>	<u>16,482,543</u>	<u>16,146,587</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

June 30, 2023				
Item	Notes receivable	Premiums receivable	Overdue receivable	Total
Voluntary moto insurance	\$ -	177,996	-	177,996
Compulsory auto liability insurance	-	48,186	-	48,186
Compulsory motorcycle liability insurance	-	43,911	-	43,911
Fire insurance	-	2,487,176	107,168	2,594,344
Personal insurance	-	1,358,750	2,843	1,361,593
Marine hull insurance	-	172,871	5,992	178,863
Fishing vessel insurance	-	39,199	-	39,199
Casualty insurance	-	1,319,825	99,955	1,419,780
Marine insurance	-	412,033	5,596	417,629
Other	<u>873,863</u>	<u>7,746</u>	<u>131</u>	<u>881,740</u>
Total	873,863	6,067,693	221,685	7,163,241
Less: Allowance for bad debts	(6,076)	(29,244)	(27,714)	(63,034)
Net	<u>\$ 867,787</u>	<u>6,038,449</u>	<u>193,971</u>	<u>7,100,207</u>
December 31, 2022				
Item	Notes receivable	Premiums receivable	Overdue receivable	Total
Voluntary moto insurance	\$ -	98,603	-	98,603
Compulsory auto liability insurance	-	57,026	-	57,026
Compulsory motorcycle liability insurance	-	41,455	-	41,455
Fire insurance	-	602,796	61,210	664,006
Personal insurance	-	1,271,367	2,620	1,273,987
Marine hull insurance	-	54,306	3,683	57,989
Fishing vessel insurance	-	44,699	58	44,757
Casualty insurance	-	816,310	64,253	880,563
Marine insurance	-	173,922	10,351	184,273
Other	<u>704,384</u>	<u>12,840</u>	<u>1,577</u>	<u>718,801</u>
Total	704,384	3,173,324	143,752	4,021,460
Less: Allowance for bad debts	(2,023)	(11,852)	(18,552)	(32,427)
Net	<u>\$ 702,361</u>	<u>3,161,472</u>	<u>125,200</u>	<u>3,989,033</u>

(Continued)

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

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	<u>794,027</u>	<u>14,727</u>	<u>1,761</u>	<u>810,515</u>
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>

As of June 30, 2023, December 31 and June 30, 2022, the notes receivable of overdue receivable are amounted to \$131 thousand, \$126 thousand and \$264 thousand, respectively, and the premiums receivable amounted to \$221,554 thousand, \$143,626 thousand and \$266,017 thousand, respectively.

(ii) Aging of receivables

	December 31,		
	June 30, 2023	2022	June 30, 2022
Under 90 days	\$ 6,817,958	3,828,906	7,130,294
91~365 days	342,098	195,961	327,175
More than 366 days	21,887	11,779	17,243

(Continued)

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

(iii) Payables of insurance contracts

<u>Item</u>	June 30, 2023		
	<u>Commission payables</u>	<u>Service charge payables</u>	<u>Total</u>
Fire insurance	\$ 141,399	-	141,399
Casualty insurance	181,013		181,013
Marine insurance	51,323		51,323
Fishing vessel insurance	882	-	882
Marine hull insurance	7,674	-	7,674
Personal insurance	502,592	-	502,592
Voluntary moto insurance	243,732	-	243,732
Compulsory auto liability insurance	-	20,199	20,199
Compulsory motorcycle liability insurance	-	11,700	11,700
Other	166,619	-	166,619
Total	<u>\$ 1,295,234</u>	<u>31,899</u>	<u>1,327,133</u>

<u>Item</u>	December 31, 2022		
	<u>Commission payables</u>	<u>Service charge payables</u>	<u>Total</u>
Fire insurance	\$ 56,586	-	56,586
Casualty insurance	143,893		143,893
Marine insurance	27,580		27,580
Fishing vessel insurance	829	-	829
Marine hull insurance	2,446	-	2,446
Personal insurance	462,340	-	462,340
Voluntary moto insurance	230,931	-	230,931
Compulsory auto liability insurance	-	21,955	21,955
Compulsory motorcycle liability insurance	-	10,834	10,834
Other	175,725	-	175,725
Total	<u>\$ 1,100,330</u>	<u>32,789</u>	<u>1,133,119</u>

(Continued)

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

Item	June 30, 2022		
	Commission payables	Service charge payables	Total
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	178,412	-	178,412
Total	\$ 1,385,962	31,060	1,417,022

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, 2023	December 31, 2022	June 30, 2022
Notes receivable	\$ 18,702	15,186	23,344
Less: Allowance for bad debts	(20)	(22)	(144)
Net	\$ 18,682	15,164	23,200

(e) Reinsurance Assets

	June 30, 2023	December 31, 2022	June 30, 2022
Claims and payments recoverable from reinsurers (Note 6(f))	\$ 5,145,223	6,940,407	4,542,596
Due from reinsurers and ceding companies, net (Note 6(g))	21,046,432	16,639,685	5,825,415
Reinsurance reserve assets (Note 6(q))	20,556,533	21,771,960	29,338,196
Total	\$ 46,748,188	45,352,052	39,706,207

(Continued)

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

(f) Claims and payments recoverable from reinsurers

Type	June 30, 2023	December 31, 2022	June 30, 2022
Fire insurance	\$ 1,430,743	796,201	390,848
Marine cargo insurance	33,151	65,898	75,138
Marine hull/Fishing vessel/ Aviation insurance	154,378	140,744	121,762
Voluntary moto insurance	230,580	182,950	154,670
Compulsory moto TPL insurance	624,503	608,016	602,467
Liability insurance	38,161	46,483	74,652
Engineering and nuclear insurance	113,123	63,153	24,508
Surety and credit insurance	22,266	3,023	2,932
Other property insurance	489,163	1,532,678	1,801,617
Personal accident insurance	38,725	56,263	27,829
Personal and commercial multiple peril insurance	11,340	3,178	2,488
Typhoon, flood and earthquake insurance	8,619	2,459	111,242
Health insurance	2,000,549	3,523,197	1,158,495
Foreign business	-	-	-
Total	5,195,301	7,024,243	4,548,648
Less: Allowance for bad debts	(50,078)	(83,836)	(6,052)
Net	<u>\$ 5,145,223</u>	<u>6,940,407</u>	<u>4,542,596</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, 2023	December 31, 2022	June 30, 2022
	Due from reinsurers and ceding companies	Due from reinsurers and ceding companies	Due from reinsurers and ceding companies
Fire insurance	\$ 126,106	178,417	250,725
Marine cargo insurance	9,151	6,230	18,607
Marine hull/ Fishing vessel / Aviation insurance	4,378	5,932	13,212
Voluntary moto insurance	173,006	340,900	376,506
Compulsory moto TPL insurance	225,213	223,881	212,681
Liability insurance	58,181	69,948	129,453
Engineering and nuclear insurance	218,422	275,319	426,493
Surety and credit insurance	-	433	1,204
Other property insurance	524,003	323,922	304,205
Personal accident insurance	38,136	53,052	103,360
Personal and commercial multiple peril insurance	-	-	-
Typhoon, flood and earthquake insurance	10,832	7,106	16,085
Health insurance	-	-	-
Foreign business	133,424	173,394	268,531
Total	1,520,852	1,658,534	2,121,062
Less: Allowance for bad debts	(2,778)	(3,635)	(7,544)
Net	<u>\$ 1,518,074</u>	<u>1,654,899</u>	<u>2,113,518</u>

(Continued)

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

(ii) Reinsurance payables

<u>Item</u>	<u>June 30, 2023</u>		
	<u>Due to reinsurers and ceding companies</u>	<u>Other</u>	<u>Total</u>
Fire insurance	\$ 78,494	-	78,494
Marine cargo insurance	6,347	-	6,347
Marine hull/ Fishing vessel/ Aviation insurance	3,808	-	3,808
Voluntary moto insurance	165,317	-	165,317
Compulsory moto TPL insurance	-	-	-
Liability insurance	66,668	-	66,668
Engineering and nuclear insurance	183,851	-	183,851
Surety and credit insurance	18	-	18
Other property insurance	478,524	-	478,524
Personal accident insurance	35,854	-	35,854
Personal and commercial multiple peril insurance	-	-	-
Typhoon, flood and earthquake insurance	586	-	586
Health insurance	-	-	-
Overseas reinsurance assumed	<u>129,929</u>	<u>-</u>	<u>129,929</u>
Total	<u>\$ 1,149,396</u>	<u>-</u>	<u>1,149,396</u>

(Continued)

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

Item	December 31, 2022		
	Due to reinsurers and ceding companies	Other	Total
Fire insurance	\$ 129,643	-	129,643
Marine cargo insurance	4,607	-	4,607
Marine hull/Fishing vessel/ Aviation insurance	5,222	-	5,222
Voluntary moto insurance	113,498	-	113,498
Compulsory moto TPL insurance	-	-	-
Liability insurance	64,157	-	64,157
Engineering and nuclear insurance	186,710	-	186,710
Surety and credit insurance	472	-	472
Other property insurance	653,238	-	653,238
Personal accident insurance	41,423	-	41,423
Personal and commercial multiple peril insurance	-	-	-
Typhoon, flood and earthquake insurance	765	-	765
Health insurance	-	-	-
Overseas reinsurance assumed	92,888	-	92,888
Total	\$ 1,292,623	-	1,292,623

(Continued)

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

Item	June 30, 2022		
	Due to reinsurers and ceding companies	Other	Total
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
Total	\$ 1,515,803	-	1,515,803

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

Item	June 30, 2023	
	Due from reinsurers and ceding companies	Due to reinsurers and ceding companies
Hannover Rueck SE Malaysian Branch	\$ 8,366,475	-
STARR INTERNATIONAL INSURANCE (ASIA) LTD.	5,036,108	-
AIG INSURANCE HONG KONG LIMITED	1,687,130	-
HANNOVER RUCK SE (SHANGHAI BRANCH)	1,006,632	-
CENTRAL REINSURANCE CORPORATION	-	1,201,389
INSURANCE COMPANY OF NORTH AMERICA (TAIWAN BRANCH)	-	741,488
Other companies	3,615,118	10,081,118
Total	19,711,463	12,023,995
Less: Allowance for bad debts	(183,105)	
Net	\$ 19,528,358	

(Continued)

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

Item	December 31, 2022	
	Due from reinsurers and ceding companies	Due to reinsurers and ceding companies
Hannover Rueck SE Malaysian Branch	\$ 7,559,047	-
STARR INTERNATIONAL INSURANCE (ASIA) LTD.	2,693,229	-
AIG INSURANCE HONG KONG LIMITED	1,302,122	-
HANNOVER RUCK SE (SHANGHAI BRANCH)	776,876	-
CENTRAL REINSURANCE CORPORATION	-	916,332
INSURANCE COMPANY OF NORTH AMERICA (TAIWAN BRANCH)	-	511,890
Other companies	<u>2,730,280</u>	<u>6,111,609</u>
Total	15,061,554	<u><u>7,539,831</u></u>
Less: Allowance for bad debts	<u>(76,768)</u>	
Net	<u><u>\$ 14,984,786</u></u>	
	June 30, 2022	
Item	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	<u>3,006,928</u>	<u>7,644,568</u>
Total	3,827,556	<u><u>9,562,200</u></u>
Less: Allowance for bad debts	<u>(115,659)</u>	
Net	<u><u>\$ 3,711,897</u></u>	

As of June 30, 2023, December 31 and June 30, 2022, overdue receivables of due from reinsurers and ceding companies are \$1,020,731 thousand, \$169,827 thousand and \$469,190 thousand, respectively, and the allowance for bad debts for above are amounted to \$18,935 thousand, \$21,786 thousand and \$123,203 thousand, respectively.

(Continued)

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

(h) Other accounts receivables (payables)

(i) Other receivables

	June 30, 2023	December 31, 2022	June 30, 2022
Related parties	\$ 36,347	10,352	7,047
Non-related parties	<u>685,868</u>	<u>698,223</u>	<u>1,552,592</u>
Total	722,215	708,575	1,559,639
Less: Allowance for bad debts	<u>(440)</u>	<u>(415)</u>	<u>(470)</u>
Net	<u><u>\$ 721,775</u></u>	<u><u>708,160</u></u>	<u><u>1,559,169</u></u>

As of June 30, 2023, December 31 and June 30, 2022, overdue receivables of non-related party are \$403 thousand, \$1,674 thousand and \$3,381 thousand, respectively and there is no allowance for bad debts.

(ii) Other payables

	June 30, 2023	December 31, 2022	June 30, 2022
Related parties	\$ 280,882	281,912	306,067
Non-related parties	<u>2,602,906</u>	<u>2,678,345</u>	<u>3,118,214</u>
Total	<u><u>\$ 2,883,788</u></u>	<u><u>2,960,257</u></u>	<u><u>3,424,281</u></u>

(i) Financial assets and liabilities

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

	June 30, 2023	December 31, 2022	June 30, 2022
Financial assets mandatorily measured at fair value through profit or loss:			
Non-hedge derivative instruments			
Currency rate contracts	\$ -	68,226	960
FX forward contract	-	-	2,150
Non-derivative financial assets			
Stock	3,486,709	3,043,440	10,210,037
Beneficiary certificate	4,369,668	4,292,410	14,126,268
Guarantee deposits	<u>(1,512,181)</u>	<u>-</u>	<u>-</u>
Total	<u><u>\$ 6,344,196</u></u>	<u><u>7,404,076</u></u>	<u><u>24,339,415</u></u>

(Continued)

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

	<u>June 30, 2023</u>	<u>December 31, 2022</u>	<u>June 30, 2022</u>
Held-for-trading financial liabilities:			
Non-hedge derivative instruments			
Currency rate contracts	\$ <u>136,191</u>	<u>106,214</u>	<u>737,966</u>
Total	<u>\$ 136,191</u>	<u>106,214</u>	<u>737,966</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, 2023, December 31 and June 30, 2022, 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, 2023</u>		
	<u>Contract amount</u>	<u>Currency</u>	<u>Maturity period</u>
Currency rate contracts	<u>USD 200,000</u>	USD to NTD	2023.07.10~2023.11.30
	<u>December 31, 2022</u>		
	<u>Contract amount</u>	<u>Currency</u>	<u>Maturity period</u>
Currency rate contracts	<u>USD 215,000</u>	USD to NTD	2023.01.05~2023.03.27
	<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

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, 2023</u>	<u>December 31, 2022</u>	<u>June 30, 2022</u>
Financial assets measured at fair value through profit or loss			
Stock	\$ 3,486,709	3,043,440	10,210,037
Beneficiary certificate	<u>3,324,196</u>	<u>2,832,817</u>	<u>13,526,288</u>
Total	<u>\$ 6,810,905</u>	<u>5,876,257</u>	<u>23,736,325</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, 2023 and 2022 were as follow:

	For the three months ended June 30,		For the six months ended June 30,	
	2023	2022	2023	2022
The amount reported in profit or (loss) for the designated financial assets applying IFRS 9	\$ (82,521)	(3,555,391)	602,934	(5,898,965)
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	(165,343)	(298,934)	(448,134)	(2,694,831)
The amount reclassified under the overlay approach	<u>\$ (247,864)</u>	<u>(3,854,325)</u>	<u>154,800</u>	<u>(8,593,796)</u>

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 \$82,521 thousand turned into gains \$165,343 thousand and the losses increase from \$3,555,391 thousand turned into gains \$298,934 thousand for the three months ended June 30, 2023 and 2022, and the gains \$602,934 thousand decrease to gains \$448,134 thousand and the losses increase from \$5,898,965 thousand turned into gains \$2,694,831 thousand for the six months ended June 30, 2023 and 2022.

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, 2023 and 2022 for the overlay approach.

- 3) The Company and its subsidiaries pledged beneficiary certificates as security for a loan, please refer to note 8 for details.

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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, 2023</u>	<u>December 31, 2022</u>	<u>June 30, 2022</u>
Debt investments measured at fair value through other comprehensive income:			
Government bonds	\$ 3,152,844	3,160,146	4,896,911
Corporate bonds	5,729,404	5,614,685	9,931,362
Financial bonds	2,122,308	2,077,378	6,199,100
Assets securitization products	300,926	299,422	302,316
Guarantee deposits	<u>(5,685,340)</u>	<u>(2,344,657)</u>	<u>(452,302)</u>
Subtotal	<u>5,620,142</u>	<u>8,806,974</u>	<u>20,877,387</u>
Equity investments measured at fair value through other comprehensive income:			
Stocks	<u>2,063,280</u>	<u>1,889,848</u>	<u>1,921,414</u>
Total	<u>\$ 7,683,422</u>	<u>10,696,822</u>	<u>22,798,801</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, 2023 and 2022, the Company and its subsidiaries recognized dividend income from abovementioned financial assets measured at fair value through other comprehensive income amounting to \$19,332 thousand, \$42,752 thousand, \$20,836 thousand and \$53,802 thousand, respectively.

For the three months and six months ended June 30, 2023 and 2022, dividend income from disposed financial assets measured at fair value through other comprehensive income within the same period all amounting to \$0 thousand, respectively.

For the three months and six months ended June 30, 2023 and 2022, 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 \$0 thousand, \$4,673 thousand, \$20,425 thousand and \$4,673 thousand, respectively; and the accumulated gain (loss) were \$0 thousand, \$(5,185) thousand, \$86 thousand and \$(5,185) thousand, respectively. The accumulated gains and losses had been transferred from other equity to retained earnings.

(Continued)

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

- 3) The debt instruments were pledged as statutory deposits and bank loans. 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, 2023 and 2022. Please refer to Note 6 (ab) 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, 2023</u>	<u>December 31, 2022</u>	<u>June 30, 2022</u>
Financial bonds	\$ 1,507,976	1,462,357	1,391,482
Bonds securitization	<u>92,510</u>	<u>99,127</u>	<u>103,433</u>
Subtotal	1,600,486	1,561,484	1,494,915
Less: Loss allowance	<u>(593)</u>	<u>(527)</u>	<u>(502)</u>
Total	<u>\$ 1,599,893</u>	<u>1,560,957</u>	<u>1,494,413</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, 2023 and 2022. Please refer to Note 6 (ab) 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, 2023</u>	<u>December 31, 2022</u>	<u>June 30, 2022</u>
Associates	<u>\$ 114,032</u>	<u>119,205</u>	<u>153,704</u>

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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, 2023</u>	<u>December 31, 2022</u>	<u>June 30, 2022</u>
Shenzhen Teng Fu Bo Investment Limited	Investment consultant	China	8.167 %	8.167 %	8.167 %
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, 2023</u>		<u>December 31, 2022</u>		<u>June 30, 2022</u>
	<u>\$</u>				
Carrying amount of individually insignificant associates' equity		<u>114,032</u>	<u>119,205</u>	<u>153,704</u>	
		<u>For the three months ended June 30, 2023</u>	<u>For the six months ended June 30, 2023</u>	<u>For the six months ended June 30, 2022</u>	<u>For the three months ended June 30, 2022</u>
Attributed to the Company and its subsidiaries:					
Profit and loss from continuing operations	\$	(5,667)	(3,540)	(1,575)	(21,970)
Other comprehensive income		-	-	-	-
Total comprehensive income	\$	<u>(5,667)</u>	<u>(3,540)</u>	<u>(1,575)</u>	<u>(21,970)</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, 2023, December 31 and June 30, 2022.

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:

	June 30, 2023	December 31, 2022	June 30, 2022
Cash in bank	\$ 966,389	996,416	1,001,432
Less: Statutory deposits-other	(966,389)	(996,416)	(1,001,432)
	<u>\$ -</u>	<u>-</u>	<u>-</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

	June 30, 2023	December 31, 2022	June 30, 2022
Carrying amounts:			
Buildings and constructions	\$ 590,641	679,989	761,967
Other equipment	43,657	38,993	41,542
Transportation equipment	10,644	12,881	5,611
	<u>\$ 644,942</u>	<u>731,863</u>	<u>809,120</u>

	For the three months ended June 30,		For the six months ended June 30,	
	2023	2022	2023	2022
Additions	<u>\$ 23,011</u>	<u>46,061</u>	<u>31,612</u>	<u>62,152</u>
Depreciation				
Buildings and constructions	52,293	53,348	104,415	106,923
Other equipment	4,437	4,393	8,455	8,709
Transportation equipment	1,145	941	2,280	1,970
	<u>\$ 57,875</u>	<u>58,682</u>	<u>115,150</u>	<u>117,602</u>

(k) Investment property

	Land	Buildings and constructions	Total
Balance, January 1, 2023	\$ 7,362,056	2,363,161	9,725,217
Reclassification from property, plant and equipment	-	2,985	2,985
Disposal	(259)	-	(259)
Net gain (loss) on fair value adjustment	137,981	(28,445)	109,536
Balance, June 30, 2023	<u>\$ 7,499,778</u>	<u>2,337,701</u>	<u>9,837,479</u>

(Continued)

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

	<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	21,070	1,565	22,635
Balance, June 30, 2022	<u>\$ 7,208,604</u>	<u>2,427,628</u>	<u>9,636,232</u>

For the three months and six months ended June 30, 2023 and 2022, the rent revenue from investment property amounted to \$77,809 thousand, \$77,378 thousand, \$154,349 thousand and \$154,374 thousand respectively; for the three months and six months ended June 30, 2023 and 2022, the direct operating expense amounted to \$22,120 thousand, \$20,378 thousand, \$46,962 thousand and \$22,206 thousand, respectively, of which \$651 thousand, \$512 thousand, \$1,856 thousand and \$647 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, 2023, December 31 and June 30, 2022. These appraiser firms are as follows:

The appraiser firm on June 30, 2023, December 31, 2022 and 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 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, 2023</u>	<u>December 31, 2022</u>	<u>June 30, 2022</u>
Direct capitalization rate (Net)	0.858%~4.65%	0.858%~4.65%	1.30%~4.65%
Profit rate	18.00%~22.00%	18.00%~22.00%	18.00%~22.00%
Capital interest rate	2.49%~3.37%	2.19%~2.97%	1.87%~2.52%

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

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 (s). The content of lease contracts is the same as that in general lease.

As of June 30, 2023, December 31 and June 30, 2022, some investment properties had been pledged as collateral for short-term borrowings; please refer to note 8.

(1) Property, plant and equipment

	Land	Buildings and constructions	Machinery and computer equipment	Other equipment	Prepayment for purchases of equipment, and construction in progress	Leasehold improvements	Total
Cost or deemed cost							
Balance, January 1, 2023	\$ 4,970,200	1,391,942	999,161	251,214	225,592	293,542	8,131,651
Purchase	-	2,112	25,203	663	346,652	580	375,210
Transferred from prepayment for purchases of equipment, and construction in progress	479	2,498	3,425	-	-	1,347	7,749
Transferred to investment property	-	(2,985)	-	-	-	-	(2,985)
Disposal	-	-	(1,227)	(8,244)	-	(11,425)	(20,896)
Reclassified to land	-	-	-	-	(479)	-	(479)
Reclassified to buildings and constructions	-	-	-	-	(2,498)	-	(2,498)
Reclassified to leasehold improvements	-	-	-	-	(1,347)	-	(1,347)
Reclassified to machinery and computer equipment	-	-	-	-	(3,425)	-	(3,425)
Effect of changes in foreign exchange rates	-	(12,005)	(3,413)	(1,503)	-	(1,911)	(18,832)
Balance, June 30, 2023	<u>\$ 4,970,679</u>	<u>1,381,562</u>	<u>1,023,149</u>	<u>242,130</u>	<u>564,495</u>	<u>282,133</u>	<u>8,464,148</u>
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>
Depreciation and impairment loss							
Balance, January 1, 2023	\$ -	549,840	782,629	202,386	-	189,926	1,724,781
Depreciation for the year	-	16,818	38,729	7,133	-	12,674	75,354
Disposal	-	-	(1,110)	(7,833)	-	(11,241)	(20,184)
Effect of changes in foreign exchange rates	-	(1,355)	(2,562)	(1,278)	-	(1,671)	(6,866)
Balance, June 30, 2023	<u>\$ -</u>	<u>565,303</u>	<u>817,686</u>	<u>200,408</u>	<u>-</u>	<u>189,688</u>	<u>1,773,085</u>

(Continued)

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

	<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>
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>
Carrying amount:							
Balance, January 1, 2023	<u>\$ 4,970,200</u>	<u>842,102</u>	<u>216,532</u>	<u>48,828</u>	<u>225,592</u>	<u>103,616</u>	<u>6,406,870</u>
Balance, June 30, 2023	<u>\$ 4,970,679</u>	<u>816,259</u>	<u>205,463</u>	<u>41,722</u>	<u>564,495</u>	<u>92,445</u>	<u>6,691,063</u>
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>

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, 2023, December 31 and June 30, 2022, the revaluation increment which is included in the cost amounted to \$630,021 thousand on all dates.

As of June 30, 2023, December 31 and June 30, 2022, some property, plant and equipments had been pledged as collateral for short-term borrowings; please refer to note 8.

The Company and its subsidiaries have started construction of office buildings and costs incurred up to June 30, 2023 totaled \$535,829 thousand.

(m) Intangible assets

	<u>Computer software</u>
Costs:	
Balance, January 1, 2023	\$ 1,150,997
Purchase	60,144
Disposal	(532)
Effect of changes in foreign exchange rates	<u>(2,481)</u>
Balance, June 30, 2023	<u>\$ 1,208,128</u>
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>\$ 1,047,205</u>

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

	Computer software
Accumulated amortization and impairment losses:	
Balance, January 1, 2023	\$ 935,216
Amortization for the year	70,515
Disposal	(532)
Effect of changes in foreign exchange rates	(2,260)
Balance, June 30, 2023	<u><u>\$ 1,002,939</u></u>
Balance, January 1, 2022	\$ 797,579
Amortization for the year	65,082
Disposal	(64)
Effect of changes in foreign exchange rates	3,659
Balance, June 30, 2022	<u><u>\$ 866,256</u></u>
Carrying amount:	
Balance, January 1, 2023	<u><u>\$ 215,781</u></u>
Balance, June 30, 2023	<u><u>\$ 205,189</u></u>
Balance, January 1, 2022	<u><u>\$ 214,391</u></u>
Balance, June 30, 2022	<u><u>\$ 180,949</u></u>

(n) Short-term notes and bills payable

The Company and its subsidiaries' short-term notes payable were as follows :

June 30, 2023			
	Guarantee or acceptance agency	interest rate interval (%)	Amount
Commercial papers payable	Mega Bills Finance Corporation	1.52%	\$ 550,000
Commercial papers payable	IBF Financial Holdings Co., Ltd.	1.55%	<u>1,000,000</u>
Subtotal			1,550,000
Less: short-term notes and bills payable discount			(1,625)
Total			<u><u>\$ 1,548,375</u></u>

The Company and its subsidiaries didn't pledge any asset as collateral for short-term notes and bills payable.

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

(o) Short-term borrowings

	<u>June 30, 2023</u>	<u>December 31, 2022</u>	<u>June 30, 2022</u>
Unsecured and secured bank loans	\$ <u>11,350,000</u>	<u>9,780,000</u>	<u>-</u>
Unused short-term credit lines	\$ <u>6,000,000</u>	<u>2,520,000</u>	<u>-</u>
Range of interest rates	<u>1.825%~1.96%</u>	<u>1.70%~1.926%</u>	<u>-</u>

(i) Issuance and repayment of loans

For the six months ended June 30, 2023, the Company and its subsidiaries had the additional short-term borrowings amounting to \$7,550,000 thousand, with an interest rate of 1.825%~1.96%, maturing in August, 2023 to February, 2024. For the six months ended June 30, 2023, the repayments amounted to \$5,980,000 thousand.

(ii) Collateral for bank loans

For the collateral for short-term borrowings, please refer to note 8.

(p) Provisions

	<u>June 30, 2023</u>	<u>December 31, 2022</u>	<u>June 30, 2022</u>
Decommissioning liabilities	\$ 10,017	9,978	9,939
Employee benefit liabilities	<u>843,697</u>	<u>898,191</u>	<u>1,077,435</u>
	<u>\$ 853,714</u>	<u>908,169</u>	<u>1,087,374</u>

(i) Decommissioning liabilities

	<u>For the six months ended June 30,</u>	
	<u>2023</u>	<u>2022</u>
Beginning balance	\$ 9,978	9,900
Unwinding of discount	<u>39</u>	<u>39</u>
Ending balance	<u>\$ 10,017</u>	<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, 2022 and 2021 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, 2023 and 2022 are amounted to \$9,718 thousand, \$10,008 thousand, \$21,102 thousand and \$21,343 thousand, respectively.

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

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 \$26,525 thousand, \$25,089 thousand, \$52,100 thousand and \$49,208 thousand for the three months and six months ended June 30, 2023 and 2022, respectively.

(q) Insurance liabilities

	June 30, 2023	December 31, 2022	June 30, 2022
Unearned premium reserve	\$ 32,891,620	30,420,835	33,690,852
Liability reserve	395	445	443
Special reserve	1,190,652	1,151,537	3,047,718
Claims reserve	32,819,307	44,903,387	49,396,082
Premium deficiency reserve	<u>220,591</u>	<u>973,953</u>	<u>760,515</u>
	<u>67,122,565</u>	<u>77,450,157</u>	<u>86,895,610</u>
Ceded unearned premium reserve	9,239,198	7,392,289	9,428,310
Ceded claim reserve	11,236,418	14,274,490	19,686,801
Ceded premium deficiency reserve	<u>80,917</u>	<u>105,181</u>	<u>223,085</u>
	<u>20,556,533</u>	<u>21,771,960</u>	<u>29,338,196</u>
Net	<u><u>\$ 46,566,032</u></u>	<u><u>55,678,197</u></u>	<u><u>57,557,414</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, 2023			
	Unearned premium reserve		Reserve for unearned ceded	
	Direct business	Reinsurance assumed business	Reinsurance ceded business	Retained business
Fire insurance	\$ 1,902,631	3,542	873,134	1,033,039
Marine cargo insurance	625,629	847	250,899	375,577
Marine hull/Fishing vessel/ Aviation insurance	378,989	623	317,150	62,462
Voluntary moto insurance	10,683,361	83,776	755,248	10,011,889
Compulsory moto TPL insurance	2,497,097	818,652	1,498,258	1,817,491
Liability insurance	2,353,873	8,771	561,696	1,800,948
Engineering and nuclear insurance	2,234,348	29,430	1,603,623	660,155
Surety and credit insurance	177,687	638	134,796	43,529
Other property insurance	609,747	44	398,104	211,687
Personal accident insurance	3,557,828	12,395	56,456	3,513,767
Typhoon, flood and earthquake insurance	2,996,874	45,529	1,947,357	1,095,046
Personal and commercial multiple peril insurance	588,160	-	67,956	520,204
Health insurance	778,908	-	30,160	748,748
Overseas reinsurance assumed	-	139,338	2,470	136,868
Overseas subsidiaries	1,761,618	601,285	741,912	1,620,991
Less: Accumulated impairment	-	-	(21)	21
Total	\$ 31,146,750	1,744,870	9,239,198	23,652,422

(Continued)

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

Item	December 31, 2022			
	Unearned premium reserve		Reserve for unearned ceded	
	Direct business	Reinsurance assumed business	Reinsurance ceded business	Retained business
Fire insurance	\$ 1,433,377	6,731	637,633	802,475
Marine cargo insurance	407,311	1,155	119,928	288,538
Marine hull/Fishing vessel/ Aviation insurance	229,562	875	175,021	55,416
Voluntary moto insurance	9,979,448	209,838	548,477	9,640,809
Compulsory moto TPL insurance	2,467,935	799,486	1,480,761	1,786,660
Liability insurance	2,065,530	6,114	527,581	1,544,063
Engineering and nuclear insurance	1,873,462	24,971	1,301,549	596,884
Surety and credit insurance	140,282	617	104,517	36,382
Other property insurance	1,227,180	150	459,077	768,253
Personal accident insurance	3,461,211	13,095	48,256	3,426,050
Typhoon, flood and earthquake insurance	1,882,429	43,129	1,155,311	770,247
Personal and commercial multiple peril insurance	568,041	-	16,645	551,396
Health insurance	910,617	-	69,622	840,995
Overseas reinsurance assumed	-	192,959	5,478	187,481
Overseas subsidiaries	1,710,374	764,956	742,433	1,732,897
Total	<u>\$ 28,356,759</u>	<u>2,064,076</u>	<u>7,392,289</u>	<u>23,028,546</u>

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

June 30, 2022				
Item	Unearned premium reserve		Reserve for unearned ceded	Retained business
	Direct business	Reinsurance assumed business	Reinsurance ceded 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
Total	\$ 31,346,071	2,344,781	9,428,310	24,262,542

Reserves above were expressed in net amount and estimated accumulated impairment losses amounted to \$21 thousand, \$0 thousand and \$238 thousand as of June 30, 2023, December 31 and June 30, 2022, 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, 2023</u>	
	<u>Unearned premium reserve</u>	<u>Reserve for unearned premiums ceded</u>
Beginning balance	\$ 30,420,835	7,392,289
Provision	32,946,122	9,251,972
Recovery	(30,420,835)	(7,392,289)
Impairment losses	-	(21)
Other — effect of changes in foreign exchange rates	(54,502)	(12,753)
Ending balance	<u>\$ 32,891,620</u>	<u>9,239,198</u>
	<u>For the six months ended June 30, 2022</u>	
<u>Item</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>

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.

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FUBON INSURANCE CO., LTD. AND SUBSIDIARIES
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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, compulsory motorcycle liability and mini-electric two-wheel vehicle liability insurance are provided based on the Regulations for Deposit and Management of the Reserve of Compulsory Automobile Liability Insurance and Jin-Guan-Bao-Chan-Zi No.11104617461 on November 30, 2022.
- 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, compulsory motorcycle liability and mini-electric two-wheel vehicle 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 three months ended June 30, 2023	For the six months ended June 30, 2022
Beginning balance	\$ 370,227	281,716
Provision	130,002	140,349
Recovery	(90,887)	(177,514)
Ending balance	<u>\$ 409,342</u>	<u>244,551</u>

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

Item	For the six months ended June 30, 2023						
	Liabilities			Special reserve			
	Catastrophe	Dangerous change	Total	Catastrophe	Dangerous change	Travel-safety insurance	Total
Beginning balance (equal ending balance)	<u>\$ 314,980</u>	<u>466,330</u>	<u>781,310</u>	<u>-</u>	<u>7,317,130</u>	<u>12,644</u>	<u>7,329,774</u>

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 (Note 1)	-	(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>

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.

(Continued)

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

8) Travel-safety insurance was based on Jin-Guan-Bao-Cai-Zi No.10904939031.

(iii) Claim reserve

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

Item	June 30, 2023				
	Note payable (claims)	Claims payable	Claim reserve		
	Reported to be paid	Reported but unpaid	IBNR	Total	
Fire insurance	\$ -	1,869	5,038,836	185,731	5,224,567
Marine cargo insurance	-	1,538	1,015,742	230,345	1,246,087
Marine hull/ Fishing vessel/Aviation insurance	-	92	495,059	118,618	613,677
Voluntary moto insurance	-	54,776	6,771,493	1,665,760	8,437,253
Compulsory moto TPL insurance	-	14,049	1,028,412	3,686,223	4,714,635
Liability insurance	-	11,771	1,977,299	915,243	2,892,542
Engineering and nuclear insurance	-	389	1,632,951	341,409	1,974,360
Surety and credit insurance	-	(7)	132,452	36,063	168,515
Other property insurance	-	7,367	174,837	352,660	527,497
Personal accident insurance	-	13,491	704,100	1,438,726	2,142,826
Typhoon, flood and earthquake insurance	-	1,152	201,107	237,816	438,923
Personal and commercial multiple peril insurance	-	669	65,174	154,340	219,514
Health insurance	-	24,062	158,745	1,061,197	1,219,942
Overseas reinsurance assumed	-	-	646,318	39,975	686,293
Overseas subsidiaries	-	18,751	1,063,541	1,249,135	2,312,676
Total	<u>\$ -</u>	<u>149,969</u>	<u>21,106,066</u>	<u>11,713,241</u>	<u>32,819,307</u>

(Continued)

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

Item	December 31, 2022				
	Note payable (claims)	Claims payable	Claim reserve		
	Reported to be paid	Reported but unpaid	IBNR	Total	
Fire insurance	\$ -	75,839	6,886,482	32,335	6,918,817
Marine cargo insurance	-	3,665	923,440	209,312	1,132,752
Marine hull/ Fishing vessel/Aviation insurance	-	14	410,870	108,179	519,049
Voluntary moto insurance	-	4,968	6,619,721	1,220,902	7,840,623
Compulsory moto TPL insurance	-	18,259	974,636	3,599,461	4,574,097
Liability insurance	-	6,362	1,884,033	838,027	2,722,060
Engineering and nuclear insurance	-	61,096	1,009,130	261,744	1,270,874
Surety and credit insurance	-	-	135,386	36,366	171,752
Other property insurance	-	930,562	1,337,170	1,306,844	2,644,014
Personal accident insurance	-	73,914	663,981	1,160,986	1,824,967
Typhoon, flood and earthquake insurance	-	1,375	311,005	226,425	537,430
Personal and commercial multiple peril insurance	-	2,640	55,766	85,124	140,890
Health insurance	-	2,355,531	3,303,263	7,436,553	10,739,816
Overseas reinsurance assumed	-	-	670,888	45,399	716,287
Overseas subsidiaries	-	22,488	1,893,028	1,256,931	3,149,959
Total	<u>\$ -</u>	<u>3,556,713</u>	<u>27,078,799</u>	<u>17,824,588</u>	<u>44,903,387</u>

(Continued)

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

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
Total	<u>\$ -</u>	<u>227,281</u>	<u>20,829,673</u>	<u>28,566,409</u>	<u>49,396,082</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, 2023		
	Reported but unpaid	IBNR	Total
Fire insurance	\$ 4,008,800	58,897	4,067,697
Marine cargo insurance	308,086	102,197	410,283
Marine hull/ Fishing vessel/ Aviation insurance	365,745	103,783	469,528
Voluntary moto insurance	359,340	42,792	402,132
Compulsory moto TPL insurance	416,798	1,759,509	2,176,307
Liability insurance	743,255	207,749	951,004
Engineering and nuclear insurance	1,082,035	289,071	1,371,106
Surety and credit insurance	72,285	29,707	101,992
Other property insurance	84,827	104,933	189,760
Personal accident insurance	30,921	41,351	72,272
Typhoon, flood and earthquake insurance	123,986	189,656	313,642
Personal and commercial multiple peril insurance	6,962	5,561	12,523
Health insurance	-	65,571	65,571
Overseas reinsurance assumed	19,689	970	20,659
Overseas subsidiaries	175,105	437,880	612,985
Less: Accumulated impairment	(803)	(240)	(1,043)
Total	\$ 7,797,031	3,439,387	11,236,418

(Continued)

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

Item	December 31, 2022		
	Reported but unpaid	IBNR	Total
Fire insurance	\$ 5,365,344	16,832	5,382,176
Marine cargo insurance	299,707	92,965	392,672
Marine hull/ Fishing vessel/ Aviation insurance	280,380	89,799	370,179
Voluntary moto insurance	286,114	37,155	323,269
Compulsory moto TPL insurance	387,014	1,715,774	2,102,788
Liability insurance	736,130	195,942	932,072
Engineering and nuclear insurance	455,641	217,541	673,182
Surety and credit insurance	76,086	30,061	106,147
Other property insurance	235,932	195,774	431,706
Personal accident insurance	23,029	34,099	57,128
Typhoon, flood and earthquake insurance	138,169	168,447	306,616
Personal and commercial multiple peril insurance	6,006	4,228	10,234
Health insurance	326,810	1,725,798	2,052,608
Overseas reinsurance assumed	19,679	1,470	21,149
Overseas subsidiaries	649,407	464,398	1,113,805
Less: Accumulated impairment	(942)	(299)	(1,241)
Total	\$ 9,284,506	4,989,984	14,274,490

(Continued)

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

	June 30, 2022		
Item	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	\$ <u>8,381,629</u>	<u>11,305,172</u>	<u>19,686,801</u>

Reserves above were expressed in net amount and estimated accumulated impairment losses amounted to \$1,043 thousand, \$1,241 thousand and \$895 thousand as of June 30, 2023, December 31 and June 30, 2022, 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>	For the six months ended June 30, 2023	
	<u>Claim reserve</u>	<u>Claim reserve ceded</u>
Beginning balance	\$ 44,903,387	14,274,490
Provision	32,884,430	11,256,045
Recovery	(44,903,387)	(14,275,731)
Reversal of impairment loss	-	198
Other — effect of change in exchange rate	(65,123)	(18,584)
Ending balance	<u>\$ 32,819,307</u>	<u>11,236,418</u>
	For the six months ended June 30, 2022	
<u>Item</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 change in exchange rate	87,126	42,520
Ending balance	<u>\$ 49,396,082</u>	<u>19,686,801</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,	
	2023	2022	2023	2022
Fire insurance	\$ 1,548	13,587	4,933	15,179
Marine cargo insurance	8,861	11,698	17,174	16,248
Marine hull/ Fishing vessel/ Aviation insurance	-	-	-	-
Voluntary moto insurance	364,399	276,115	670,565	552,539
Compulsory moto TPL insurance	45,724	75,235	92,144	120,529
Liability insurance	3,267	9,243	9,724	17,218
Engineering and nuclear insurance	-	6,704	30	10,388
Surety and credit insurance	3,962	6,120	8,427	8,019
Other property insurance	678	191	1,663	2,424
Personal accident insurance	7	1	203	262
Personal and commercial multiple peril insurance	151	4	406	255
Typhoon, flood and earthquake insurance	-	68	-	69
Health insurance	1,558	54	3,515	184
Overseas reinsurance assumed	-	-	-	-
Overseas subsidiaries	1,976	2,408	3,133	5,209
Total	<u>\$ 432,131</u>	<u>401,428</u>	<u>811,917</u>	<u>748,523</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,			
	2023		2022	
	Liability reserve	Liability reserve ceded	Liability reserve	Liability reserve ceded
Beginning balance	\$ 445	-	471	-
Provision	1	-	3	-
Principal returned	(51)	-	(31)	-
Ending balance	\$ 395	-	443	-

(v) Premium deficiency reserve

- 1) Premium deficiency reserve

Item	June 30, 2023			
	Premium deficiency reserve		Premium deficiency reserve ceded	
	Direct business	Reinsurance ceded-in	Reinsurance ceded-out	Retention
Fire insurance	\$ 142,946	301	33,612	109,635
Marine cargo insurance	-	-	-	-
Marine hull/ Fishing vessel/ Aviation insurance	4,686	-	-	4,686
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	-	5,115	-	5,115
Overseas subsidiaries	19,037	48,506	47,305	20,238
Total	\$ 166,669	53,922	80,917	139,674

(Continued)

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

December 31, 2022				
Item	Premium deficiency reserve		Premium deficiency reserve ceded	Retention
	Direct business	Reinsurance ceded-in	Reinsurance ceded-out	
Fire insurance	\$ 102,847	572	25,246	78,173
Marine cargo insurance	-	-	-	-
Marine hull/ Fishing vessel/ Aviation insurance	6,034	-	-	6,034
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	761,264	-	-	761,264
Overseas reinsurance assumed	-	3,745	68	3,677
Overseas subsidiaries	<u>26,847</u>	<u>72,644</u>	<u>79,867</u>	<u>19,624</u>
Total	<u>\$ 896,992</u>	<u>76,961</u>	<u>105,181</u>	<u>868,772</u>

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

June 30, 2022				
Item	Premium deficiency reserve		Premium deficiency reserve ceded	Retention
	Direct business	Reinsurance ceded-in	Reinsurance ceded-out	
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	<u>\$ 647,389</u>	<u>113,126</u>	<u>223,085</u>	<u>537,430</u>

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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, 2023									
	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	\$ 142,946	102,847	301	572	39,828	33,612	25,246	8,366	31,462	
Marine cargo insurance	-	-	-	-	-	-	-	-	-	
Marine hull/ Fishing vessel/ Aviation insurance	4,686	6,034	-	-	(1,348)	-	-	-	(1,348)	
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	-	761,264	-	-	(761,264)	-	-	-	(761,264)	
Overseas reinsurance assumed	-	-	5,115	3,745	1,370	-	68	(68)	1,438	
Overseas subsidiaries	18,961	26,560	49,636	72,746	(30,709)	48,407	79,979	(31,572)	863	
Other—effect of changes in foreign exchange rate	76	287	(1,130)	(102)	(1,239)	(3,052)	(2,075)	(977)	(262)	
Total	\$ 166,669	896,992	53,922	76,961	(753,362)	78,967	103,218	(24,251)	(729,111)	

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)	
Total	\$ 647,389	136,997	113,126	128,396	495,122	220,889	152,885	68,004	427,118	

(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>	For the six months ended June 30, 2023	
	Premium deficiency reserve	Ceding premium deficiency reserve
Beginning balance	\$ 973,953	105,181
Provision	222,271	82,610
Recovery	(973,953)	(105,181)
Other — effect of changes in foreign exchange rates	(1,680)	(1,693)
Ending balance	<u>\$ 220,591</u>	<u>80,917</u>

<u>Item</u>	For the six months ended June 30, 2022	
	Premium deficiency reserve	Ceding premium deficiency reserve
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>

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

(r) Lease liabilities

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

	<u>June 30, 2023</u>	<u>December 31, 2022</u>	<u>June 30, 2022</u>
Less than one year	\$ 233,443	238,426	238,268
Between one and five years	463,189	555,557	633,074
More than five years	<u>907</u>	<u>2,112</u>	<u>1,395</u>
	<u>\$ 697,539</u>	<u>796,095</u>	<u>872,737</u>

For the three months and six months ended June 30, 2023 and 2022, the Company and its subsidiaries recognized its lease liabilities amounting to \$23,011 thousand, \$46,061 thousand, \$31,612 thousand and \$62,152 thousand, respectively with an interest rate of 1.29%~6.75% and 1.26%~9.00%, respectively. The lease liabilities are due from March 31, 2024 to May 31, 2028 and from December 31, 2023 to May 31, 2027.

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>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
Interest on lease liabilities	\$ <u>6,610</u>	<u>7,535</u>	<u>13,585</u>	<u>15,226</u>
Variable lease payments not included in the measurement of lease liabilities	\$ <u>10,450</u>	<u>12,729</u>	<u>19,885</u>	<u>17,330</u>
Expenses relating to short-term leases	\$ <u>7,797</u>	<u>7,867</u>	<u>14,881</u>	<u>15,379</u>
Expenses relating to leases of low-value assets, excluding short-term leases of low-value assets	\$ <u>9,307</u>	<u>14,018</u>	<u>19,316</u>	<u>26,554</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>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
Total cash outflow for leases	\$ <u>92,890</u>	<u>99,147</u>	<u>182,098</u>	<u>189,782</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 3 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.

(s) 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:

	June 30, 2023	December 31, 2022	June 30, 2022
Less than one year	\$ 258,513	291,866	295,705
One to two years	134,063	158,780	210,500
Two to three years	55,906	43,373	86,585
Three to four years	22,759	19,456	22,092
Four to five years	17,348	14,379	11,030
More than five years	26,487	32,024	37,620
	<u><u>\$ 515,076</u></u>	<u><u>559,878</u></u>	<u><u>663,532</u></u>

(t) Capital and other equity

Besides the following events, there is no significant movements in the Company and its subsidiaries' capital and other equity for the six months ended June 30, 2023 and 2022 :

A resolution was passed during the board meeting held on April 26, 2023 for the issuance of 1,000,000 ordinary shares under private placement, with par value of \$10 per share, amounting to \$16. The Company has received approval from the Financial Supervisory Commission for this capital increase, with May 18, 2023 as the date of capital increase. The company has received approval from the Competent Authority and completed the amendment of registration on July 11, 2023. The relevant statutory registration procedures have since been completed.

(i) Share capital

As of June 30, 2023, December 31 and June 30, 2022, the Company's authorized capital amount are \$30,000,000 thousand, \$20,000,000 thousand and \$20,000,000 thousand respectively, and the face value of each share is \$10, total shares outstanding amounted to 3,000,000 thousand shares, 2,000,000 thousand shares and 2,000,000 thousand shares respectively. The paid-in capitals were amounted to \$14,678,396 thousand, \$4,678,396 thousand and \$3,178,396 thousand respectively.

(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, 2023</u>	<u>December 31, 2022</u>	<u>June 30, 2022</u>
Additional paid-in capital	\$ 6,000,000	19,411,934	5,911,934
Adjustment of capital increase of the subsidiaries	-	115,501	115,501
Changes in ownership interests in subsidiaries	-	150,954	150,954
Total	<u>\$ 6,000,000</u>	<u>19,678,389</u>	<u>6,178,389</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.

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.

(Continued)

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

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

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

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.

As of December 31, 2022, since the Company had accumulated deficit, the remaining balance did not distributed as dividend. The loss make-up proposal for 2022 had been approved during the shareholders' meeting on April 26, 2023, capital surplus and legal reserve amounted to \$19,678,389 thousand and \$3,761,712 thousand respectively were used to cover accumulated deficits.

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, 2023	\$ (83,108)	(202,478)	238,140	(75,161)	(122,607)
Foreign exchange differences (after-tax-amount)	2,062	-	-	-	2,062
Share of other comprehensive income of associates and joint ventures accounted for using equity method	-	(361)	-	(2,441)	(2,802)
Gains or losses from financial assets measured at fair value through other comprehensive income	-	351,337	-	-	351,337
Disposal of investments in equity instruments designated at fair value through other comprehensive income	-	(86)	-	-	(86)
Other comprehensive income on reclassification under the overlay approach	-	-	-	161,276	161,276
Balance at June 30, 2023	\$ (81,046)	148,412	238,140	83,674	389,180

(Continued)

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

	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 associates and joint ventures accounted for using equity method	-	(2,732)	-	(12,727)	(15,459)
Gains or losses from 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>

(u) 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 \$0 thousand, \$(16,632) thousand, \$0 thousand and \$0 thousand for the three months ended June 30, 2023 and 2022 and the six months ended June 30, 2023 and 2022, 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 Company did not estimate the employee compensation due to accumulated deficit in 2022. Regarding the situation of actual employee compensation and related information would be available at the Market Observation Post System website.

(Continued)

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

(v) Income tax

(i) Income tax expense

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

	<u>For the three months ended June 30,</u>		<u>For the six months ended June 30,</u>	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
Current income tax expense				
Current period	\$ 294,357	(350,192)	(926,240)	13,817
Adjustment for prior periods	(14,700)	(804)	(14,700)	(1,982)
	<u>279,657</u>	<u>(350,996)</u>	<u>(940,940)</u>	<u>11,835</u>
Deferred income tax expenses				
Origination and reversal of temporary differences	(21,447)	(1,503,958)	103,596	(1,425,672)
Income tax expense (income)	<u>\$ 258,210</u>	<u>(1,854,954)</u>	<u>(837,344)</u>	<u>(1,413,837)</u>

(ii) The details of income tax expense (income) recognized under other comprehensive income for the three months and six months ended June 30, 2023 and 2022 were as follows:

	<u>For the three months ended June 30,</u>		<u>For the six months ended June 30,</u>	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
Items that will not be reclassified subsequently to profit or loss:				
Revaluation surplus	\$ -	136	-	136
	<u>\$ -</u>	<u>136</u>	<u>-</u>	<u>136</u>

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

	<u>For the three months ended June 30,</u>		<u>For the six months ended June 30,</u>	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translation of foreign financial statements	\$ 685	2,931	516	13,139
Gains (losses) from investments in debt instruments at fair value through other comprehensive income	(24,326)	(250,792)	7,011	(512,554)
Other comprehensive income on reclassification under the overlay approach	81	(76,674)	(373)	(120,466)
	<u>\$ (23,560)</u>	<u>(324,535)</u>	<u>7,154</u>	<u>(619,881)</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. The Company had applied administrative remedies for the the items the tax authorities required to adjust, and the amount of additional tax levied had entried the related.

(w) Earnings per share

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

	<u>For the three months ended June 30,</u>		<u>For the six months ended June 30,</u>	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
Profit (loss) attributable to ordinary shareholders of the Company	\$ <u>1,030,126</u>	<u>(6,319,986)</u>	<u>(3,223,638)</u>	<u>(3,366,847)</u>
Weighted average number of ordinary shares (thousands shares)	<u>951,356</u>	<u>317,840</u>	<u>710,933</u>	<u>317,840</u>
Basic earnings per share (in dollars)	\$ <u>1.08</u>	<u>(19.88)</u>	<u>(4.53)</u>	<u>(10.59)</u>

(Continued)

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

(x) Disclosure of acquisition cost of insurance contracts

Acquisition cost of insurance contracts

Item	For the three months ended June 30, 2023					Total
	Commission expense	Agent fee	Charge	Reinsurance commission expense	Other cost	
Fire insurance	\$ 71,742	-	-	127	-	71,869
Marine cargo insurance	45,801	-	41	-	-	45,842
Marine hull/ Fishing vessel/ Aviation insurance	5,945	-	-	65	-	6,010
Voluntary moto insurance	601,942	-	(669)	4,442	-	605,715
Compulsory moto TPL insurance	-	-	103,481	-	-	103,481
Liability insurance	128,255	-	54	810	-	129,119
Engineering and nuclear insurance	23,132	-	(217)	2,622	-	25,537
Surety and credit insurance	12,560	-	-	-	-	12,560
Other property insurance	99,955	-	10	-	-	99,965
Personal accident insurance	339,380	-	35	38	-	339,453
Personal and commercial multiple peril insurance	63,367	-	-	-	-	63,367
Typhoon, flood and earthquake insurance	83,051	-	499	137	-	83,687
Health insurance	123,697	-	(47)	-	-	123,650
Overseas business	-	-	3,082	(2,256)	-	826
Overseas subsidiaries	100,455	-	-	771,746	-	872,201
Total	<u>\$ 1,699,282</u>	<u>-</u>	<u>106,269</u>	<u>777,731</u>	<u>-</u>	<u>2,583,282</u>

(Continued)

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

For the three months ended June 30, 2022						
Item	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 six months ended June 30, 2023					Total
	Commission expense	Agent fee	Charge	Reinsurance commission expense	Other cost	
Fire insurance	\$ 132,941	-	-	127	-	133,068
Marine cargo insurance	97,549	-	63	-	-	97,612
Marine hull/ Fishing vessel/ Aviation insurance	12,037	-	(27)	133	-	12,143
Voluntary moto insurance	1,244,786	-	(1,532)	7,973	-	1,251,227
Compulsory moto TPL insurance	-	-	207,227	-	-	207,227
Liability insurance	260,631	-	116	1,744	-	262,491
Engineering and nuclear insurance	51,662	-	441	5,542	-	57,645
Surety and credit insurance	19,299	-	-	-	-	19,299
Other property insurance	213,097	-	32	-	-	213,129
Personal accident insurance	691,165	-	21	136	-	691,322
Personal and commercial multiple peril insurance	128,975	-	-	-	-	128,975
Typhoon, flood and earthquake insurance	129,222	-	476	172	-	129,870
Health insurance	269,883	-	(47)	-	-	269,836
Overseas business	-	-	5,118	22,849	-	27,967
Overseas subsidiaries	200,850	-	-	857,002	-	1,057,852
Total	<u>\$ 3,452,097</u>	<u>-</u>	<u>211,888</u>	<u>895,678</u>	<u>-</u>	<u>4,559,663</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>

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

(y) Disclosure of insurance cost-benefit analysis

(i) Direct underwriting business cost-benefit analysis

For the three months ended June 30, 2023						
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	\$ 14,249,297	1,015,045	1,699,282	9,067,818	(2,031,229)	2,352,672
Compulsory insurance	1,320,773	4,018	103,481	1,041,135	(20,625)	(126,941)
Total	<u>\$ 15,570,070</u>	<u>1,019,063</u>	<u>1,802,763</u>	<u>10,108,953</u>	<u>(2,051,854)</u>	<u>2,225,731</u>

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 six months ended June 30, 2023						
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	\$ 29,430,432	2,796,942	3,452,097	32,868,105	(11,526,289)	(1,313,270)
Compulsory insurance	2,688,380	29,162	207,227	1,980,780	122,532	(254,209)
Total	<u>\$ 32,118,812</u>	<u>2,826,104</u>	<u>3,659,324</u>	<u>34,848,885</u>	<u>(11,403,757)</u>	<u>(1,567,479)</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>

(ii) Reinsurance cost-benefit analysis

For the three months ended June 30, 2023						
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	\$ 392,600	(176,936)	780,519	357,868	(608,859)	40,583
Compulsory insurance	343,017	9,561	-	300,235	18,804	14,417
Total	<u>\$ 735,617</u>	<u>(167,375)</u>	<u>780,519</u>	<u>658,103</u>	<u>(590,055)</u>	<u>55,000</u>

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>

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

For the six months ended June 30, 2023						
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	\$ 750,306	(319,983)	900,339	721,820	(633,206)	82,281
Compulsory insurance	657,709	19,166	-	602,048	18,006	18,489
Total	<u>\$ 1,408,015</u>	<u>(300,817)</u>	<u>900,339</u>	<u>1,323,868</u>	<u>(615,200)</u>	<u>100,770</u>

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>

(iii) Gain/Loss on reinsurance contracts

For the three months ended June 30, 2023						
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	\$ 4,308,717	583,444	927,147	2,349,195	(751,960)	1,117,267
Compulsory insurance	579,965	2,410	-	624,227	(12,375)	(34,297)
Total	<u>\$ 4,888,682</u>	<u>585,854</u>	<u>927,147</u>	<u>2,973,422</u>	<u>(764,335)</u>	<u>1,082,970</u>

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 ceded in 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 six months ended June 30, 2023						
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	\$ 9,424,438	1,842,186	1,459,079	6,158,121	(3,093,205)	2,994,670
Compulsory insurance	1,181,246	17,497	-	1,187,943	73,519	(97,713)
Total	<u>\$ 10,605,684</u>	<u>1,859,683</u>	<u>1,459,079</u>	<u>7,346,064</u>	<u>(3,019,686)</u>	<u>2,896,957</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>

(Continued)

FUBON INSURANCE CO., LTD. AND SUBSIDIARIES
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(z) 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.

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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.

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

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

Test assumptions

Item	Insurance revenue	Expected rate of loss	For the three months ended June 30, 2023			
			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	\$ 1,228,215	59.3%	8,127	3,216	6,502	2,573
Marine cargo insurance	582,309	61.2%	5,547	2,740	4,438	2,192
Marine hull/Fishing vessel / Aviation insurance	228,644	71.2%	2,114	186	1,691	149
Voluntary motor insurance	4,982,234	66.6%	48,546	45,432	38,837	36,346
Compulsory motor TPL insurance	1,663,790	No applicable	No applicable	No applicable	No applicable	No applicable
Liability insurance	1,043,973	68.2%	9,991	7,565	7,993	6,052
Engineering and nuclear insurance	603,567	60.6%	6,455	883	5,164	706
Surety and credit insurance	104,222	67.9%	564	162	451	130
Other property insurance	408,306	66.3%	5,809	2,874	4,647	2,299
Personal accident insurance	1,800,157	67.5%	17,765	17,459	14,212	13,967
Typhoon, flood and earthquake insurance	1,669,724	66.4%	12,117	1,767	9,694	1,414
Personal and commercial multiple peril insurance	321,159	68.2%	3,570	3,301	2,856	2,641
Health insurance	469,112	61.6%	5,253	4,918	4,202	3,934
Overseas reinsurance assumed	16,974	62.2%	1,288	1,237	1,030	990
Overseas subsidiaries	1,183,301	63.4%	11,518	9,043	9,214	7,234

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FUBON INSURANCE CO., LTD. AND SUBSIDIARIES
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For the three 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	\$ 1,005,954	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

For the six months ended June 30, 2023

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	\$ 2,058,138	59.3%	15,921	6,129	12,737	4,903
Marine cargo insurance	1,241,492	61.2%	10,235	5,574	8,188	4,459
Marine hull/ Fishing vessel / Aviation insurance	564,386	71.4%	4,152	527	3,322	422
Voluntary motor insurance	10,215,341	66.6%	96,375	90,271	77,100	72,217
Compulsory motor TPL insurance	3,346,089	No applicable	No applicable	No applicable	No applicable	No applicable
Liability insurance	2,243,106	68.2%	19,521	14,706	15,617	11,765
Engineering and nuclear insurance	1,833,407	60.6%	14,681	1,272	11,745	1,018
Surety and credit insurance	175,568	67.9%	1,381	337	1,105	270
Other property insurance	850,127	66.3%	14,677	7,991	11,742	6,393
Personal accident insurance	3,575,260	67.5%	34,793	34,164	27,834	27,331
Typhoon, flood and earthquake insurance	3,484,640	66.2%	23,678	3,927	18,942	3,142
Personal and commercial multiple peril insurance	699,525	68.2%	6,794	6,313	5,435	5,050
Health insurance	987,565	61.6%	11,193	10,310	8,954	8,248
Overseas reinsurance assumed	112,234	61.9%	2,925	2,861	2,340	2,289
Overseas subsidiaries	2,139,949	63.4%	21,992	16,832	17,594	13,466

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FUBON INSURANCE CO., LTD. AND SUBSIDIARIES
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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

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, 2023, the top 5 insurances in terms of proportion are voluntary moto insurance, personal accident insurance, typhoon, flood and earthquake insurance, compulsory moto TPL insurance, fire insurance. For the three months ended June 30, 2022, 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, 2023, the top 5 insurances in terms of proportion are voluntary moto insurance, personal accident insurance, typhoon, flood and earthquake insurance, compulsory moto TPL insurance, liability insurance. For the six months ended June 30, 2022, 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 30.6%, 26.7%, 30.5% and 29.3% for the three months and six months ended June 30, 2023 and 2022, 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
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The premium proportion of underwriting insurance and reinsurance:

Type	For the three months ended June 30,			
	2023		2022	
	Amount	Percentage	Amount	Percentage
Fire insurance	\$ 1,228,215	7.5 %	1,005,954	5.8 %
Marine cargo insurance	582,309	3.6 %	481,004	2.7 %
Marine hull/ Fishing vessel / Aviation insurance	228,644	1.4 %	231,413	1.3 %
Voluntary moto insurance	4,982,234	30.6 %	4,666,387	26.7 %
Compulsory moto TPL insurance	1,663,790	10.2 %	1,669,546	9.6 %
Liability insurance	1,043,973	6.4 %	874,199	5.0 %
Engineering and nuclear insurance	603,567	3.7 %	923,476	5.3 %
Surety and credit insurance	104,222	0.6 %	116,910	0.7 %
Other property insurance	408,306	2.5 %	1,869,452	10.7 %
Personal accident insurance	1,800,157	11.0 %	1,413,528	8.1 %
Typhoon, flood and earthquake insurance	1,669,724	10.2 %	1,649,536	9.4 %
Personal and commercial multiple peril insurance	321,159	2.0 %	276,261	1.6 %
Health insurance	469,112	2.9 %	907,523	5.2 %
Overseas business	16,974	0.1 %	77,210	0.4 %
Overseas subsidiaries	1,183,301	7.3 %	1,304,865	7.5 %
Total	\$ 16,305,687	100.0 %	17,467,264	100.0 %

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FUBON INSURANCE CO., LTD. AND SUBSIDIARIES
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Type	For the six months ended June 30,			
	2023		2022	
	Amount	Percentage	Amount	Percentage
Fire insurance	\$ 2,058,138	6.1 %	1,749,038	5.2 %
Marine cargo insurance	1,241,492	3.7 %	1,016,047	3.0 %
Marine hull/ Fishing vessel / Aviation insurance	564,386	1.7 %	453,899	1.4 %
Voluntary moto insurance	10,215,341	30.5 %	9,813,049	29.3 %
Compulsory moto TPL insurance	3,346,089	10.0 %	3,287,478	9.8 %
Liability insurance	2,243,106	6.7 %	1,956,106	5.8 %
Engineering and nuclear insurance	1,833,407	5.5 %	2,033,081	6.1 %
Surety and credit insurance	175,568	0.5 %	185,664	0.5 %
Other property insurance	850,127	2.5 %	2,392,367	7.1 %
Personal accident insurance	3,575,260	10.7 %	3,004,531	9.0 %
Typhoon, flood and earthquake insurance	3,484,640	10.4 %	2,946,516	8.8 %
Personal and commercial multiple peril insurance	699,525	2.1 %	606,555	1.8 %
Health insurance	987,565	2.9 %	1,371,174	4.1 %
Overseas business	112,234	0.3 %	258,537	0.8 %
Overseas subsidiaries	2,139,949	6.4 %	2,452,845	7.3 %
Total	\$ 33,526,827	100.0 %	33,526,887	100.0 %

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, 2023, the top 5 insurances with the highest proportion are voluntary moto insurance, personal accident insurance, compulsory moto TPL insurance, liability insurance and fire insurance. For the three months ended June 30, 2022, the top 5 insurances in terms of proportion are voluntary moto insurance, personal accident insurance, other property insurance, compulsory moto TPL insurance and health insurance. For the six months ended June 30, 2023, the top 5 insurances with the highest proportion are voluntary moto insurance, personal accident insurance, compulsory moto TPL insurance, liability insurance and health 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. The voluntary moto insurance which has the highest proportion accounts for 40.2%, 36.5%, 41.6% and 39.4%, for the three months and six months ended June 30, 2023 and 2022, 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.

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FUBON INSURANCE CO., LTD. AND SUBSIDIARIES
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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,			
	2023		2022	
	Amount	Percentage	Amount	Percentage
Fire insurance	\$ 553,450	4.8 %	328,899	2.7 %
Marine Cargo insurance	267,773	2.3 %	248,312	2.1 %
Marine hull/ Fishing vessel / Aviation insurance	(130)	- %	41,438	0.3 %
Voluntary moto insurance	4,584,428	40.2 %	4,422,107	36.5 %
Compulsory moto TPL insurance	1,083,825	9.5 %	1,074,804	8.9 %
Liability insurance	806,742	7.1 %	657,065	5.4 %
Engineering and nuclear insurance	62,229	0.5 %	102,479	0.8 %
Surety and credit insurance	22,232	0.2 %	22,892	0.2 %
Other property insurance	113,709	1.0 %	1,212,231	10.0 %
Personal accident insurance	1,773,216	15.5 %	1,396,559	11.5 %
Typhoon, flood and earthquake insurance	492,607	4.3 %	543,982	4.5 %
Personal and commercial multiple peril insurance	296,492	2.6 %	273,569	2.3 %
Health insurance	440,086	3.9 %	717,807	5.9 %
Overseas business	16,978	0.2 %	75,218	0.6 %
Overseas subsidiaries	903,368	7.9 %	1,005,944	8.3 %
Total	\$ 11,417,005	100.0 %	12,123,306	100.0 %

(Continued)

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

Type	For the six months ended June 30,			
	2023		2022	
	Amount	Percentage	Amount	Percentage
Fire insurance	\$ 843,526	3.7 %	657,544	2.8 %
Marine cargo insurance	644,415	2.8 %	528,907	2.3 %
Marine hull/ Fishing vessel / Aviation insurance	59,777	0.3 %	81,456	0.3 %
Voluntary moto insurance	9,522,818	41.6 %	9,265,731	39.4 %
Compulsory moto TPL insurance	2,164,843	9.4 %	2,110,488	9.0 %
Liability insurance	1,727,527	7.5 %	1,443,099	6.1 %
Engineering and nuclear insurance	190,616	0.8 %	254,213	1.1 %
Surety and credit insurance	40,884	0.2 %	41,258	0.2 %
Other property insurance	242,514	1.1 %	1,421,636	6.0 %
Personal accident insurance	3,504,135	15.3 %	2,928,328	12.4 %
Typhoon, flood and earthquake insurance	717,597	3.1 %	914,967	3.9 %
Personal and commercial multiple peril insurance	600,112	2.6 %	560,202	2.4 %
Health insurance	939,225	4.1 %	1,156,725	4.9 %
Overseas business	108,852	0.5 %	257,365	1.1 %
Overseas subsidiaries	1,614,302	7.0 %	1,906,423	8.1 %
Total	\$ 22,921,143	100.0 %	23,528,342	100.0 %

(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, 2023					
	≤2018	2019	2020	2021	2022	2023
At the end of occurrence year	-	29,359,379	30,549,759	34,203,844	118,829,450	24,827,765
The first year	-	28,038,256	28,567,327	30,302,904	118,905,267	-
The second year	-	27,480,322	28,351,123	29,926,918	-	-
The third year	-	27,394,539	28,006,307	-	-	-
The fourth year	-	27,335,704	-	-	-	-
Estimation of accumulated claims	-	27,335,704	28,006,307	29,926,918	118,905,267	24,827,765
Cumulative payment to date	-	26,605,208	26,289,110	26,855,062	107,904,047	10,030,391
Subtotal	1,306,857	730,496	1,717,197	3,071,856	11,001,220	14,797,374
Reconciliations (Note)						484,027
Consolidated write-offs						(289,720)
Total amount recognized on balance sheet						32,819,307

Occurrence year	December 31, 2022					
	≤2017	2018	2019	2020	2021	2022
At the end of occurrence year	-	25,627,066	29,439,879	30,652,525	34,325,031	118,934,282
The first year	-	23,833,420	28,105,225	28,636,814	30,376,704	-
The second year	-	23,364,127	27,549,538	28,423,764	-	-
The third year	-	23,200,192	27,465,108	-	-	-
The fourth year	-	23,223,645	-	-	-	-
Estimation of accumulated claims	-	23,223,645	27,465,108	28,423,764	30,376,704	118,934,282
Cumulative payment to date	-	22,872,619	26,598,886	25,674,528	25,247,007	84,262,394
Subtotal	1,050,032	351,026	866,222	2,749,236	5,129,697	34,671,888
Reconciliations (Note)						458,925
Consolidated write-offs						(373,639)
Total amount recognized on balance sheet						44,903,387

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

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, 2023					
	≤2018	2019	2020	2021	2022	2023
At the end of occurrence year	-	22,039,651	22,531,659	25,105,242	86,329,001	19,812,087
The first year	-	21,006,361	21,442,089	22,963,709	86,665,007	-
The second year	-	20,812,177	21,324,967	22,769,006	-	-
The third year	-	20,757,668	21,229,027	-	-	-
The fourth year	-	20,715,026	-	-	-	-
Estimation of accumulated claims	-	20,715,026	21,229,027	22,769,006	86,665,007	19,812,087
Cumulative payment to date	-	20,422,860	20,554,892	20,894,175	80,198,917	8,657,447
Subtotal	635,957	292,166	674,135	1,874,831	6,466,090	11,154,640
Reconciliations (Note)						485,070
Total amount recognized on balance sheet						21,582,889

Occurrence year	December 31, 2022					
	≤2017	2018	2019	2020	2021	2022
At the end of occurrence year	-	19,928,569	22,103,362	22,595,727	25,191,894	86,405,356
The first year	-	18,908,210	21,058,932	21,486,349	23,022,875	-
The second year	-	18,722,293	20,866,105	21,371,141	-	-
The third year	-	18,610,593	20,812,387	-	-	-
The fourth year	-	18,645,331	-	-	-	-
Estimation of accumulated claims	-	18,645,331	20,812,387	21,371,141	23,022,875	86,405,356
Cumulative payment to date	-	18,397,061	20,419,173	20,280,871	19,808,270	61,641,757
Subtotal	458,773	248,270	393,214	1,090,270	3,214,605	24,763,599
Reconciliations (Note)						460,166
Total amount recognized on balance sheet						30,628,897

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

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, 2023 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, 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.

(Continued)

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

- 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.
- c) 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.
- d) As of the three months and six months ended June 30, 2023 and 2022, the expenses for reinsurance, which were dealt with unauthorized reinsurance company, amounted to \$36,129 thousand, \$35,829 thousand, \$35,882 thousand and \$32,386 thousand, respectively.
- e) As of June 30, 2023, December 31 and June 30, 2022, the unauthorized reinsurance reserves amounted to \$25,725 thousand, \$22,136 thousand and \$32,354 thousand, respectively. The components of this account include: (a) ceded unearned premium reserve amounted to \$22,450 thousand, \$18,498 thousand and \$26,434 thousand, respectively. (b) claims recoverable from reinsurers of paid claims overdue in nine months amounted to \$64 thousand, \$267 thousand and \$237 thousand, respectively. (c) claims recoverable from reinsurers which were reported but unpaid amounted to \$3,211 thousand, \$3,371 thousand and \$5,683 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.

4) Interest rate risk

The financial assets and financial liabilities interest rate exposure risk of the Company and its subsidiaries is described in the liquidity risk management of this note. If the interest rate increases or decreases by 0.5%/50 basis points, and all other variables remain unchanged, the net profit of the Company and its subsidiaries for the six months ended June 30, 2023 will decrease or increase by \$898 thousand, mainly due to the short-term borrowings and commercial papers of the Company and its subsidiaries.

(Continued)

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

(aa) 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.

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.

(Continued)

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:

		June 30, 2023			
Assets and liabilities	Total	Quoted prices in active markets for identical assets (1st Tier)	Significant other observable inputs (2nd Tier)	Significant unobservable inputs (3rd Tier)	
Repeatable fair value measurement					
<u>Non-derivative financial assets and liabilities</u>					
Assets:					
Financial assets at fair value through profit or loss					
Security Investment	\$ 3,486,709	3,486,709	-	-	
Other (Note 1)	4,369,668	4,235,196	77,784	56,688	
Financial assets at fair value through other comprehensive income					
Security Investment	2,063,280	40,796	-	2,022,484	
Bond Investment (Note 2)	11,305,482	7,260,225	1,148,135	2,897,122	
Investment property	9,837,479	-	-	9,837,479	
<u>Derivative financial assets and liabilities</u>					
Liabilities:					
Financial liabilities at fair value through profit or loss	136,191	-	136,191	-	
		December 31, 2022			
Assets and liabilities	Total	Quoted prices in active markets for identical assets (1st Tier)	Significant other observable inputs (2nd Tier)	Significant unobservable inputs (3rd Tier)	
Repeatable fair value measurement					
<u>Non-derivative financial assets and liabilities</u>					
Assets:					
Financial assets at fair value through profit or loss					
Security Investment	\$ 3,043,440	3,043,440	-	-	
Other	4,292,410	4,150,068	80,105	62,237	
Financial assets at fair value through other comprehensive income					
Security Investment	1,889,848	60,102	-	1,829,746	
Bond Investment (Note 2)	11,151,631	6,486,154	1,686,795	2,978,682	
Investment property	9,725,217	-	-	9,725,217	
<u>Derivative financial assets and liabilities</u>					
Assets:					
Financial assets at fair value through profit or loss	68,226	-	68,226	-	
Liabilities:					
Financial liabilities at fair value through profit or loss	106,214	-	106,214	-	

(Continued)

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

Assets and liabilities	June 30, 2022			
	Total	Quoted prices in active markets for identical assets (1st Tier)	Significant other observable inputs (2nd Tier)	Significant unobservable inputs (3rd Tier)
Repeatable fair value measurement				
<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 2)	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	-

Note 1: Included beneficiary certificates accounted for refundable deposits.

Note 2: Includes securities serving as government bond, corporate bonds and financial bonds 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.

(Continued)

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

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.

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, 2023, investment instruments measured at fair value through other comprehensive income with a carrying amount of \$0 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 \$471,024 thousand were transferred from second tier to first tier because activeness of source is greater than original.

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.

(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, 2023							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	\$ 62,237	(4,902)	-	653	-	1,300	-	56,688
Financial assets measured at fair value through other comprehensive income	4,808,428	(75)	287,170	-	-	175,917	-	4,919,606
Investment properties	9,725,217	109,536	-	-	2,985	259	-	9,837,479
Total	\$ 14,595,882	104,559	287,170	653	2,985	177,476	-	14,813,773

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
Total	\$ 14,557,651	17,693	(855,136)	700,000	228,553	13,289	15,368	14,620,104

For the six months ended June 30,

2023 **2022**

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

\$ 104,635 27,539

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

\$ 302,207 (870,928)

(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, 2023, December 31 and June 30, 2022, the fair value without quantified information for disclosure is \$2,953,920 thousand, \$3,041,029 thousand and \$3,328,926 thousand, respectively. The details of fair value mentioned above are as follows:

June 30, 2023					
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	\$ 2,022,374	Asset-based approach	Discount for the lack of liquidity	0%~10% (6.25%)	The estimated fair value would increase (decrease) if: <ul style="list-style-type: none"> • the discount for the lack of liquidity were lower (higher); or • the non-controlling interest discount were lower (higher) .
			Non-controlling interest discount	0%~20% (8.75%)	
		Market-based approach—comparable companies	Discount for the lack of liquidity	25%~50% (38%)	The estimated fair value would increase(decrease) if: <ul style="list-style-type: none"> • the discount for the lack of liquidity were lower (higher); or • the price-to-book ratio were higher (lower).
			Price-to-book ratio	2.2~4.3 (3.3)	
Investment properties	9,837,479	Note 6(k)			
December 31, 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	\$ 1,829,636	Asset-based approach	Discount for the lack of liquidity	0%~10% (6.25%)	The estimated fair value would increase (decrease) if: <ul style="list-style-type: none"> • the discount for the lack of liquidity were lower (higher); or • the non-controlling interest discount were lower (higher) .
			Non-controlling interest discount	0%~20% (10%)	
		Market-based approach—comparable companies	Discount for the lack of liquidity	22%~28% (25%)	The estimated fair value would increase (decrease) if: <ul style="list-style-type: none"> • the discount for the lack of liquidity were lower (higher); or • the price-to-book ratio were higher (lower).
			Price-to-book ratio	1.5~3.1 (2.3)	
Investment properties	9,725,217	Note 6(k)			

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FUBON INSURANCE CO., LTD. AND SUBSIDIARIES
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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)			

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.

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FUBON INSURANCE CO., LTD. AND SUBSIDIARIES
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(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>
June 30, 2023		
Financial assets		
Financial assets measured at amortized cost	\$ 1,599,893	1,338,347
December 31, 2022		
Financial assets		
Financial assets measured at amortized cost	1,560,957	1,300,233
June 30, 2022		
Financial assets		
Financial assets measured at amortized cost	1,494,413	1,287,061

2) Fair value information

<u>Item</u>	<u>Total</u>	<u>June 30, 2023</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	\$ 1,338,347	934,568	20,234	383,545

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FUBON INSURANCE CO., LTD. AND SUBSIDIARIES
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		December 31, 2022		
Item	Total	Quoted prices in active markets for identical assets (1st Tier)	Significant other observable inputs (2nd Tier)	Significant unobservab le inputs (3rd Tier)
Financial assets:				
Financial assets measured at amortized cost	\$ 1,300,233	921,699	103,519	275,015
		June 30, 2022		
Item	Total	Quoted prices in active markets for identical assets (1st Tier)	Significant other observable inputs (2nd Tier)	Significant unobservab le inputs (3rd Tier)
Financial assets:				
Financial assets measured at amortized cost	\$ 1,287,061	891,865	22,794	372,402

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.

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FUBON INSURANCE CO., LTD. AND SUBSIDIARIES
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(ab) 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, updated 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
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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
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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.

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FUBON INSURANCE CO., LTD. AND SUBSIDIARIES
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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

June 30, 2023						
By area	Taiwan	Rest of Asia	North America	Central and South America	Europe	Total
Exposure amount	\$ 29,888,730	4,096,940	4,798,391	-	816,022	39,600,083
Ratio of the total	75.48 %	10.34 %	12.12 %	-	2.06 %	100.00 %

December 31, 2022						
By area	Taiwan	Rest of Asia	North America	Central and South America	Europe	Total
Exposure amount	\$ 29,143,933	4,646,051	3,995,008	-	789,566	38,574,558
Ratio of the total	75.55 %	12.04 %	10.36 %	-	2.05 %	100.00 %

June 30, 2022						
By area	Taiwan	Rest of Asia	North America	Central and South America	Europe	Total
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 %

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FUBON INSURANCE CO., LTD. AND SUBSIDIARIES
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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.

Non-Derivatives Financial Instruments	June 30, 2023	
	Book value	Maximum credit risk exposure
Financial assets:		
Cash and cash equivalents	\$ 11,824,078	11,824,078
Receivables	7,840,664	7,840,664
Current tax assets	3,067,202	3,067,202
Financial assets at fair value through profit or loss	6,344,196	6,344,196
Financial assets at amortized cost	1,599,893	1,599,893
Financial assets at fair value through other comprehensive income	7,683,422	7,683,422
Reinsurance assets	26,191,655	26,191,655
Other assets	8,367,640	8,367,640
Financial liabilities:		
Short-term liabilities	12,898,375	12,898,375
Accounts payable	17,534,281	17,534,281
Current tax liabilities	9,278	9,278
Lease liabilities	655,949	655,949
Other liabilities	93,613	93,613
Derivatives Financial Instruments		
Financial liabilities:		
Financial liabilities at fair value through profit or loss	136,191	136,191

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<u>Non-Derivatives Financial Instruments</u>	<u>December 31, 2022</u>	
	<u>Book value</u>	<u>Maximum credit risk exposure</u>
Financial assets:		
Cash and cash equivalents	\$ 10,897,303	10,897,303
Receivables	4,712,357	4,712,357
Current tax assets	2,067,260	2,067,260
Financial assets at fair value through profit or loss	7,335,850	7,335,850
Financial assets at amortized cost	1,560,957	1,560,957
Financial assets at fair value through other comprehensive income	10,696,822	10,696,822
Reinsurance assets	23,580,092	23,580,092
Other assets	4,160,281	4,160,281
Financial liabilities:		
Short-term borrowings	9,780,000	9,780,000
Accounts payable	16,482,543	16,482,543
Current tax liabilities	9,916	9,916
Lease liabilities	742,146	742,146
Other liabilities	435,812	435,812
 <u>Derivatives Financial Instruments</u>		
Financial assets:		
Financial assets at fair value through profit or loss	\$ 68,226	68,226
Financial liabilities:		
Financial liabilities at fair value through profit or loss	106,214	106,214

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FUBON INSURANCE CO., LTD. AND SUBSIDIARIES
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<u>Non-Derivatives Financial Instruments</u>	June 30, 2022	
	Book value	Maximum credit risk exposure
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
 <u>Derivatives Financial Instruments</u>		
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

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
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- 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, 2023										
		12-month ECL				Lifetime ECL (not credit-impaired financial assets)						
		Low risk	Medium risk	High risk	Subtotal	Low risk	Medium risk	High risk	Subtotal	Lifetime ECL (credit-impaired financial assets)	Impairment allowance	Total
Financial assets at fair value through other comprehensive income – debt instruments	\$	11,305,482	-	-	11,305,482	-	-	-	-	-	-	11,305,482
Financial assets at amortized cost		1,600,486	-	-	1,600,486	-	-	-	-	-	593	1,599,893
Total	\$	12,905,968	-	-	12,905,968	-	-	-	-	-	593	12,905,375
		December 31, 2022										
		12-month ECL				Lifetime ECL (not credit-impaired financial assets)						
		Low risk	Medium risk	High risk	Subtotal	Low risk	Medium risk	High risk	Subtotal	Lifetime ECL (credit-impaired financial assets)	Impairment allowance	Total
Financial assets at fair value through other comprehensive income – debt instruments	\$	11,151,631	-	-	11,151,631	-	-	-	-	-	-	11,151,631
Financial assets at amortized cost		1,561,484	-	-	1,561,484	-	-	-	-	-	527	1,560,957
Total	\$	12,713,115	-	-	12,713,115	-	-	-	-	-	527	12,712,588
		June 30, 2022										
		12-month ECL				Lifetime ECL (not credit-impaired financial assets)						
		Low risk	Medium risk	High risk	Subtotal	Low risk	Medium risk	High risk	Subtotal	Lifetime ECL (credit-impaired financial assets)	Impairment allowance	Total
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
Total	\$	22,824,604	-	-	22,824,604	-	-	-	-	-	502	22,824,102

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

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FUBON INSURANCE CO., LTD. AND SUBSIDIARIES
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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, 2023				Total
	Current	1 to 30 days past due	31 to 90 days past	More than 90 days past	
Expected credit loss rate	0%~20%	2%~5%	10%	25%~100%	
Gross carrying amount	\$ 25,583,065	1,563,957	289,250	977,986	28,414,258
Loss allowance provision	166,948	35,208	19,505	27,276	248,937

	December 31, 2022				Total
	Current	1 to 30 days past due	31 to 90 days past	More than 90 days past	
Expected credit loss rate	0%~15%	2%~5%	10%~25%	25%~100%	
Gross carrying amount	\$ 19,812,009	634,693	179,670	130,362	20,756,734
Loss allowance provision	58,617	13,595	13,014	27,626	112,852

	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

- 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
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- 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, 2023, 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, 2023			The provision of impairment in accordance with IFRS 9
	12-month ECL	Lifetime ECL (assessed on collective)	Lifetime ECL (assessed on individual)	
Beginning balance	\$ 5,237	-	-	5,237
Changes in financial instruments that have been identified at the beginning of the period:				
– The financial assets that have been derecognized	(165)	-	-	(165)
Originated or purchased new financial assets	137	-	-	137
Foreign exchange and other movement	240	-	-	240
Ending balance	<u>\$ 5,449</u>	<u>-</u>	<u>-</u>	<u>5,449</u>

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	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	\$ 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>

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

	For the six months ended June 30, 2023			
	12-month ECL	Lifetime ECL (assessed on collective)	Lifetime ECL (assessed on individual)	The provision of impairment in accordance with IFRS 9
Beginning balance	\$ 527	-	-	527
Foreign exchange and other movement	66	-	-	66
Ending balance	<u>\$ 593</u>	<u>-</u>	<u>-</u>	<u>593</u>

	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>

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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.

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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.

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iv) The maturity analysis is as follows:

		June 30, 2023							
		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	\$ 751,405	550,411	1,785,125	1,193,819	1,483,318	2,945,208	2,596,196	11,305,482
	Financial assets measured at amortized cost	-	-	-	11,112	81,353	1,507,428	-	1,599,893
		<u>\$ 751,405</u>	<u>550,411</u>	<u>1,785,125</u>	<u>1,204,931</u>	<u>1,564,671</u>	<u>4,452,636</u>	<u>2,596,196</u>	<u>12,905,375</u>
The maturity analysis of financial liabilities									
	Short-term liabilities	<u>\$ 12,898,375</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>12,898,375</u>
		December 31, 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	\$ 603,107	699,839	1,846,080	1,207,446	1,457,389	2,849,539	2,488,231	11,151,631
	Financial assets measured at amortized cost	-	-	-	-	99,078	1,461,879	-	1,560,957
		<u>\$ 603,107</u>	<u>699,839</u>	<u>1,846,080</u>	<u>1,207,446</u>	<u>1,556,467</u>	<u>4,311,418</u>	<u>2,488,231</u>	<u>12,712,588</u>
The maturity analysis of financial liabilities									
	Bank loans	<u>\$ 9,780,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>9,780,000</u>
		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>

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, 2023					
		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		\$ -	-	-	-	-	-
The maturity analysis of financial liabilities		<u>\$ 136,191</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>136,191</u>

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		December 31, 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>68,226</u>	-	-	-	-	<u>68,226</u>
The maturity analysis of financial liabilities	\$	<u>106,214</u>	-	-	-	-	<u>106,214</u>
		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>

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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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

Common VaR	June 30, 2023		
	Average	Highest	Lowest
Fixed income group	\$ 392,509	488,528	319,580
Equity group	595,639	633,202	488,180
Fund group	7,346	9,814	6,110
Asset securitization group	110,914	118,823	94,208
Total position	864,120	1,094,986	601,893

Common VaR	December 31, 2022		
	Average	Highest	Lowest
Fixed income group	\$ 708,052	863,621	421,746
Equity group	1,371,072	2,470,680	571,023
Fund group	90,095	167,767	6,645
Asset securitization group	54,310	128,969	37,857
Total position	1,686,053	2,632,476	1,072,385

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<u>Common VaR</u>	<u>June 30, 2022</u>		
	<u>Average</u>	<u>Highest</u>	<u>Lowest</u>
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

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

<u>Common VaR</u>	<u>June 30, 2023</u>		
	<u>Average</u>	<u>Highest</u>	<u>Lowest</u>
Fixed income group	\$ 6,422	14,956	5,956
Equity group	34,707	41,072	32,936
Total position	37,235	49,979	34,611

<u>Common VaR</u>	<u>December 31, 2022</u>		
	<u>Average</u>	<u>Highest</u>	<u>Lowest</u>
Fixed income group	\$ 9,027	48,122	3,262
Equity group	44,281	61,648	16,211
Total position	46,741	80,134	25,910

<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

Note 1: VaR was adopted from January 1 to June 30, 2023. January 1 to December 31, 2022 and January 1 to June 30, 2022.

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.

(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, 2023, December 31 and June 30, 2022, the Company and its subsidiaries did not have any derecognized transfer of financial assets.

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(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, 2023						
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	\$ -	-	-	-	-	-
June 30, 2023						
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	\$ 136,191	-	136,191	-	-	136,191
December 31, 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	\$ 68,226	-	68,226	68,226	-	-
December 31, 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	\$ 106,214	-	106,214	68,226	-	37,988
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

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(ac) 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, 2023, the method of capital management of the Company and its subsidiaries remains the same.

(ad) 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 securieies	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, 2023, December 31 and June 30, 2022, is as follows:

<u>June 30, 2023</u>	<u>Private equity fund</u>	<u>Asset securitization products</u>
Assets possessed by the Company and its subsidiaries		
-Financial assets at fair value through profit or loss (Note)	\$ 54,916	1,751,496
-Financial assets at fair value through other comprehensive income	-	300,926
-Financial assets at amortized cost	-	92,465
Total assets possessed by the Company and its subsidiaries	<u>\$ 54,916</u>	<u>2,144,887</u>

<u>December 31, 2022</u>	<u>Private equity fund</u>	<u>Asset securitization products</u>
Assets possessed by the Company and its subsidiaries		
-Financial assets at fair value through profit or loss	\$ 60,128	1,864,448
-Financial assets at fair value through other comprehensive income	-	299,422
-Financial assets at amortized cost	-	99,078
Total assets possessed by the Company and its subsidiaries	<u>\$ 60,128</u>	<u>2,262,948</u>

<u>June 30, 2022</u>	<u>Private equity fund</u>	<u>Asset securitization products</u>
Assets possessed by the Company and its subsidiaries		
-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>

Note: Included the amount of refundable deposits

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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, 2023 and 2022.

(ae) 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, 2023 and 2022 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:

	<u>For the six months ended June 30, 2023</u>			<u>For the six months ended June 30, 2022</u>		
	<u>Lease Liabilities</u>	<u>Short-term borrowings</u>	<u>Commercial papers</u>	<u>Lease Liabilities</u>	<u>Short-term borrowings</u>	<u>Commercial papers</u>
Beginning balance	\$ 742,146	9,780,000	-	864,260	-	-
Cash flows from financing activities						
Payment of lease liabilities	(113,763)	-	-	(114,780)	-	-
Cash from borrowings	-	7,550,000	-	-	-	-
Cash from commercial papers	-	-	1,497,051	-	-	-
Payment of borrowings	-	(5,980,000)	-	-	-	-
Net cash flows from financing activities	<u>(113,763)</u>	<u>1,570,000</u>	<u>1,497,051</u>	<u>(114,780)</u>	<u>-</u>	<u>-</u>
Effect of exchange rate changes	(758)	-	-	2,083	-	-
Others						
Other changes related to liabilities						
Sign/ update lease contracts	28,992	-	-	57,108	-	-
Interest expense	13,585	-	51,324	15,226	-	-
Interest payment	<u>(14,253)</u>	<u>-</u>	<u>-</u>	<u>(15,739)</u>	<u>-</u>	<u>-</u>
Net increase related to liabilities	<u>28,324</u>	<u>-</u>	<u>51,324</u>	<u>56,595</u>	<u>-</u>	<u>-</u>
Ending balance	<u>\$ 655,949</u>	<u>11,350,000</u>	<u>1,548,375</u>	<u>808,158</u>	<u>-</u>	<u>-</u>

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(7) Related-party transactions:

(a) Names and relationship of related parties

Name of Related Party	Relationship with the Company and its subsidiaries
Fubon Financial Holding Co., Ltd. (Fubon Financial Holding)	Parent company
Fubon Life Insurance Co., Ltd. (Fubon Life Insurance)	The same parent company
Taipei Fubon Commercial Bank Co., Ltd. (Taipei Fubon Commercial Bank)	The same parent company
Fubon Securities Co., Ltd. (Fubon Securities)	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
Xiamen Bank Co., Ltd.(Xiamen Bank)	The associate of Fubon Financial Holding Co., Ltd. under Equity Method
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

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<u>Name of Related Party</u>	<u>Relationship with the Company and its subsidiaries</u>
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
Fubon Insurance Agency Co., Ltd.	The investee recognized under Equity Method
Fubon Insurance Agency Co., Ltd. (Fubon Insurance Agency)	The investee recognized under Equity Method
Fubon Sports & Entertainment Co., Ltd. (Fubon Sports & Entertainment)	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
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
Fubon Health Management Co., Ltd.	The investee recognized under Equity Method
Bravelog Sport Technology Co., Ltd.	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
JS CRESVALE Securities International Limited	The investee recognized under Equity Method
JS CRESVALE Capital Limited	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>
Jih Sun Securities Investment Trust Co., Ltd. (Jih Sun Securities Investment Trust)	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
Fubon Multimedia Technology Co, Ltd. (Fubon Multimedia Technology)	Affiliates
Fubon Property Management Co., Ltd. (Fubon Property Management)	Affiliates
The fund from Fubon Asset Management	Affiliates
Taiwan Mobile Co., Ltd.(Taiwan Mobile)	Affiliates
Taiwan Fixed Network Co., Ltd. (Taiwan Fixed Network)	Affiliates
Taipei City Government	Affiliates
Taiwan High Speed Railway Co., Ltd. (Taiwan High Speed Railway)	Affiliates
Taipei Culture Foundation Co, Ltd. (Taipei Culture Foundation)	Affiliates
Carplus Auto Leasing Co., Ltd. (Carplus Auto Leasing)	Affiliates
Taihsin Property Insurance Agent Co., Ltd.(Taihsin Property Insurance Agent)	Affiliates
Tokio Marine Newa Insurance Co., Ltd. (Tokio Marine Newa Insurance)	Affiliates
Far Eastern International Bank Co., Ltd. (Far Eastern Bank)	Affiliates
Taiwan Business Bank, Ltd. (Taiwan Business Bank)	Affiliates
Fubon Charity Foundation	Affiliates
Fubon Art Foundation	Affiliates
Fubon Cultural and Educational Foundation	Affiliates

(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>
MediaTek INC.(MediaTek)	Affiliates
Kbro Media Co., Ltd.(Kbro)	Affiliates
Taiwan Cement Corporation(Taiwan Cement)	Affiliates
TA-HO Maritime Corporation (TA-HO Maritime)	Affiliates
Alpha Networks Inc. (Alpha Networks)	Affiliates
China Hi-Ment Co., Ltd (China Hi-Ment)	Affiliates
USI Corporation	Affiliates
Synnex Technology International Corporation (Synnex Technology)	Affiliates
Yuchang Motor Co., Ltd. (Yuchang Motor)	Affiliates
China United Property Insurance Company, Ltd (China United Property Insurance)	Affiliates
Other related parties	Directors, supervisors, managers, chairman of the board, general manager and their close relatives and other affiliates, etc.

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

(i) Deposits

<u>Names of related parties</u>	<u>June 30, 2023</u>		<u>December 31, 2022</u>		<u>June 30, 2022</u>	
	<u>Ending balance</u>	<u>Interest rate range%</u>	<u>Ending balance</u>	<u>Interest rate range%</u>	<u>Ending balance</u>	<u>Interest rate range%</u>
Taipei Fubon Commercial Bank	\$ 3,221,999	0~0.51	2,275,773	0~0.17	2,063,513	0~0.17
Xiamen Bank	223,029	0.35	173,613	0.05~0.40	267,591	0.35
Far Eastern Bank	63	0.6	128	0.475	757,071	0.225
Taiwan Business Bank	45,877	0.58	54,966	0.455	53,533	0.08
Others (not related company or person accounts for more than \$10,000 thousand or 10%)	5,229	0.25	8,987	0.05~0.35	9,761	0.35
	<u>\$ 3,496,197</u>		<u>2,513,467</u>		<u>3,151,469</u>	

(ii) Financial instruments

1) The balance from related parties Fubon Asset Management was as follows:

<u>Names of funds</u>	<u>June 30, 2023</u>	<u>December 31, 2022</u>	<u>June 30, 2022</u>
The fund from Fubon Asset Management	<u>\$ 17,865</u>	<u>11,790</u>	<u>14,700</u>

(Continued)

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

- 2) The balance of the fund's balance of Fubon REIT I Fund and Fubon REIT II Fund was as follows:

<u>Names of funds</u>	<u>June 30, 2023</u>	<u>December 31, 2022</u>	<u>June 30, 2022</u>
Fubon REIT I Fund	\$ 842,431	894,217	939,251
Fubon REIT II Fund	909,065	970,231	1,013,729
	<u>\$ 1,751,496</u>	<u>1,864,448</u>	<u>1,952,980</u>

- (iii) Accounts receivable

<u>Names of related parties</u>	<u>June 30, 2023</u>	<u>December 31, 2022</u>	<u>June 30, 2022</u>
Taiwan Mobile	\$ 32,859	-	-
Others (not related company or person accounts for more than \$10,000 thousand or 10%)	3,488	10,352	7,047
	<u>\$ 36,347</u>	<u>10,352</u>	<u>7,047</u>

- (iv) Reinsurance receivables

<u>Names of related parties</u>	<u>June 30, 2023</u>	<u>December 31, 2022</u>	<u>June 30, 2022</u>
China United Property Insurance	\$ 112,888	95,193	240,567
Others (not related company or person accounts for more than \$10,000 thousand or 10%)	-	-	918
	<u>\$ 112,888</u>	<u>95,193</u>	<u>241,485</u>

- (v) 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.

	<u>June 30, 2023</u>	<u>December 31, 2022</u>	<u>June 30, 2022</u>
Consolidated tax return receivable	<u>\$ 3,067,202</u>	<u>2,067,260</u>	<u>14,059</u>
Consolidated tax return payable	<u>\$ 1,021</u>	<u>4,417</u>	<u>14,994</u>

(Continued)

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

(vi) Refundable deposit

<u>Names of related parties</u>	<u>June 30, 2023</u>	<u>December 31, 2022</u>	<u>June 30, 2022</u>
Fubon Life Insurance	\$ 39,747	39,874	39,874
Others (not related company or person accounts for more than \$10,000 thousand or 10%)	3,625	3,611	3,611
	<u>\$ 43,372</u>	<u>43,485</u>	<u>43,485</u>

(vii) Prepaid

<u>Names of related parties</u>	<u>June 30, 2023</u>	<u>December 31, 2022</u>	<u>June 30, 2022</u>
Others (not related company or person accounts for more than \$10,000 thousand or 10%)	\$ 2,985	4,766	557

(viii) Reinsurance payables

<u>Names of related parties</u>	<u>June 30, 2023</u>	<u>December 31, 2022</u>	<u>June 30, 2022</u>
China United Property Insurance	\$ 125,513	72,269	167,478
Others (not related company or person accounts for more than \$10,000 thousand or 10%)	-	-	1,901
	<u>\$ 125,513</u>	<u>72,269</u>	<u>169,379</u>

(ix) Accounts payable

<u>Names of related parties</u>	<u>June 30, 2023</u>	<u>December 31, 2022</u>	<u>June 30, 2022</u>
Fubon Life Insurance	\$ 275,445	278,494	299,357
Fubon Insurance Agency	232,947	239,120	227,423
Taihsin Property Insurance Agent	28,596	3,483	26,740
Others (not related company or person accounts for more than \$10,000 thousand or 10%)	18,870	15,231	14,580
	<u>\$ 555,858</u>	<u>536,328</u>	<u>568,100</u>

(Continued)

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

(x) Advance receipts

<u>Names of related parties</u>	<u>June 30, 2023</u>	<u>December 31, 2022</u>	<u>June 30, 2022</u>
Jih Sun Securities Investment Trust	\$ 7,318	1,794	7,174
Others (not related company or person accounts for more than \$10,000 thousand or 10%)	1,830	2,240	2,255
	<u>\$ 9,148</u>	<u>4,034</u>	<u>9,429</u>

(xi) Other income

<u>Names of related parties</u>	<u>Type</u>	<u>For the three months ended June 30,</u>	
		<u>2023</u>	<u>2022</u>
China United Property Insurance	Reinsurance premium	\$ 32,696	73,627
Others (not related company or person accounts for more than \$10,000 thousand or 10%)		7,011	5,073
		<u>\$ 39,707</u>	<u>78,700</u>
<u>Names of related parties</u>	<u>Type</u>	<u>For the six months ended June 30,</u>	
		<u>2023</u>	<u>2022</u>
China United Property Insurance	Reinsurance premium	\$ 32,696	167,522
Others (not related company or person accounts for more than \$10,000 thousand or 10%)		11,446	9,686
		<u>\$ 44,142</u>	<u>177,208</u>

(Continued)

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

(xii) Expenses

1) Retained claim payment

Names of related parties	For the three months ended June 30,		For the six months ended June 30,	
	2023	2022	2023	2022
Taiwan Mobile	\$ 77,099	60,114	150,663	121,146
Taiwan High Speed Railway	1,943	22	5,451	16,261
Carplus Auto Leasing	-	34,367	-	78,151
Tokio Marine Newa Insurance	-	31,797	-	69,705
Yuchang Motor	-	6,475	-	15,789
China United Property Insurance	23,598	36,508	23,598	89,189
Others (not related company or person accounts for more than \$10,000 thousand or 10%)	8,896	29,959	29,194	67,091
	\$ 111,536	199,242	208,906	457,332

2) Donation expense

Names of related parties	For the six months ended June 30, 2023		For the six months ended June 30,	
	2023	2022	2023	2022
Fubon Charity Foundation	\$ -	6,345	-	9,621
Fubon Art Foundation	-	-	-	4,852
Fubon Cultural and Educational Foundation	-	-	-	4,019
Others (not related company or person accounts for more than \$10,000 thousand or 10%)	-	-	-	100
	\$ -	6,345	-	18,592

(Continued)

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

3) Other expenses

<u>Names of related parties</u>	<u>Type</u>	<u>For the six months ended June 30, 2023</u>	
		<u>2023</u>	<u>2022</u>
Fubon Life Insurance	Joint marketing, premium and interest	\$ 282,879	333,427
Taipei Fubon Commercial Bank	Joint marketing, commission, charges, interest and central registry public bonds	63,507	66,648
Fubon Securities	Joint marketing, charges and interest	1,593	3,863
Fubon Insurance Agency	Joint marketing, commission and interest	117,086	117,842
Taihsin Property Insurance Agent	Commission	86,196	81,453
Taiwan Fixed Network	Rental, maintenance fee, telecom communication service and interest	13,806	11,016
Taiwan Mobile	Maintenance fee, telecom communication service, operating service, interest and advertisement	6,375	6,114
Fubon Property Management	Management service	6,006	6,280
Fubon Sports & Entertainment	Entertainment, advertisement, miscellaneous and interest	6,006	6,031
Tokio Marine Newa Insurance	Reinsurance expense, reinsurance commission	-	12,545
China United Property Insurance	Reinsurance commission	11,590	27,273
Others (not related company or person accounts for more than \$10,000 thousand or 10%)		9,874	18,270
		<u>\$ 604,918</u>	<u>690,762</u>

(Continued)

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

<u>Names of related parties</u>	<u>Type</u>	<u>For the six months ended June 30,</u>	
		<u>2023</u>	<u>2022</u>
Fubon Life Insurance	Joint marketing, premium and interest	\$ 578,876	592,980
Taipei Fubon Commercial Bank	Joint marketing, commission, charges, interest and central registry public bonds	112,882	124,662
Fubon Securities	Joint marketing, charges and interest	3,253	10,293
Fubon Insurance Agency	Joint marketing, commission and interest	236,642	235,572
Taihsin Property Insurance Agent	Commission	196,295	186,639
Taiwan Fixed Network	Rental, maintenance fee, telecom communication service and interest	22,975	20,681
Taiwan Mobile	Maintenance fee, telecom communication service, operating service, interest and advertisement	13,566	12,666
Fubon Property Management	Management service	9,185	15,225
Fubon Sports & Entertainment	Entertainment, advertisement, miscellaneous and interest	13,219	12,677
Tokio Marine Nawa Insurance	Reinsurance expense, reinsurance commission	-	16,221
China United Property Insurance	Reinsurance commission	11,590	55,734
Others (not related company or person accounts for more than \$10,000 thousand or 10%)		21,307	37,409
		<u>\$ 1,219,790</u>	<u>1,320,759</u>

(Continued)

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

(xiii) Premiums receivable and Premium

1) Premiums receivable

<u>Names of related parties</u>	<u>June 30, 2023</u>	<u>December 31, 2022</u>	<u>June 30, 2022</u>
Taipei Fubon Commercial Bank	\$ 8,163	44,025	25,180
Fubon Life Insurance Co., Ltd.	70,571	7,342	66,656
Taiwan High Speed Railway	2,439	85,265	3,041
Fubon Multimedia Technology	925	12,504	1,608
Taipei Culture Foundation	-	15,590	-
Kbro	14,679	3,525	14,395
Taiwan Mobile	26,690	3,012	296
USI Corporation	39,388	-	-
Synnex Technology	10,734	-	-
Others (not related company or person accounts for more than \$10,000 thousand or 10%)	39,738	35,252	25,465
	<u>\$ 213,327</u>	<u>206,515</u>	<u>136,641</u>

(Continued)

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

2) Premium

<u>Names of related parties</u>	<u>For the three months ended June 30,</u>	
	<u>2023</u>	<u>2022</u>
Taipei Fubon Commercial Bank	\$ 22,324	17,904
Fubon Life Insurance	70,583	66,250
Fubon Multimedia Technology	612	321
Fubon Securities	1,004	1,528
Fubon Financial Holding	505	428
Taiwan Mobile	29,625	25,330
Taipei City Government	36,067	12,497
Kbro	13,785	13,972
MediaTek	627	1,261
LINE Bank	12,072	(602)
Carplus Auto Leasing	-	78,281
Alpha Networks	19,448	12,340
China Hi-Ment	98,387	13
USI Corporation	39,388	-
Synnex Technology	10,561	-
Taiwan Cement	521	-
TA-HO Maritime	80	-
Others (accounts with balances of less than \$10,000 thousand)	40,708	32,777
	<u>\$ 396,297</u>	<u>262,300</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,	
	2023	2022
Taipei Fubon Commercial Bank	\$ 144,021	129,219
Fubon Life Insurance	81,957	76,359
Fubon Multimedia Technology	46,431	41,886
Fubon Securities	13,796	12,505
Fubon Financial Holding	508	12,068
Taiwan Mobile	30,715	31,331
Taipei City Government	38,962	15,184
Kbro	14,064	16,175
MediaTek	11,586	13,911
LINE Bank	12,072	10,598
Carplus Auto Leasing	-	176,523
Alpha Networks	19,886	12,984
China Hi-Ment	104,279	3,880
USI Corporation	39,388	-
Synnex Technology	10,561	-
Taiwan Cement	16,047	-
TA-HO Maritime	15,151	-
Others (not related company or person accounts for more than \$10,000 thousand or 10%)	99,815	89,990
	\$ 699,239	642,613

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

(xiv) Lease

1) Lease from related parties

a) Right-of-use assets

Names of related parties	June 30, 2023	December 31, 2022	June 30, 2022
Fubon Life Insurance	451,780	525,305	598,442
Fubon REIT II Fund	7,406	11,442	15,546
Others (not related company or person accounts for more than \$10,000 thousand or 10%)	14,996	12,052	17,997
	\$ 474,182	548,799	631,985

(Continued)

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

b) Lease liabilities

<u>Names of related parties</u>	<u>June 30, 2023</u>	<u>December 31, 2022</u>	<u>June 30, 2022</u>
Fubon Life Insurance	478,118	550,500	619,843
Fubon REIT II Fund	7,664	11,788	15,836
Others (not related company or person accounts for more than \$10,000 thousand or 10%)	15,483	12,578	18,748
	<u>\$ 501,265</u>	<u>574,866</u>	<u>654,427</u>

2) Lease to related parties

a) Guarantee deposit received

<u>Names of related parties</u>	<u>June 30, 2023</u>	<u>December 31, 2022</u>	<u>June 30, 2022</u>
Taipei Fubon Commercial Bank	\$ 19,750	19,586	19,586
Fubon Life Insurance	23,505	23,760	23,760
Others (not related company or person accounts for more than \$10,000 thousand or 10%)	14,244	12,887	14,009
	<u>\$ 57,499</u>	<u>56,233</u>	<u>57,355</u>

b) Rental revenue (recognized in gains on investment property)

<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>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
Taipei Fubon Commercial Bank	\$ 19,570	19,245	38,735	38,237
Fubon Life Insurance	22,852	22,967	45,507	45,691
Others (not related company or person accounts for more than \$10,000 thousand or 10%)	14,402	13,901	27,835	28,498
	<u>\$ 56,824</u>	<u>56,113</u>	<u>112,077</u>	<u>112,426</u>

All the above leases were operating leases. The leasing term was not materially different from that with unrelated parties.

(Continued)

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

(xv) Acquisition of property and other assets

Names of related parties	For the three months ended June 30,		For the six months ended June 30,	
	2023	2022	2023	2022
Taipei City Government	-	585	-	585
Others (not related company or person accounts for more than \$10,000 thousand or 10%)	-	33	4	33
	<u>\$ -</u>	<u>618</u>	<u>4</u>	<u>618</u>

For the six months ended June 30, 2023, the Company and its subsidiaries bought the computer equipments from other related parties and the purchase price is \$4 thousand. The amount was paid on February 14, 2023. For the six months ended June 30, 2023 and 2022, due to the reconstruction of urban unsafe and old buildings, the Company and its subsidiaries bought plot ratio from Taipei City Government amounting to \$585 thousand. It was paid off on April 29, 2022. For the six months ended June 30, 2022, the Company and its subsidiaries purchased computer equipment from other related parties amounting to \$33 thousand, the amount was paid on June 8, 2022.

(c) Major management remuneration information

	For the three months ended June 30,		For the six months ended June 30,	
	2023	2022	2023	2022
Short term employee benefits	\$ 28,575	34,861	57,946	68,055
Retirement benefit	99	308	422	582
Other long-term employee benefits	129	148	261	270
	<u>\$ 28,803</u>	<u>35,317</u>	<u>58,629</u>	<u>68,907</u>

(Continued)

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

(8) Assets pledged as security:

- (a) As of June 30, 2023, December 31 and June 30, 2022, the assets pledged or mortgaged were as follows:

<u>Pledged Assets</u>	<u>Purpose of pledge</u>	<u>June 30, 2023</u>	<u>December 31, 2022</u>	<u>June 30, 2022</u>
Time deposit	Guarantee for the insurance business and performance bond	\$ 1,017,093	1,047,042	1,075,458
Government bonds	Guarantee for the insurance business and bank loans	2,206,960	2,344,657	452,302
Financial bonds	Bank loans	1,238,793	-	-
Corporate bonds	Bank loans	2,239,587	-	-
Beneficiary certificate	Bank loans	1,512,181	-	-
Properities	Bank loans	4,819,939	4,447,896	-
Investment properties	Bank loans	8,467,918	5,322,595	-
Total		<u>\$ 21,502,471</u>	<u>13,162,190</u>	<u>1,527,760</u>

- (b) Pursuant to the requirements of Articles No.141 and No.142 of the Insurance Law, government bonds with book value of \$2,206,960 thousand, \$670,214 thousand and \$452,302 thousand as of June 30, 2023, December 31 and June 30, 2022, respectively, were deposited with the Central Bank of the Republic China as guarantee for the insurance business. The pledged amounts for loans were \$0 thousand, \$1,674,443 thousand and \$0 thousand respectively.

(9) Commitments and contingencies:

- (a) The Company and its subsidiaries had several insurance lawsuits and were required to pay indemnities of \$1,239,051 thousand, of which approximately \$831,491 thousand were reinsured. The claim had been accrued. These cases have not been resolved with District Court of Appeal as of June 30, 2023.
- (b) The unfunded commitments for the Company and its subsidiaries' signed private equity agreements (Unit: thousand dollars):

	<u>June 30, 2023</u>	<u>December 31, 2022</u>	<u>June 30, 2022</u>
USD	<u>\$ 13,676</u>	<u>13,734</u>	<u>13,289</u>
EUR	<u>\$ 13,623</u>	<u>13,621</u>	<u>12,903</u>

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

- (c) As of June 30, 2023, the contract price of the new construction is \$2,794,394 thousand and had paid \$525,913 thousand as of June 30, 2023.
- (d) As of June 30, 2023, the unused letter of credit for reinsurance business is JPY\$2,000 thousand.

(Continued)

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

(10) Significant losses due to major disasters: None

(11) Significant subsequent events:

(a) The Company repaid the loan amount of \$9.25 billion from July 1, 2023 to August 16, 2023, for the benefit payment of a large amount of insurance premiums. The borrowings amount increased \$7.28 billion. As of August 16, 2023, the balance of bank loans was \$9.38 billion. The company issued commercial papers. The issued price amounted \$2,097,918 thousand (face value of \$2.1 billion), and repaid \$2.1 billion of commercial paper.

(12) Other:

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

	For the three months ended June 30,					
	2023			2022		
	Operating Costs	Operating Expenses	Total	Operating Costs	Operating Expenses	Total
Personal expenses:						
Salaries	235,719	878,951	1,114,670	246,163	844,206	1,090,369
Insurance	-	87,394	87,394	-	83,196	83,196
Pension	-	36,243	36,243	-	35,097	35,097
Remuneration of directors	-	3,787	3,787	-	4,141	4,141
Others	-	53,324	53,324	-	47,790	47,790
Depreciation	-	95,626	95,626	-	93,873	93,873
Depletion	-	-	-	-	-	-
Amortization	-	35,065	35,065	-	32,628	32,628

	For the six months ended June 30,					
	2023			2022		
	Operating Costs	Operating Expenses	Total	Operating Costs	Operating Expenses	Total
Personal expenses:						
Salaries	470,999	1,732,368	2,203,367	480,172	1,739,450	2,219,622
Insurance	-	175,728	175,728	-	168,753	168,753
Pension	-	73,202	73,202	-	70,551	70,551
Remuneration of directors	-	7,122	7,122	-	7,879	7,879
Others	-	77,212	77,212	-	98,129	98,129
Depreciation	-	190,504	190,504	-	188,769	188,769
Depletion	-	-	-	-	-	-
Amortization	-	70,515	70,515	-	65,082	65,082

(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, 2023

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	\$ 72,573	-	-	72,573	4,827	67,746	
Long-term residential fire insurance	(20)	-	1	(21)	(2,554)	2,533	
Commercial fire insurance	1,154,421	1,241	674,764	480,898	229,571	251,327	
Long-term commercial fire insurance	-	-	-	-	(13)	13	
Inland cargo insurance	89,805	-	16,313	73,492	4,218	69,274	
Marine cargo insurance	491,453	1,051	298,223	194,281	(10,457)	204,738	
Marine hull insurance	150,257	13	148,592	1,678	(9,336)	11,014	
Fishing vessel insurance	37,569	314	39,176	(1,293)	(8,756)	7,463	
Aviation insurance	40,491	-	41,006	(515)	(628)	113	
Private passenger auto physical damage insurance	1,874,665	7,933	253,670	1,628,928	(34,292)	1,663,220	
Commercial auto physical damage insurance	109,051	394	9,355	100,090	8,304	91,786	
Private passenger auto insurance	2,562,691	5,171	130,514	2,437,348	10,771	2,426,577	
Commercial passenger auto insurance	422,339	(10)	4,267	418,062	(3,052)	421,114	
Personal liability insurance	900,899	2,780	156,709	746,970	57,440	689,530	
Professional liability insurance	140,224	70	80,522	59,772	(7,266)	67,038	
Engineering insurance	593,591	8,739	541,338	60,992	(25,044)	86,036	
Nuclear insurance	-	1,237	-	1,237	(1,020)	2,257	
Fidelity and surety insurance	30,925	194	8,769	22,350	6,727	15,623	
Credit insurance	73,103	-	73,221	(118)	(714)	596	
Other property insurance	407,574	732	294,597	113,709	(173,696)	287,405	
Accident insurance	1,793,426	6,731	26,941	1,773,216	27,261	1,745,955	
Commercial earthquake insurance	882,118	5,307	621,435	265,990	196,568	69,422	
Personal multiple insurance	310,196	-	23,026	287,170	(34,718)	321,888	
Commercial multiple insurance	10,963	-	1,641	9,322	1,141	8,181	
Typhoon and flood insurance	610,639	420	405,212	205,847	118,233	87,614	
Governmental earthquake insurance	153,693	17,547	150,470	20,770	967	19,803	
One-year health insurance	469,112	-	29,026	440,086	(51,829)	491,915	
Foreign reinsurance	-	16,974	(4)	16,978	(45,774)	62,752	
Overseas subsidiaries	867,539	315,762	279,933	903,368	(2,214)	905,582	
Subtotal	14,249,297	392,600	4,308,717	10,333,180	254,665	10,078,515	
Compulsory insurance:							
Compulsory private passenger auto liability insurance	478,428	125,006	193,389	410,045	4,606	405,439	
Compulsory commercial auto liability insurance	114,449	23,908	61,251	77,106	(1,559)	78,665	
Compulsory motorcycle liability insurance	713,588	192,425	319,937	586,076	4,135	581,941	
Mini-Electric Two-Wheel Vehicle	14,308	1,678	5,388	10,598	3,987	6,611	
Subtotal	1,320,773	343,017	579,965	1,083,825	11,169	1,072,656	
Total	\$ 15,570,070	735,617	4,888,682	11,417,005	265,834	11,151,171	

(Continued)

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

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	<u>15,143,005</u>	<u>654,713</u>	<u>4,749,216</u>	<u>11,048,502</u>	<u>1,227,358</u>	<u>9,821,144</u>	
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	<u>1,342,316</u>	<u>327,230</u>	<u>594,742</u>	<u>1,074,804</u>	<u>31,202</u>	<u>1,043,602</u>	
Total	<u>\$ 16,485,321</u>	<u>981,943</u>	<u>5,343,958</u>	<u>12,123,306</u>	<u>1,258,560</u>	<u>10,864,746</u>	

(Continued)

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

For the six months ended June 30, 2023

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	\$ 138,033	-	-	138,033	2,601	135,432	
Long-term residential fire insurance	(55)	-	(1)	(54)	(5,067)	5,013	
Commercial fire insurance	1,918,920	1,240	1,214,613	705,547	233,056	472,491	
Long-term commercial fire insurance	-	-	-	-	(26)	26	
Inland cargo insurance	192,612	-	35,647	156,965	15,954	141,011	
Marine cargo insurance	1,047,268	1,612	561,430	487,450	71,085	416,365	
Marine hull insurance	360,861	13	313,365	47,509	15,857	31,652	
Fishing vessel insurance	77,829	507	65,506	12,830	(7,485)	20,315	
Aviation insurance	125,176	-	125,738	(562)	(1,326)	764	
Private passenger auto physical damage insurance	3,770,381	13,427	413,952	3,369,856	20,665	3,349,191	
Commercial passenger auto physical damage insurance	220,351	623	16,348	204,626	23,107	181,519	
Private passenger auto liability insurance	5,186,533	8,866	249,671	4,945,728	165,805	4,779,923	
Commercial passenger auto liability insurance	1,014,985	175	12,552	1,002,608	161,503	841,105	
Personal liability insurance	1,949,888	6,933	374,789	1,582,032	244,800	1,337,232	
Professional liability insurance	286,157	128	140,790	145,495	12,085	133,410	
Engineering insurance	1,810,635	18,474	1,642,791	186,318	63,497	122,821	
Nuclear insurance	-	4,298	-	4,298	(226)	4,524	
Fidelity and surety insurance	50,984	617	13,112	38,489	7,207	31,282	
Credit insurance	123,967	-	121,572	2,395	(60)	2,455	
Other property insurance	848,221	1,906	607,613	242,514	(556,566)	799,080	
Accident insurance	3,563,161	12,099	71,125	3,504,135	87,717	3,416,418	
Commercial earthquake insurance	1,830,691	5,307	1,458,751	377,247	215,884	161,363	
Personal multiple insurance	680,985	-	98,930	582,055	(31,481)	613,536	
Commercial multiple insurance	18,540	-	483	18,057	289	17,768	
Typhoon and flood insurance	1,317,924	464	1,021,882	296,506	105,706	190,800	
Governmental earthquake insurance	292,723	37,531	286,410	43,844	3,209	40,635	
One-year health insurance	987,565	-	48,340	939,225	(92,247)	1,031,472	
Foreign reinsurance	-	112,234	3,382	108,852	(50,613)	159,465	
Overseas subsidiaries	1,616,097	523,852	525,647	1,614,302	(70,157)	1,684,459	
Subtotal	<u>29,430,432</u>	<u>750,306</u>	<u>9,424,438</u>	<u>20,756,300</u>	<u>634,773</u>	<u>20,121,527</u>	
Compulsory insurance:							
Compulsory private passenger auto liability insurance	967,528	249,563	390,770	826,321	5,874	820,447	
Compulsory commercial auto liability insurance	235,975	44,987	126,441	154,521	(3,573)	158,094	
Compulsory motorcycle liability insurance	1,450,827	358,401	651,269	1,157,959	18,573	1,139,386	
Mini-Electric Two-Wheel Vehicle	34,050	4,758	12,766	26,042	9,957	16,085	
Subtotal	<u>2,688,380</u>	<u>657,709</u>	<u>1,181,246</u>	<u>2,164,843</u>	<u>30,831</u>	<u>2,134,012</u>	
Total	<u>\$ 32,118,812</u>	<u>1,408,015</u>	<u>10,605,684</u>	<u>22,921,143</u>	<u>665,604</u>	<u>22,255,539</u>	

(Continued)

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

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	28,942,012	1,297,397	8,821,555	21,417,854	1,748,681	19,669,173	
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	2,660,337	627,141	1,176,990	2,110,488	52,705	2,057,783	
Total	\$ 31,602,349	1,924,538	9,998,545	23,528,342	1,801,386	21,726,956	

(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, 2023

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	\$ 11,870	-	-	-	11,870	
Long-term residential fire insurance	961	-	-	48	913	
Commercial fire insurance	1,598,160	-	135	1,368,932	229,363	
Long-term commercial fire insurance	-	-	-	-	-	
Inland cargo insurance	18,700	-	-	1,392	17,308	
Marine cargo insurance	106,600	-	34	31,820	74,814	
Marine hull insurance	13,098	-	-	3,420	9,678	
Fishing vessel insurance	34,172	-	-	18,284	15,888	
Aviation insurance	31,474	-	-	31,885	(411)	
Private passenger auto physical damage insurance	1,130,556	-	30,067	117,648	1,042,975	
Commercial auto physical damage insurance	59,646	-	1,489	2,353	58,782	
Private passenger auto insurance	1,587,488	-	26,897	74,776	1,539,609	
Commercial passenger auto insurance	314,383	-	4,530	1,804	317,109	
Personal liability insurance	297,665	-	727	29,388	269,004	
Professional liability insurance	10,185	-	-	2,036	8,149	
Engineering insurance	188,896	-	3,147	142,863	49,180	
Nuclear insurance	-	-	-	-	-	
Fidelity and surety insurance	(394)	-	(2)	(109)	(287)	
Credit insurance	16,761	-	-	18,265	(1,504)	
Other property insurance	332,205	-	292	140,907	191,590	
Accident insurance	1,044,779	16	798	36,018	1,009,575	
Commercial earthquake insurance	13,925	-	-	5,045	8,880	
Personal multiple insurance	56,725	-	-	8,107	48,618	
Commercial multiple insurance	3,915	-	-	-	3,915	
Typhoon and flood insurance	34,659	-	1	11,005	23,655	
Governmental earthquake insurance	-	-	-	(1)	1	
One-year health insurance	1,780,696	-	-	201,111	1,579,585	
Foreign reinsurance	-	-	90,888	33	90,855	
Overseas subsidiaries	380,677	-	198,865	102,165	477,377	
Subtotal	<u>9,067,802</u>	<u>16</u>	<u>357,868</u>	<u>2,349,195</u>	<u>7,076,491</u>	
Compulsory insurance:						
Compulsory private passenger auto liability insurance	341,154	-	111,597	204,611	248,140	
Compulsory commercial auto liability insurance	109,307	-	19,550	65,275	63,582	
Compulsory motorcycle liability insurance	590,155	-	169,086	354,030	405,211	
Mini-Electric Two-Wheel Vehicle	519	-	2	311	210	
Subtotal	<u>1,041,135</u>	<u>-</u>	<u>300,235</u>	<u>624,227</u>	<u>717,143</u>	
Total	<u>\$ 10,108,937</u>	<u>16</u>	<u>658,103</u>	<u>2,973,422</u>	<u>7,793,634</u>	

(Continued)

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

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	
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 six months ended June 30, 2023

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	\$ 19,293	-	-	-	19,293	
Long-term residential fire insurance	1,287	-	-	51	1,236	
Commercial fire insurance	2,688,097	-	217	2,070,448	617,866	
Long-term commercial fire insurance	-	-	-	-	-	
Inland cargo insurance	42,956	-	-	3,838	39,118	
Marine cargo insurance	202,752	-	(25)	65,611	137,116	
Marine hull insurance	45,068	-	-	17,333	27,735	
Fishing vessel insurance	35,452	-	-	19,242	16,210	
Aviation insurance	38,195	-	-	38,009	186	
Private passenger auto physical damage insurance	2,140,864	-	64,457	214,183	1,991,138	
Commercial passenger auto physical damage insurance	102,387	-	3,443	4,358	101,472	
Private passenger auto liability insurance	2,922,873	-	59,152	141,579	2,840,446	
Commercial passenger auto liability insurance	567,141	-	9,095	3,562	572,674	
Personal liability insurance	584,972	-	1,479	48,571	537,880	
Professional liability insurance	19,518	-	-	3,776	15,742	
Engineering insurance	319,340	-	5,322	217,216	107,446	
Fidelity and surety insurance	1,780	-	15	396	1,399	
Credit insurance	13,459	-	-	17,691	(4,232)	
Other property insurance	2,847,463	-	363	796,992	2,050,834	
Accident insurance	1,963,232	44	1,689	63,404	1,901,561	
Commercial earthquake insurance	24,856	-	-	6,960	17,896	
Personal multiple insurance	103,262	-	-	13,752	89,510	
Commercial multiple insurance	7,732	-	-	-	7,732	
Typhoon and flood insurance	35,490	-	2	12,299	23,193	
Governmental earthquake insurance	-	-	-	1,702	(1,702)	
One-year health insurance	17,418,219	-	-	2,198,266	15,219,953	
Foreign reinsurance	-	-	182,734	7,328	175,406	
Overseas subsidiaries	722,373	-	393,877	191,554	924,696	
Subtotal	<u>32,868,061</u>	<u>44</u>	<u>721,820</u>	<u>6,158,121</u>	<u>27,431,804</u>	
Compulsory insurance:						
Compulsory private passenger auto liability insurance	624,582	-	222,062	374,665	471,979	
Compulsory commercial auto liability insurance	213,750	-	40,023	127,882	125,891	
Compulsory motorcycle liability insurance	1,141,928	-	339,961	685,084	796,805	
Mini-Electric Two-Wheel Vehicle	520	-	2	312	210	
Subtotal	<u>1,980,780</u>	<u>-</u>	<u>602,048</u>	<u>1,187,943</u>	<u>1,394,885</u>	
Total	<u>\$ 34,848,841</u>	<u>44</u>	<u>1,323,868</u>	<u>7,346,064</u>	<u>28,826,689</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	
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

(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, 2023

Type	Beginning	Provision	Recovery	Ending	Note
Unearned premium reserve					
Compulsory auto liability insurance	\$ 627,010	629,311	(627,010)	629,311	
Compulsory motorcycle liability insurance	1,156,493	1,175,066	(1,156,493)	1,175,066	
Mini-Electric Two-Wheel Vehicle	3,157	13,114	(3,157)	13,114	
Special reserve					
Compulsory auto liability insurance	818,077	71,448	-	889,525	
Compulsory motorcycle liability insurance	(448,384)	57,272	(90,887)	(481,999)	
Mini-Electric Two-Wheel Vehicle	534	1,282	-	1,816	
Claim reserve					
Compulsory auto liability insurance	948,587	948,484	(948,587)	948,484	
Compulsory motorcycle liability insurance	1,521,786	1,586,018	(1,521,786)	1,586,018	
Mini-Electric Two-Wheel Vehicle	936	3,826	(936)	3,826	
Total	\$ 4,628,196	4,485,821	(4,348,856)	4,765,161	

For the six months ended June 30, 2022

Type	Beginning	Provision	Recovery	Ending	Note
Unearned premium reserve					
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	
Special reserve					
Compulsory auto liability insurance	723,695	84,177	-	807,872	
Compulsory motorcycle liability insurance	(441,979)	56,172	(177,514)	(563,321)	
Claim reserve					
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	
Total	\$ 4,288,260	4,313,237	(4,184,058)	4,417,439	

(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:

	June 30, 2023		
	<u>Amount</u>	<u>Rate</u>	<u>NT\$ Amount</u>
<u>Financial Assets</u>			
<u>Monetary Item (Note 1)</u>			
USD	\$ 231,036	31.1523	7,197,309
CNY	343,678	4.2789	1,470,557
VND	989,667,154	0.0013	1,306,361
<u>Non-Monetary Item (Note 1)</u>			
CNY	549,079	4.2789	2,349,443
<u>Long-term equity investment under equity method</u>			
CNY	26,650	4.2789	114,032
<u>Financial Liabilities</u>			
<u>Derivative Financial Instrument (Note 1)</u>			
USD	4,372	31.1523	136,191
December 31, 2022			
	<u>Amount</u>	<u>Rate</u>	<u>NT\$ Amount</u>
<u>Financial Assets</u>			
<u>Monetary Item (Note 1)</u>			
USD	\$ 219,068	30.7233	6,730,495
CNY	372,248	4.4134	1,642,892
VND	936,184,899	0.0013	1,217,977
<u>Non-Monetary Item (Note 1)</u>			
CNY	536,560	4.4134	2,368,076
<u>Derivative Financial Instrument (Note 1)</u>			
USD	2,221	30.7233	68,226
<u>Long-term equity investment under equity method</u>			
CNY	27,009	4.4134	119,205
<u>Financial Liabilities</u>			
<u>Derivative Financial Instrument (Note 1)</u>			
USD	3,457	30.7233	106,214

(Continued)

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

	June 30, 2022		
	<u>Amount</u>	<u>Rate</u>	<u>NT\$ Amount</u>
<u>Financial Assets</u>			
<u>Monetary Item (Note 1)</u>			
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
<u>Non-Monetary Item (Note 1)</u>			
USD	171,290	29.7288	5,092,255
CNY	289,187	4.4365	1,282,971
<u>Derivative Financial Instrument (Note 1)</u>			
USD	105	29.7288	3,110
<u>Long-term equity investment under equity method</u>			
CNY	34,646	4.4365	153,704
<u>Financial Liabilities</u>			
<u>Derivative Financial Instrument (Note 1)</u>			
USD	24,823	29.7288	737,966

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 (losses) by \$4,565 thousand, \$(79,064) thousand, \$374,660 thousand and \$749,243 thousand for the three months and six months ended June 30, 2023 and 2022, respectively. This analysis assumes that all over other variables remain constant for the three months and six months ended June 30, 2023 and 2022.

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, 2023 and 2022, foreign exchange gain (including realized and unrealized portions) amounted to gain \$44,779 thousand, gain \$398,770 thousand, loss \$30,639 thousand and gain \$994,974 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>	June 30, 2023		
	Recovered within 12 months	Recovered after 12 months	Total
Cash and cash equivalents	\$ 11,824,078	-	11,824,078
Receivables	7,840,664	-	7,840,664
Current tax assets	3,067,202	-	3,067,202
Financial assets at fair value through profit or loss	6,344,196	-	6,344,196
Financial assets at amortized cost	-	1,599,893	1,599,893
Investments accounted for using equity method, net	-	114,032	114,032
Financial assets at fair value through other comprehensive income	148,427	7,534,995	7,683,422
Right-of-use assets	-	644,942	644,942
Investment properties	-	9,837,479	9,837,479
Reinsurance assets	46,748,188	-	46,748,188
Property and equipment	-	6,691,063	6,691,063
Intangible assets	-	205,189	205,189
Deferred tax assets	35,591	9,343,238	9,378,829
Other assets	-	8,703,333	8,703,333
Total assets	\$ 76,008,346	44,674,164	120,682,510

<u>Liabilities</u>	June 30, 2023		
	Paid within 12 months	Paid after 12 months	Total
Short-term liabilities	\$ 12,898,375	-	12,898,375
Accounts payable	17,534,281	-	17,534,281
Current tax liabilities	9,278	-	9,278
Financial liabilities measured at fair value through profit or loss	136,191	-	136,191
Insurance liabilities	67,122,565	-	67,122,565
Lease liabilities	212,057	443,892	655,949
Deferred tax liabilities	449,196	1,100,209	1,549,405
Other liabilities	-	1,431,621	1,431,621
Provisions	-	853,714	853,714
Total liabilities	\$ 98,361,943	3,829,436	102,191,379

(Continued)

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

Assets	December 31, 2022		
	Recovered within 12 months	Recovered after 12 months	Total
Cash and cash equivalents	\$ 10,897,303	-	10,897,303
Receivables	4,712,357	-	4,712,357
Current tax assets	2,067,260	-	2,067,260
Financial assets at fair value through profit or loss	7,404,076	-	7,404,076
Financial assets at amortized cost	-	1,560,957	1,560,957
Investment accounted for using equity method, net	-	119,205	119,205
Financial assets at fair value through other comprehensive income	-	10,696,822	10,696,822
Right-of-use assets	-	731,863	731,863
Investment properties	-	9,725,217	9,725,217
Reinsurance assets	45,352,052	-	45,352,052
Property and equipment	-	6,406,870	6,406,870
Intangible assets	-	215,781	215,781
Deferred tax assets	78,189	9,386,074	9,464,263
Other assets	-	4,486,199	4,486,199
Total assets	\$ 70,511,237	43,328,988	113,840,225

Liabilities	December 31, 2022		
	Paid within 12 months	Paid after 12 months	Total
Short-term borrowings	\$ 9,780,000	-	9,780,000
Accounts payable	16,482,543	-	16,482,543
Current tax liabilities	9,916	-	9,916
Financial liabilities measured at fair value through profit or loss	106,214	-	106,214
Insurance liabilities	77,450,157	-	77,450,157
Lease liabilities	213,542	528,604	742,146
Deferred tax liabilities	457,629	1,038,027	1,495,656
Other liabilities	-	1,633,953	1,633,953
Provisions	-	908,169	908,169
Total liabilities	\$ 104,500,001	4,108,753	108,608,754

(Continued)

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

Assets	June 30, 2022		
	Recovered within 12 months	Recovered after 12 months	Total
Cash and cash equivalents	\$ 14,849,595	-	14,849,595
Receivables	8,949,722	-	8,949,722
Current income 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
Investment 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
Total assets	\$ 88,951,833	45,994,298	134,946,131

Liabilities	June 30, 2022		
	Paid within 12 months	Paid after 12 months	Total
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
Total liabilities	\$ 104,433,287	4,698,421	109,131,708

(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, 2023	June 30, 2022		June 30, 2023	June 30, 2022
Assets			Liabilities		
Cash and cash in bank	\$ 4,515,332	4,089,112	Claims payable	\$ 14,049	13,546
Notes receivable	48,063	49,745	Due to reinsurers and ceding companies	682,274	594,717
Premiums receivable	66,239	62,793	Unearned premium reserve	3,315,749	3,203,284
Claims recoverable from reinsurers	624,503	602,467	Claim reserve	4,714,635	4,476,278
Due from reinsurers and ceding companies	225,213	212,681	Special reserve	409,342	244,551
Financial assets at fair value through other comprehensive income	-	-	Temporary receipts and suspense accounts	33,861	1,460
Ceded unearned premium reserve	1,498,258	1,447,750			
Ceded claim reserve	2,176,307	2,058,924			
Temporary payments and suspense accounts	15,995	10,364			
Total Assets	\$ 9,169,910	8,533,836	Total Liabilities	\$ 9,169,910	8,533,836

(ii) Compulsory auto liability insurance revenues and cost

Item	For the six months ended June 30,	
	2023	2022
Operating revenues	\$ 1,417,176	1,360,358
Pure premium	1,968,743	1,961,651
Reinsurance premium	657,709	627,141
Premium	2,626,452	2,588,792
Less : Reinsurance expense	(1,181,246)	(1,176,990)
Net change in unearned premium reserve	(30,831)	(52,705)
Retained earned premium	1,414,375	1,359,097
Interest income	2,801	1,261
Operating costs	1,501,019	1,442,102
Insurance claim payment	1,980,780	1,944,742
Reinsurance claim payment	602,048	587,090
Less : Claims recovered from reinsurers	(1,187,943)	(1,166,204)
Retained claim payment	1,394,885	1,365,628
Net change in claim reserve	67,019	113,639
Net change in special reserve	39,115	(37,165)

(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: Please refer to notes 6(n),(o) and notes 11.
- (o) Disclosure of catastrophe reserve:
 For the six months ended June 30, 2023 and 2022, 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 \$0 thousand, a decrease of \$314,979 thousand, an increase of \$1,909,694 thousand, and a decrease of \$3,000,000 thousand, a decrease of \$2,336,836 thousand, an increase of \$1,100,761 thousand, respectively. The influence on the Company and its subsidiaries for not applying the notification in the EPS are a decrease of \$0.00 and \$7.55, respectively.
- (p) Disclosure of the special reserve for resident earthquake insurance:
 For the six months ended June 30, 2023 and 2022, 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, 2023 and 2022, 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) 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, 2023, and the premium income for the six months ended June 30, 2023 did not decrease significantly due to the COVID-19 pandemic. For the six months ended June 30, 2023 and 2022, the Company and its subsidiaries sold COVID-19 insurance and vaccine insurance due to the COVID-19 epidemic, and there were about 1 thousand (mainly for the controversial case in 2022) and 1,427 thousand underwritten cases, respectively (the premiums were about \$0.002 billion and \$2.221 billion, respectively) and 397 thousand and 125 thousand pieces of the insurance claim, respectively (the insurance claim payment was about \$15.035 billion and \$4.886 billion, respectively), and had recognized claim reserves and the insurance claim payments 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:

(In Thousands of New Taiwan Dollars)

Company	Property Name	Occurrence Date	Amount	Amount Paid	Counterparty	Relationship	Previous transfer information, as the counterparty is a related party				Reference for price	Purpose and usage	Others
							Owner	Relations with the issuer	Transfer Date	Amount			
Fubon Insurance Co., Ltd.	The case of reconstruction of urban unsafe and old buildings	2019.07.24~2022.12.23	3,044,135	Paid in accordance with the project progress	DACIN Construction Co., Ltd etc.	Included related party and non-related party	No applicable	No applicable	No applicable	-	Price comparison and negotiation price & administration tax fees, etc	Handling the case of reconstruction of urban unsafe and old buildings	The transaction amount includes the management consultant contract \$27,939 thousand with a related party, Fubon Construction, and the relevant administrative tax fees of the Taipei City Government.

(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: Please refer to note 6 (i).

(vi) The significant influence on invested company:

For the six months ended June 30, 2023

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	6,538	The same as normal transaction	0.01 %
“	“	“	“	Due to reinsurers and ceding companies	1,761	“	- %
“	“	“	“	Unearned premium reserve	42,108	“	0.03 %
“	“	“	“	Claim reserve	19,646	“	0.02 %
“	“	“	“	Reinsurance premium	10,874	“	0.04 %
“	“	“	“	Reinsurance commission expense	2,694	“	0.01 %
“	“	“	“	Reinsurance claim payment	1,857	“	0.01 %
“	“	“	“	Reinsurance expense	22	“	- %
“	“	“	“	Dividends receivable	91,560	“	0.08 %
“	“	Fubon P&C Insurance Co., Ltd.	“	Due from reinsurers and ceding companies	145,647	“	0.12 %
“	“	“	“	Due to reinsurers and ceding companies	136,487	“	0.11 %
“	“	“	“	Unearned premium reserve	94,684	“	0.08 %
“	“	“	“	Premium deficiency reserve	29	“	- %
“	“	“	“	Claim reserve	178,879	“	0.15 %
“	“	“	“	Ceded claim reserve	91,195	“	0.08 %
“	“	“	“	Ceded unearned premium reserve	22,766	“	0.02 %
“	“	“	“	Reinsurance premium	122,794	“	0.49 %
“	“	“	“	Reinsurance commission expense	38,760	“	0.16 %
“	“	“	“	Reinsurance claim payment	59,799	“	0.24 %
“	“	“	“	Reinsurance expense	45,649	“	0.18 %
“	“	“	“	Reinsurance commission revenue	10,496	“	0.04 %
“	“	“	“	Claims recovered from reinsurance	34,887	“	0.14 %

(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			Percentage of the consolidated net revenue or total assets
				Account name	Amount	Trading terms	
1	Fubon insurance (Vietnam) Co., Ltd	Fubon insurance Co., Ltd.	2	Due to reinsurers and ceding companies	6,538	The same as normal transaction	0.01 %
"	"	"	"	Due from insurers and ceding companies	1,761	"	- %
"	"	"	"	Ceded unearned premium reserve	42,108	"	0.03 %
"	"	"	"	Ceded claim reserve	19,646	"	0.02 %
"	"	"	"	Reinsurance expense	10,874	"	0.04 %
"	"	"	"	Reinsurance commission revenue	2,694	"	0.01 %
"	"	"	"	Claims recovered from reinsurance	1,857	"	0.01 %
"	"	"	"	Reinsurance premium	22	"	- %
"	"	"	"	Other payables	91,560	"	0.08 %
2	Fubon P&C Insurance Co., Ltd	"	"	Due to insurers and ceding companies	145,647	"	0.12 %
"	"	"	"	Due from reinsurers and ceding companies	136,487	"	0.11 %
"	"	"	"	Ceded unearned premium reserve	94,684	"	0.08 %
"	"	"	"	Ceded premium deficiency reserve	29	"	- %
"	"	"	"	Ceded claim reserve	178,879	"	0.15 %
"	"	"	"	Claim reserve	91,195	"	0.08 %
"	"	"	"	Unearned premium reserve	22,766	"	0.02 %
"	"	"	"	Reinsurance expense	122,794	"	0.49 %
"	"	"	"	Reinsurance commission revenue	38,760	"	0.16 %
"	"	"	"	Claims recovered from reinsurance	59,799	"	0.24 %
"	"	"	"	Reinsurance premium	45,649	"	0.18 %
"	"	"	"	Reinsurance commission expense	10,496	"	0.04 %
"	"	"	"	Reinsurance claim payment	34,887	"	0.14 %

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.

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

(b) Information on investees:

The followings are the information on investees for the six months ended June 30, 2023 (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, 2023			Net income (losses) of investee	Share of profits/losses of investee	Note
				June 30, 2023	December 31, 2022	Shares (thousands)	Percentage of owner	Carrying value			
Fubon insurance Co., Ltd.	Fubon insurance broker (Thailand) Co., Ltd	Thailand	brokerage	4,410	4,410	48,973	48.97 %	45,135	4,456	2,182	Write off under consolidated financial statements
Fubon insurance Co., Ltd.	Fubon insurance (Vietnam) Co., Ltd	Vietnam	insurance	841,606	841,606	-	100.00 %	826,505	63,156	63,156	-
Fubon insurance Co., Ltd.	Fubon insurance broker (Philippines) Co., Ltd	Philippines	brokerage	14,260	14,260	199,994	99.99 %	20,699	372	372	-

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, 2023, the Company invested THD \$4,897.3 thousand in total.

The cash dividends amounted to VND\$70,000,000 thousand on the appropriations of earnings had been approved during the board meeting on June 7, 2023. and have been paid on July 11, 2023.

(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, 2023, 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, 2021, 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, 2023, 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, 2023, 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, 2023	Investment flows		Accumulated outflow of investment from Taiwan as of June 30, 2023	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	4,792,347 (CNY1,120,000)	(a)	2,154,951	-	-	2,154,951	(8,615)	40.00%	(3,446)	447,109	-
Shenzhen Teng Fu Bo Investment Ltd. (Note 3)	Investment consultation	3,193,757 (CNY746,400)	(c)	-	-	-	-	(28,990)	3.27%	(735)	44,463	-
Xiamen Jinfuyuan Insurance Surveyors and Loss Adjusters Co.,Ltd.	Insurance risk and loss assessment	- (CNY2,000)	(c)	-	-	-	-	1,480	9.98%	105	1,150	-

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.

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

Note 2 : The Company and its subsidiaries translate all foreign currency items with the spot exchange rate as of June 30, 2023 or the average exchange rate for the six months ended June 30, 2023.

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, 2023	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment
2,154,951 (CNY 448,000)	2,154,951 (CNY 448,000)	10,664,064

2) Capital status and its profit and loss : : No Significant investment

3) Amount and provision methods of reserves please refer to Note 6 (q)

	June 30, 2023	December 31, 2022	June 30, 2022
Unearned premium reserve	\$ 1,899,862	2,196,667	2,442,697
Claim reserve	2,074,507	2,766,605	2,884,517
Premium deficiency reserve	53,018	84,814	119,970
	<u>\$ 4,027,387</u>	<u>5,048,086</u>	<u>5,447,184</u>

4) Ratio accounted for the total premium revenue of the parent company: 5.18%

5) Ratio accounted for the total claim payment of the parent company: 2.87%

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:

Names of companies	Amount
PICC Reinsurance Company Limited	\$ (6,087)
Samsung Property & Casualty Insurance Company (China), Ltd.	(7,181)
DaJia Insurance Group Co., Ltd.	(52)
The People's Insurance Company (HK) Of China Limited	(11,938)
PICC PROPERTY AND CASUALTY CO., LTD.	(615)
China Life Property & Casualty Insurance Company Limited	22
CHINA CONTINENT PROPERTY & CASUALTY INSURANCE CO., LTD.	(51)
CHINA TAIPING INSURANCE (HK) CO., LTD.	(4,961)
CHINA TAIPING INSURANCE (SG) CO., LTD.	(2,219)
CHINA PACIFIC PROPERTY INSURANCE (HK) CO., LTD.	(7,868)
Ping An Property & Casualty Insurance Co. of China Ltd.	19,772
China Reinsurance (Group) Corporation Singapore Branch	(26,190)
CHINA PROPERTY & CASUALTY REINSURANCE CO., LTD.	18
China United Property Insurance Company	125,258
Bank of China Insurance Company Limited (BOCI)	7,953

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

Names of companies	Amount
TIANAN LIFE INSURANCE COMPANY LIMITED OF CHINA	\$ 317
TAIPING REINSURANCE CO., LTD.	(46,092)
Qianhai Reinsurance Co., Ltd.	(12,581)
Chubb Insurance (China) Company Limited	(35)
LLOYDS SYND. 1084 CSL (CHAUCER)	(6,709)
LLOYDS SYND. 1084 CSL (CHAUCER, SG)	(9,318)
Zking Property & Casualty Insurance Co., Ltd.	52
Huatai Property & Casualty Insurance Co., Ltd.	1,154
Sunshine Property & Casualty Insurance Co., Ltd.	1,332
Swiss Re Corporate Solutions Insurance China Ltd.	(296)
Champion Property & Casualty Insurance Company Limited	149
Yanzhao Property & Casualty Insurance Co., Ltd.	(1)
LLOYDS SYND. 4242	(179)
Starr Property and Casualty(China) Co., Limited	(784)
Hannover Ruckversicherung AG Shanghai Branch	(171,685)
AXA Tianping P&C Insurance Co.,Ltd.	(19,959)
Korean Reinsurance Company_SH	(332)
General Reinsurance AG Shanghai Branch	15
The Tokio Marine&Nichido Fire insurance Company(China) Limited	(733)
Cathay Insurance Co., Ltd.	54
Allianz Jingdong General Insurance Company Ltd.	3,531
Lloyd's Insurance Company (China) Ltd	(2)
Liberty Mutua Insurance Company(China) Limited	(5,230)
MUNICH REINSURANCE COMPANY BEIJING BRANCH	254
Sompo Japan Nipponkoa Insurance(China) Co., Limited	17,096
Nipponkoa Insurance(China) Co., Limited	4,605
Swiss Reinsurance Company Beijing Branch	(2)
Hyundai Insurance (China) Company Limited	3,406
XL Reinsurance (China) Company Limited	(169)
Mitsui Sumitomo insurance(China) Company Limited	676
Generali China Insurance Co.,Ltd.	(2,480)

8) Insurance transaction with people, company, or other organization in Mainland China: None.

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

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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 significant accounting policies summary in note 4 of the consolidated financial statements for the year ended December 31, 2022.

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, 2023 and 2022.

(b) Segment information

	For the three months ended June 30, 2023			
	Taiwan area	Other area	Adjustment and reversal (note)	Total
Revenues				
Revenue by external customers	\$ 11,239,751	1,337,419	(34,163)	12,543,007
Revenue between segments	14,976	-	(14,976)	-
Total revenues	<u>\$ 11,254,727</u>	<u>1,337,419</u>	<u>(49,139)</u>	<u>12,543,007</u>
Segment income	<u>\$ 1,280,453</u>	<u>3,003</u>	<u>(14,976)</u>	<u>1,268,480</u>
	For the three months ended June 30, 2022			
	Taiwan area	Other area	Adjustment and reversal (note)	Total
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>

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

	For the six months ended June 30, 2023			
	Taiwan area	Other area	Adjustment and reversal (note)	Total
Revenues				
Revenue by external customers	\$ 22,608,478	2,253,441	(51,950)	24,809,969
Revenue between segments	<u>62,264</u>	<u>-</u>	<u>(62,264)</u>	<u>-</u>
Total revenues	<u>\$ 22,670,742</u>	<u>2,253,441</u>	<u>(114,214)</u>	<u>24,809,969</u>
Segment income	<u>\$ (4,075,667)</u>	<u>74,054</u>	<u>(62,264)</u>	<u>(4,063,877)</u>
Segment total assets	<u>\$ 113,297,527</u>	<u>9,555,731</u>	<u>(2,170,748)</u>	<u>120,682,510</u>
Segment total liabilities	<u>\$ 95,524,087</u>	<u>7,498,592</u>	<u>(831,300)</u>	<u>102,191,379</u>
	For the six months ended June 30, 2022			
	Taiwan area	Other area	Adjustment and reversal (note)	Total
Revenues				
Revenue by external customers	\$ 24,411,082	2,266,586	(64,950)	26,612,718
Revenue between segments	<u>92,044</u>	<u>-</u>	<u>(92,044)</u>	<u>-</u>
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>

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.