

KGI Life Insurance Co., Ltd.

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

INDEPENDENT AUDITORS' REVIEW REPORT

The Board of Directors
KGI Life Insurance Co., Ltd.

Introduction

We have reviewed the accompanying balance sheets of KGI Life Insurance Co., Ltd. (the "Company") as of March 31, 2024 and 2023, and the related statements of comprehensive income, changes in equity and cash flows for the three months ended March 31, 2024 and 2023, and notes to the financial statements, including the summary of significant accounting policies (together "the financial statements"). Management is responsible for the preparation and fair presentation of these financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Insurance Enterprises and International Accounting Standard 34, "Interim Financial Reporting" as endorsed and become effective by Financial Supervisory Commission of the Republic of China. Our responsibility is to express a conclusion on these financial statements based on our reviews.

Scope of Review

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

Conclusion

Based on our reviews, nothing has come to our attention that causes us to believe that the accompanying financial statements do not present fairly, in all material respects, the financial position of the Company as at March 31, 2024 and 2023, and their financial performance and cash flows for the three months ended March 31, 2024 and 2023, in accordance with the Regulations Governing the Preparation of Financial Reports by Insurance Enterprises and International Accounting Standard 34, "Interim Financial Reporting" as endorsed and became effective by Financial Supervisory Commission of the Republic of China.

The engagement partners on the reviews resulting in this independent auditors' review report are Wang-Seng Lin and Yi-Chun Wu.

Deloitte & Touche
Taipei, Taiwan
Republic of China

May 9, 2024

Notice to Readers

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

For the convenience of readers, the independent auditors' review report and the accompanying financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. If there is any conflict between the English version and the original Chinese version or any difference in the interpretation of the two versions, the Chinese-language independent auditors' review report and financial statements shall prevail.

KGI LIFE INSURANCE CO., LTD.

BALANCE SHEETS

(In Thousands of New Taiwan Dollars)

ASSETS	March 31, 2024		December 31, 2023		March 31, 2023	
	Amount	%	Amount	%	Amount	%
CASH AND CASH EQUIVALENTS (Notes 6 and 42)	\$ 35,434,908	1	\$ 49,203,474	2	\$ 60,961,525	3
RECEIVABLES (Notes 7 and 42)	21,436,173	1	22,786,016	1	23,894,849	1
CURRENT TAX ASSETS (Note 42)	3,291,946	-	2,690,111	-	2,102,475	-
INVESTMENT						
Financial assets at fair value through profit or loss (Notes 8 and 42)	418,576,854	17	403,552,413	17	385,475,438	16
Financial assets at fair value through other comprehensive income (Notes 9 and 42)	69,558,232	3	71,658,283	3	51,874,924	2
Financial assets at amortized cost (Note 10)	1,636,604,280	67	1,594,184,323	66	1,583,128,273	67
Investments accounted for using equity method (Notes 12 and 42)	2,323,168	-	2,118,503	-	2,210,048	-
Investment property (Note 13)	69,560,801	3	69,752,774	3	67,736,263	3
Loans (Note 11)	<u>34,025,798</u>	<u>1</u>	<u>33,964,918</u>	<u>1</u>	<u>32,861,007</u>	<u>2</u>
Total investment	<u>2,230,649,133</u>	<u>91</u>	<u>2,175,231,214</u>	<u>90</u>	<u>2,123,285,953</u>	<u>90</u>
REINSURANCE ASSETS (Note 14)	1,093,395	-	1,011,096	-	915,587	-
PROPERTY AND EQUIPMENT (Notes 15 and 42)	10,523,214	-	10,606,865	1	11,548,345	-
RIGHT-OF-USE ASSETS (Note 16)	4,876,806	-	4,899,638	-	5,025,123	-
INTANGIBLE ASSETS	500,531	-	461,140	-	483,405	-
DEFERRED TAX ASSETS (Note 34)	20,098,511	1	17,773,544	1	14,991,401	1
OTHER ASSETS (Note 17)	15,449,198	1	7,886,366	-	9,772,460	-
SEPARATE ACCOUNT PRODUCT ASSETS (Note 36)	<u>119,961,900</u>	<u>5</u>	<u>115,525,739</u>	<u>5</u>	<u>107,267,130</u>	<u>5</u>
TOTAL	<u>\$ 2,463,315,715</u>	<u>100</u>	<u>\$ 2,408,075,203</u>	<u>100</u>	<u>\$ 2,360,248,253</u>	<u>100</u>
LIABILITIES AND EQUITY						
PAYABLES (Notes 18 and 42)	\$ 13,637,156	-	\$ 14,306,200	1	\$ 11,366,103	1
CURRENT TAX LIABILITIES (Note 42)	6,895	-	6,895	-	288,601	-
FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS (Notes 20 and 42)	17,227,297	1	5,612,137	-	5,628,772	-
BONDS PAYABLE (Notes 19 and 42)	20,000,000	1	20,000,000	1	10,000,000	1
LEASE LIABILITIES (Note 16)	1,990,722	-	1,959,693	-	2,027,526	-
INSURANCE LIABILITIES (Note 21)	2,087,729,396	85	2,071,434,364	86	2,078,356,779	88
FOREIGN EXCHANGE VALUATION RESERVE (Note 22)	13,896,058	-	9,768,788	-	9,534,483	-
PROVISIONS (Note 23)	138,867	-	146,416	-	164,261	-
DEFERRED TAX LIABILITIES (Note 34)	16,733,148	1	11,980,157	1	6,853,419	-
OTHER LIABILITIES (Note 42)	1,195,021	-	8,997,759	-	2,269,291	-
SEPARATE ACCOUNT PRODUCT LIABILITIES (Note 36)	<u>119,961,900</u>	<u>5</u>	<u>115,525,739</u>	<u>5</u>	<u>107,267,130</u>	<u>5</u>
Total liabilities	<u>2,292,516,460</u>	<u>93</u>	<u>2,259,738,148</u>	<u>94</u>	<u>2,233,756,365</u>	<u>95</u>
EQUITY						
Common stock (Note 25)	<u>49,206,531</u>	<u>2</u>	<u>49,206,531</u>	<u>2</u>	<u>49,206,531</u>	<u>2</u>
Capital surplus (Note 26)	<u>7,432,105</u>	<u>-</u>	<u>7,414,749</u>	<u>-</u>	<u>7,364,821</u>	<u>-</u>
Retained earnings (Note 27)						
Legal capital reserve	28,254,445	1	28,254,445	1	24,841,402	1
Special capital reserve	79,155,498	3	79,155,498	3	63,444,149	3
Unappropriated retained earnings	<u>16,368,654</u>	<u>1</u>	<u>11,219,583</u>	<u>1</u>	<u>19,958,025</u>	<u>1</u>
	<u>123,778,597</u>	<u>5</u>	<u>118,629,526</u>	<u>5</u>	<u>108,243,576</u>	<u>5</u>
Other equity	<u>(9,617,978)</u>	<u>-</u>	<u>(26,913,751)</u>	<u>(1)</u>	<u>(38,323,040)</u>	<u>(2)</u>
Total equity	<u>170,799,255</u>	<u>7</u>	<u>148,337,055</u>	<u>6</u>	<u>126,491,888</u>	<u>5</u>
TOTAL	<u>\$ 2,463,315,715</u>	<u>100</u>	<u>\$ 2,408,075,203</u>	<u>100</u>	<u>\$ 2,360,248,253</u>	<u>100</u>

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

KGI LIFE INSURANCE CO., LTD.

STATEMENTS OF COMPREHENSIVE INCOME

(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	For the Three Months Ended March 31			
	2024		2023	
	Amount	%	Amount	%
OPERATING REVENUE				
Direct premium income	\$ 33,140,511	55	\$ 37,193,152	70
Deduct: Reinsurance expenses	(561,111)	(1)	(414,656)	(1)
Net changes in unearned premium reserve	<u>503,355</u>	<u>1</u>	<u>270,123</u>	<u>1</u>
Retained earned premium (Notes 31 and 42)	33,082,755	55	37,048,619	70
Reinsurance commission received	97,584	-	71,578	-
Fee income (Note 42)	385,760	-	340,716	1
Net investment incomes (losses) (Notes 8, 29, 30 and 42)				
Interest income	16,235,166	27	15,381,435	29
Gains (losses) on financial assets and liabilities at fair value through profit or loss	(10,422,213)	(17)	23,352,437	44
Net gains from derecognition of financial assets at amortized cost	147,881	-	1,432,433	3
Realized gains on financial assets at fair value through other comprehensive income	165,041	-	202,689	-
Share of profit of associates and joint ventures accounted for using equity method	72,529	-	127,382	-
Foreign exchange gains (losses)	37,376,251	62	(9,489,564)	(18)
Net changes in foreign exchange valuation reserve	(4,127,270)	(7)	1,352,444	2
Gains on investment property	181,847	-	390,485	1
Expected credit impairment reversal on investments	875	-	22,679	-
Other impairment loss and reversal on investments	(3,622)	-	(6,744)	-
Losses on reclassification using overlay approach	(18,564,445)	(30)	(20,377,928)	(38)
Separate account product revenue (Note 36)	<u>5,856,271</u>	<u>10</u>	<u>3,354,967</u>	<u>6</u>
Total operating revenue	<u>60,484,410</u>	<u>100</u>	<u>53,203,628</u>	<u>100</u>
OPERATING COSTS				
Insurance claim payments (Note 42)	(46,916,025)	(78)	(44,299,464)	(83)
Deduct: Claims recovered from reinsures	<u>291,055</u>	<u>1</u>	<u>209,235</u>	<u>-</u>
Retained claim payments (Note 32)	(46,624,970)	(77)	(44,090,229)	(83)
Net changes in insurance liabilities (Note 21)	3,213,437	5	(846,221)	(2)
Underwriting expenses	(1,979)	-	(816)	-
Commission expenses (Note 42)	(3,116,020)	(5)	(3,482,490)	(7)
Finance costs (Note 42)	(218,005)	-	(85,719)	-
Other operating costs	(33,141)	-	(37,193)	-
Separate account product expenses (Note 36)	<u>(5,856,271)</u>	<u>(10)</u>	<u>(3,354,967)</u>	<u>(6)</u>
Total operating costs	<u>(52,636,949)</u>	<u>(87)</u>	<u>(51,897,635)</u>	<u>(98)</u>

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KGI LIFE INSURANCE CO., LTD.

STATEMENTS OF COMPREHENSIVE INCOME

(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	For the Three Months Ended March 31			
	2024		2023	
	Amount	%	Amount	%
OPERATING EXPENSES (Notes 33 and 42)				
General expenses	\$ (775,416)	(1)	\$ (849,248)	(2)
Administrative expenses	(1,089,544)	(2)	(698,647)	(1)
Employee training expenses	(3,545)	-	(4,351)	-
Non-investments expected credit impairment losses and reversal	438	-	(1,932)	-
Total operating expenses	(1,868,067)	(3)	(1,554,178)	(3)
OPERATING INCOME (LOSS)	5,979,394	10	(248,185)	(1)
NON-OPERATING INCOME AND EXPENSES (Note 42)	6,977	-	574	-
INCOME (LOSS) FROM CONTINUING OPERATIONS BEFORE INCOME TAX	5,986,371	10	(247,611)	(1)
INCOME TAX (EXPENSES) BENEFIT (Note 34)	(837,300)	(2)	568,700	1
NET INCOME	5,149,071	8	321,089	-
OTHER COMPREHENSIVE INCOME (LOSS), NET OF TAX (Note 28)				
Items that will not be reclassified subsequently to profit or loss				
Gain on property revaluation	-	-	288	-
Valuation gains (losses) on equity instruments at fair value through other comprehensive income	1,394,129	2	(248,427)	-
Income taxes relating to items that are not be reclassified	(266,513)	-	257,132	-
Items that are or may be reclassified subsequently to profit or loss				
Gains (losses) on debt instruments at fair value through other comprehensive income	(1,638,541)	(3)	(38,398)	-
Share of other comprehensive income of associates and joint ventures accounted for using equity method, components of other comprehensive income that will be reclassified to profit or loss	136	-	426	-

(Continued)

KGI LIFE INSURANCE CO., LTD.

STATEMENTS OF COMPREHENSIVE INCOME

(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	For the Three Months Ended March 31			
	2024		2023	
	Amount	%	Amount	%
Other comprehensive profits (losses) reclassified using overlay approach	\$ 18,564,445	31	\$ 20,377,928	38
Income taxes relating to items that are or may be reclassified subsequently to profit or loss	<u>(757,883)</u>	<u>(1)</u>	<u>(842,698)</u>	<u>(1)</u>
Other comprehensive income (loss), net of tax	<u>17,295,773</u>	<u>29</u>	<u>19,506,251</u>	<u>37</u>
TOTAL COMPREHENSIVE INCOME (LOSS)	<u>\$ 22,444,844</u>	<u>37</u>	<u>\$ 19,827,340</u>	<u>37</u>
EARNINGS PER SHARE (Note 35)				
Basic earnings per share	<u>\$ 1.05</u>		<u>\$ 0.07</u>	

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

(Concluded)

KGI LIFE INSURANCE CO., LTD.

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

			Retained Earnings			Other Equity				
	Common Stock	Capital Surplus	Legal Capital Reserve	Special Capital Reserve	Unappropriated Retained Earnings	Unrealized Valuation Gains (Losses) on Financial Assets at Fair Value Through Other Comprehensive Income	Income for Hedging	Property Revaluation Surplus	Other Comprehensive Income Reclassified Using Overlay Approach	Total
BALANCE ON JANUARY 1, 2023	\$ 49,206,531	\$ 7,336,659	\$ 24,841,402	\$ 63,444,149	\$ 19,270,321	\$ (537,217)	\$ 3,301	\$ 1,940,337	\$ (58,845,541)	\$ 106,659,942
Net income for the three months ended March 31, 2023	-	-	-	-	321,089	-	-	-	-	321,089
Other comprehensive income (loss) for the three months ended March 31, 2023	-	-	-	-	-	(22,318)	426	230	19,527,913	19,506,251
Total comprehensive income (loss) for the three months ended March 31, 2023	-	-	-	-	321,089	(22,318)	426	230	19,527,913	19,827,340
Changes in investments in associates and joint ventures accounted for using equity method	-	(14)	-	-	-	-	-	-	-	(14)
Share-based payment transaction	-	28,176	-	-	-	-	-	-	-	28,176
Disposal of equity instruments at fair value through other comprehensive income	-	-	-	-	390,171	(390,171)	-	-	-	-
Net changes in special reserve	-	-	-	-	(23,556)	-	-	-	-	(23,556)
BALANCE ON MARCH 31, 2023	<u>\$ 49,206,531</u>	<u>\$ 7,364,821</u>	<u>\$ 24,841,402</u>	<u>\$ 63,444,149</u>	<u>\$ 19,958,025</u>	<u>\$ (949,706)</u>	<u>\$ 3,727</u>	<u>\$ 1,940,567</u>	<u>\$ (39,317,628)</u>	<u>\$ 126,491,888</u>
BALANCE ON JANUARY 1, 2024	\$ 49,206,531	\$ 7,414,749	\$ 28,254,445	\$ 79,155,498	\$ 11,219,583	\$ (2,626,542)	\$ 2,067	\$ 2,290,273	\$ (26,579,549)	\$ 148,337,055
Net income for the three months ended March 31, 2024	-	-	-	-	5,149,071	-	-	-	-	5,149,071
Other comprehensive income (loss) for the three months ended March 31, 2024	-	-	-	-	-	(191,460)	136	-	17,487,097	17,295,773
Total comprehensive income (loss) for the three months ended March 31, 2024	-	-	-	-	5,149,071	(191,460)	136	-	17,487,097	22,444,844
Share-based payment transaction	-	17,356	-	-	-	-	-	-	-	17,356
BALANCE ON MARCH 31, 2024	<u>\$ 49,206,531</u>	<u>\$ 7,432,105</u>	<u>\$ 28,254,445</u>	<u>\$ 79,155,498</u>	<u>\$ 16,368,654</u>	<u>\$ (2,818,002)</u>	<u>\$ 2,203</u>	<u>\$ 2,290,273</u>	<u>\$ (9,092,452)</u>	<u>\$ 170,799,255</u>

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

KGI LIFE INSURANCE CO., LTD.

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

	For the Three Months Ended March 31	
	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income (loss) before income tax	\$ 5,986,371	\$ (247,611)
Adjustments to reconcile profit (loss)		
Depreciation expense	158,903	161,821
Amortization expense	71,441	69,847
Net losses (gains) on financial assets and liabilities at fair value through profit or loss	12,435,932	(21,598,548)
Net gains on financial assets at fair value through other comprehensive income	(150,404)	(182,401)
Net gains on financial assets at amortized cost	(144,775)	(1,420,061)
Interest expenses	227,436	94,893
Interest income	(16,235,166)	(15,381,435)
Dividend income	(2,019,388)	(1,764,070)
Net changes in insurance liabilities	16,315,096	(4,247,790)
Net changes in foreign exchange valuation reserve	4,127,270	(1,352,444)
Net changes in provisions	(638)	5,026
Expected credit impairment reversal gains on investments	(875)	(22,679)
Expected credit impairment losses (reversal gains) on non-investments	(438)	1,932
Share-based payments	17,356	28,176
Share of profit (loss) of associates and joint ventures accounted for using equity method	(72,529)	(127,382)
Losses on reclassification using overlay approach	18,564,445	20,377,928
Losses on disposal or scrapping of property and equipment	6	2
Gains on disposal of investment property	(9,908)	(25,384)
Losses (gains) on valuation of investment property	137,853	(12,402)
Other items	-	(3)
Changes in operating assets and liabilities		
Increase in financial assets at fair value through profit or loss	(16,248,357)	(28,236,102)
Decrease (increase) in financial assets at fair value through other comprehensive income	2,018,687	(20,886,613)
Decrease (increase) in financial assets at amortized cost	(42,784,524)	33,252,292
Decrease in notes receivable	52,962	18,455
Decrease (increase) in other receivables	750,828	(6,218,863)
Decrease (increase) in prepaid expenses and other prepayments	91,883	(74,408)
Decrease (increase) in refundable deposits	(50,557)	3,411,963
Decrease (increase) in reinsurance assets	(105,001)	107,206
Decrease (increase) in other assets	(2,364)	2,941
Increase in notes payable	-	62
Increase (decrease) in life insurance proceeds payable	13,425	(10,636)
Decrease in other payables	(683,297)	(687,607)
Increase (decrease) in due to reinsurers and ceding companies	9,242	(111,367)

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KGI LIFE INSURANCE CO., LTD.

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

	For the Three Months Ended March 31	
	2024	2023
Decrease in commissions payable	\$ (165,976)	\$ (46,729)
Increase (decrease) in accounts collected in advance	(228,657)	38,332
Increase (decrease) in guarantee deposits received	(7,428,129)	162,711
Increase (decrease) in other liabilities	(145,952)	29,944
Decrease in provision for employee benefits	(6,911)	(4,099)
Cash flows generated used in operations	(25,504,710)	(44,895,103)
Interest received	10,227,854	12,759,978
Dividends received	1,874,943	1,611,721
Interest paid	(67,067)	(13,870)
Income taxes paid	(37,897)	(52,885)
Net cash flows used in operating activities	<u>(13,506,877)</u>	<u>(30,590,159)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of investments accounted for using equity method	(132,000)	(136,269)
Proceeds from capital reduction of investments accounted for using equity method	-	35,700
Acquisition of property and equipment	(76,918)	(96,673)
Acquisition of intangible assets	(67,709)	(38,044)
Decrease (increase) in loans	(60,880)	402,099
Acquisition of investment property	(13,030)	(3,080)
Disposal of investment property	<u>111,445</u>	<u>166,805</u>
Net cash flows used in investing activities	<u>(239,092)</u>	<u>330,538</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Principle repayment of lease liabilities	<u>(22,597)</u>	<u>(35,279)</u>
DECREASE IN CASH AND CASH EQUIVALENTS	(13,768,566)	(30,294,900)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	<u>49,203,474</u>	<u>91,256,425</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	<u>\$ 35,434,908</u>	<u>\$ 60,961,525</u>

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

(Concluded)

KGI LIFE INSURANCE CO., LTD.

NOTES TO FINANCIAL STATEMENTS

FOR THE THREE MONTHS ENDED MARCH 31, 2024 AND 2023

(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

1. ORGANIZATIONS AND BUSINESS SCOPE

KGI Life Insurance Co., Ltd. (hereinafter referred to as “the Company”) was incorporated in Taiwan on April 25, 1963, previously known as Overseas Life Corp. The Company was renamed China Life Insurance Co., Ltd. and authorized by Ministry of Finance, R.O.C. and Ministry of Economic Affairs, R.O.C. in January 1981. The Company’s shares were listed on the Taiwan Stock Exchange. The renaming of the Company to KGI Life Insurance Co. received approval letters, No. Financial-Supervisory-Securities-Corporate-1120432605 on August 14, 2023 issued by the Financial Supervisory Commission (“FSC”) and No. 11230158800 on November 9, 2023 issued by the Ministry of Economic Affairs. The registered office address of the Company is 3F, 4F, 5F, 6F, 7F, No. 135, Dunhua N. Rd., Songshan Dist., Taipei City, Taiwan (R.O.C.). The Company mainly engages in the business of life insurance. The Company is headquartered in Taipei City, and has branches in Taoyuan City, Taichung City, Chiayi City, Tainan City, Kaohsiung City, Pingtung County, Hualien County and Penghu County.

To enhance operation synergy, the Company accomplished the acquisition of major assets and liabilities from Prudential Corporation Asia Life Taiwan on June 19, 2009. The deal was approved by Financial Supervisory Commission (“FSC”) under Order No. Financial-Supervisory-Securities-Corporate-09802552211 on June 16, 2009.

The Company established an offshore insurance unit (OIU) on September 14, 2015 following resolution of the board of directors and receiving approval from FSC.

On October 19, 2017, the Board has resolved to pay \$1 to acquire the traditional policies and riders spun off from Allianz Taiwan Life Insurance Co., Ltd. The transaction is approved by FSC on February 27, 2018 and settled on May 18, 2018.

The Company was informed by China Development Financial Holding Corp. (CDF), about the tender offer of the Company’s ordinary shares and the Public Tender Offer Report on August 16, 2017. CDF started the tender offer from August 17, 2017 to September 6, 2017. CDF completed the tender to acquire 25.33% of the Company’s common shares, totaling 880,000,000 shares, on September 13, 2017. The Company became a subsidiary of CDF as defined in the “Financial Holding Company Act”. In addition, the Company was informed by CDF about the second tender offer of the Company’s ordinary shares and the Public Tender Offer Report on January 7, 2021. CDF started the tender offer from January 8, 2021 to February 2, 2021. CDF completed the tender to acquire 21.13% of the Company’s common shares, totaling 1,000,000,000 shares, on February 5, 2021. After the offer, CDF and its subsidiary, KGI Securities (excluding KGI Securities’ borrowing positions for securities undertaking), jointly held 55.95% of the Company’s issued shares. On October 1, 2021, the Company’s shareholder’s meeting approved to enter into a share swap contract with CDF, and carry out the share swap transaction. One common share of the company will be exchanged into 0.80 common share and 0.73 preferred share of CDF and NT\$11.5 in cash. The record date of share swap was December 30, 2021, the Company was also delisted from the Taiwan Stock Exchange (TWSE) and became a wholly owned subsidiary of CDF at the same day.

2. DATE AND PROCEDURES OF AUTHORIZATION OF FINANCIAL STATEMENTS FOR ISSUE

The financial statements of the Company were authorized to issue in accordance with a resolution of the Company’s board of directors on May 9, 2024.

3. NEWLY ISSUED OR REVISED STANDARDS AND INTERPRETATIONS

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

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

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

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

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

Note 2: An entity shall apply those amendments for annual reporting periods beginning on or after January 1, 2025. Upon initial application of the amendments to IAS 21, the Group shall not restate the comparative information and shall recognize any effect of initially applying the amendments as an adjustment to the opening balance of retained earnings or to the cumulative amount of translation differences in equity as well as affected assets or liabilities.

- 1) Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets between an Investor and its Associate or Joint Venture”

The amendments stipulate that, when the Company sells or contributes assets that constitute a business (as defined in IFRS 3) to an associate or joint venture, the gain or loss resulting from the transaction is recognized in full. Also, when the Company loses control of a subsidiary that contains a business but retains significant influence or joint control, the gain or loss resulting from the transaction is recognized in full.

Conversely, when the Company sells or contributes assets that do not constitute a business to an associate or joint venture, the gain or loss resulting from the transaction is recognized only to the extent of the Company’s interest as an unrelated investor in the associate or joint venture, i.e., the Company’s share of the gain or loss is eliminated. Also, when the Company loses control of a subsidiary that does not contain a business but retains significant influence or joint control over an associate or a joint venture, the gain or loss resulting from the transaction is recognized only to the extent of the Company’s interest as an unrelated investor in the associate or joint venture, i.e., the Company’s share of the gain or loss is eliminated.

2) Amendments to IAS 21 “Lack of Exchangeability”

The amendments stipulate that a currency is exchangeable into another currency when an entity is able to obtain the other currency within a time frame that allows for a normal administrative delay and through a market or exchange mechanism in which an exchange transaction would create enforceable rights and obligations. An entity shall estimate the spot exchange rate at a measurement date when a currency is not exchangeable into another currency to reflect the rate at which an orderly exchange transaction would take place at the measurement date between market participants under prevailing economic conditions. In this situation, the Group shall disclose information that enables users of its financial statements to understand how the currency not being exchangeable into the other currency affects, or is expected to affect, its financial performance, financial position and cash flows.

3) IFRS 18 “Presentation and Disclosure in Financial Statements”

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

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

4) IFRS 17 “Insurance Contracts”

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

Level of aggregation

IFRS 17 requires the Company to identify portfolios of insurance contracts, which comprise contracts that are subject to similar risks and managed together. Contracts within a product line would be expected to have similar risks and hence would be expected to be in the same portfolio if they are managed together. Each portfolio of insurance contracts issued shall be divided into a minimum of:

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

- b) A group of contracts that at initial recognition that has no significant possibility of becoming onerous; and
- c) A group of the remaining contracts in the portfolio.

The Company is not permitted to include contracts issued more than one year apart in the same group, and shall apply IFRS 17 recognition and measurement principles to the contract groups decided to be issued.

Recognition

The Company shall recognize a group of insurance contracts arising from the earliest of the following:

- a) The beginning of the coverage period of the group of contracts;
- b) The date when the first payment from a policyholder in the group becomes due; and
- c) For a group of onerous contracts, when the group becomes onerous.

Measurement on initial recognition

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

- a) The initial recognition of an amount for the fulfilment cash flows;
- b) Any cash flows arising from the contracts in the group at that date.
- c) The derecognition at the initial recognition date of the following:
 - i. Any assets recognized for acquisition of cash flows from insurance; and
 - ii. All other assets or liabilities previously recognized for cash flows related to the group of contracts.

Subsequent measurement

On subsequent measurement, the carrying amount of a group of insurance contracts at the end of each reporting period shall be the sum of the liability for remaining coverage and the liability for incurred claims. The liability for remaining coverage comprises the fulfilment cash flows related to future services and the contractual service margin of the group at that date, and liabilities for incurred claims include fulfilment cash flows related to past services. On subsequent measurement, if a group of insurance contracts becomes onerous or more onerous, that excess shall be recognized in profit or loss.

Onerous contracts

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

Premium allocation approach

The Company may simplify the measurement of the liability for remaining coverage of a group of insurance contracts using the Premium Allocation Approach (PAA) on one of the conditions that, at the inception of the group:

- a) The Company reasonably expects that this will be a reasonable approximation of the general model, or
- b) The coverage period of each contract in the group is one year or less.

At the inception of the group, if the Company expects significant variances in the fulfilment cash flows during the period before a claim is incurred, such contracts are not met the criterion a) in above paragraph.

When using the PAA, the liability for remaining coverage shall be initially recognized as:

- a) The premiums received at initial recognition;
- b) Minus any insurance acquisition cash flows at that date; and
- c) Plus or minus the derecognition at the initial recognition date of the following:
 - i. Any assets recognized for acquisition of cash flows from insurance; and
 - ii. All other assets or liabilities previously recognized for cash flows related to the group of contracts.

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

Investment contracts with discretionary participation features

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

Modification and derecognition

If the terms of an insurance contract are modified, the Company shall derecognize the original contract and recognize the modified contract as a new contract if there is a substantive modification, based on meeting any of the specified criteria.

The Company shall derecognize an insurance contract when it is extinguished, or if any of the conditions of a substantive modification of an insurance contract are met.

Transition

The Company shall apply the standard retrospectively unless impracticable, in which case entities have the option of using either the modified retrospective approach or the fair value approach.

Under the modified retrospective approach, the Company shall utilize reasonable and supportable information and maximize the use of information that would have been used to apply a full retrospective approach, but only needs to use available information without undue cost or effort. The Company shall apply fair value approach if reasonable and supportable information is unavailable.

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

Redesignation of financial assets

At the date of initial application of IFRS 17, an entity which applied IFRS 9 may redesignate and reclassify financial assets that comply with paragraph C29 of IFRS 17. The entity does not have to restate comparative information to reflect changes in the reclassification of these assets, so the difference between the previous carrying amount and their carrying amount at the date of initial application of these financial assets is recognized in the retained earnings (or other equity, if appropriately) at the date of initial application. If an entity restates the comparative information, the restatement must reflect the requirements of these affected financial assets under IFRS 9.

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

Except for the above impact, as of the date the financial statements were authorized for issue, the Company is continuously assessing the possible impact that the application of other standards and interpretations will have on the Company's financial position and financial performance and will disclose the relevant impact when the assessment is completed.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Statement of compliance

The financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Insurance Enterprises ("the Regulations") and IAS 34 "Interim Financial Reporting" as endorsed and became effective by the FSC.

b. Basis of preparation

The financial statements have been prepared on a historical cost basis, except for financial instruments and investment property that have been measured at fair value. The financial statements are expressed in thousands of New Taiwan Dollars ("NT\$") unless otherwise stated.

c. Foreign currency transactions

The Company's financial statements are presented in its functional currency, NT\$. Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Monetary items denominated in foreign currencies are translated using the closing rate of exchange at the reporting date. Non-monetary items measured at fair value in foreign currencies are translated using the exchange rates at the date when the fair value is measured. Non-monetary items measured at historical cost in foreign currencies are translated using the exchange rates at the date of initial transactions.

Apart from the items mentioned below, the exchange differences due to settlement or translation are recognized in profit or loss for the period.

- 1) The foreign currency items which are applicable to IFRS 9 Financial Instrument should be dealt with the accounting policy of financial instruments.
- 2) Exchange differences of monetary items arising from the translation of the net investment in foreign operations are recognized in other comprehensive income. When the investment is disposed of or sold, exchange differences are reclassified from other comprehensive income into profit or loss.

If a gain or loss on a non-monetary item is recognized in other comprehensive income, any foreign exchange component of that gain or loss is also recognized in other comprehensive income. If a gain or loss on a non-monetary item is recognized in profit or loss, any foreign exchange component of that gain or loss is also recognized in profit or loss.

d. Product categories

Insurance contract means the insurer accepts the transfer of significant insurance risk from insurance policyholder and agrees to compensate the policyholder for any damages when a particular uncertain event (insured event) occurs in the future. The definition of a significant insurance risk means any insured event occurs and causes the Company to pay additional significant fees.

Insurance contract with features of financial instruments is the contract that transfers the significant financial risk. The definition of the financial risk refers to one or more specific interest rates, product prices, exchange rates, price index, rate index, credit ratings and indicators, and other variables related to risks of possible changes in the future. If the above variables are non-financial variables, then the variables exist in both sides under the contract.

When the original judgment meets the criteria of the policy under the insurance contract, before the right of ownership and obligations expires or extinguishes, the policy will still be considered as an insurance contract; even if the exposure to insurance risk during the policy period has been significantly reduced. However, if insurance risk following the renewal of an insurance contract with features of financial instruments is transferred to the Company, the Company will reclassify the contract as an insurance contract.

Insurance contracts and insurance contracts with feature of financial instruments can be further broken down into separate categories depending on whether the contracts have discretionary participation feature or not. To have discretionary participation feature means a guaranteed payment from the contract plus contractual rights to receive additional payments.

These contractual rights have the following characteristics:

- 1) Additional payments as a percentage of total contractual payments may be more significant and take up a bigger portion.

- 2) In accordance with the contract, the amount and date of additional payments are at the Company's discretion.
- 3) In accordance with the contract, additional payments are handed out based on one of the following matters:
 - a) Performance of a specific combination of contracts or specific type of contract.
 - b) The investment return of a specific asset portfolio the Company holds.
 - c) Profit and loss from the Company, funds, or other entities.

When embedded derivative products' economic characteristics and risks are no longer closely related to the economic characteristics and risks of the primary contracts, it should be listed separately from the primary contracts and use fair value method to determine its fair value. Also, the profit or loss determined by the fair value method should be recognized in the current period. However, if the embedded derivative product meets the definition of an insurance contract or the whole contract is measured by the fair value method and the profit or loss is recognized in the current period, the Company will not need to separately list the embedded derivative product and the insurance contract.

e. Cash and cash equivalents

Cash and cash equivalents consist of cash on hand, demand deposits and short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. The Company classifies time deposits as cash equivalents when they have maturities of less than 12 months and can be readily convertible to known amounts of cash and be subject to an insignificant risk of changes in value.

f. Financial instruments

Financial assets and financial liabilities are recognized when the Company becomes a party to the contractual provision of financial instrument.

1) Initial recognition and subsequent measurement

The Company accounts for regular way purchase or sales of financial assets measured at fair value on the trade date, and of financial assets measured at amortized cost at the settlement date.

The Company categorized financial assets as financial assets measured at amortized cost, financial assets at fair value through other comprehensive income and financial assets at fair value through profit or loss based on both of the followings:

- a) The Company's business model for managing the financial assets.
- b) The contractual cash flow characteristics of the financial asset.

Financial assets measured at amortized cost

If both of the following conditions are met, a financial asset is measured at amortized cost and presented as note receivables, receivables, financial assets measured at amortized cost, loans and other receivables etc., on balance sheet as at the reporting date:

- a) The financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and

- b) The contractual terms of the financial asset give rise, on specified dates, to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Such financial assets which are not part of a hedging relationship, are subsequently measured at amortized cost (the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus or minus the cumulative amortization using the effective interest method of any difference between the initial amount and the maturity amount and adjusted for any loss allowance). A gain or loss is recognized in profit or loss when the financial asset is derecognized, through the amortization process or recognition of the impairment gains or losses.

Interest revenue is recognized in profit or loss by calculating via the effective interest method (by applying the effective interest rate to the gross carrying amount) or the followings:

- a) For those financial assets that are purchased or originated credit-impaired, the Company applies the credit-adjusted effective interest rate to the amortized cost of the financial asset.
- b) For those financial assets that are not purchased or originated credit-impaired but subsequently became credit-impaired, the Company applies the effective interest rate to the amortized cost of the financial asset.

Financial asset measured at fair value through other comprehensive income

A financial asset is measured at fair value through other comprehensive income if both of the following conditions are met and presented as financial asset at fair value through other comprehensive income on balance sheet as at the reporting date:

- a) The financial assets are held within a business model whose objective is achieved by collecting contractual cash flows and for sale.
- b) The contractual terms of the financial assets give rise, on specified dates, to cash flows that are solely payments of principal and interest on the principal amount outstanding.

The recognition of gain or loss on a financial asset measured at fair value through other comprehensive income is described as below:

- a) A gain or loss on a financial asset measured at fair value through other comprehensive income recognized in other comprehensive income, except for impairment gains or losses and foreign exchange gains and losses, until the financial asset is derecognized or reclassified.
- b) When the financial asset is derecognized the cumulative gain or loss previously recognized in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment.
- c) Interest revenue is recognized in profit or loss by calculating via the effective interest method (by applying the effective interest rate to the gross carrying amount) or the followings:
 - i. For those financial assets that are purchased or originated credit-impaired, the Company applies the credit-adjusted effective interest rate to the amortized cost of the financial asset.
 - ii. For those financial assets that are not purchased or originated credit-impaired but subsequently have become credit-impaired, the Company applies the effective interest rate to the amortized cost of the financial asset.

In addition, upon initial recognition, for those equity instruments within the scope of IFRS9 but neither categorized as held-for-trading nor applying to contingent consideration recognized by acquirers in IFRS 3 “Business Combination”, the Company elects irrevocably to report the subsequent measurement at fair value in other comprehensive income. Amounts reported in other comprehensive income cannot be subsequently transferred to profit or loss (when disposing of such equity instruments, the Company transfers the accumulated amounts in other equity directly into retained earnings) and are presented as financial assets at fair value through other comprehensive income on the balance sheets. Dividends on investments are recognized in profit or loss, except when the dividends clearly represent certain recovery of investment cost.

Financial assets at fair value through profit or loss

Except for those financial assets qualified for aforementioned conditions and classified as financial assets measured at amortized cost and financial assets at fair value through other comprehensive income, the other financial assets are measured at fair value through profit or loss and presented as financial assets at fair value through profit or loss on the balance sheets as at the reporting date.

Such assets are subsequently measured at fair value with changes in fair value recognized in profit or loss. Dividends or interests on financial assets at fair value through profit or loss are recognized in profit or loss.

2) Impairment of financial assets

The Company measures expected credit losses and recognizes expected credit losses for loss allowance on debt instrument investments measured at fair value through other comprehensive income and financial asset measured at amortized cost. The loss allowance on debt instrument investments measured at fair value through other comprehensive income is recognized in other comprehensive income and does not reduce the carrying amount in the statement of financial position.

The Company measures expected credit losses of a financial instrument in a way that reflects:

- a) An unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;
- b) The time value of money;
- c) Reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

The loss allowance is measured as follows:

- a) At an amount equal to 12-month expected credit losses: including the financial asset whose credit risk has not increased significantly since initial recognition or the financial asset determined to have low credit risk at the reporting date; and, additionally, the financial assets which the Company measured the loss allowance at an amount equal to lifetime expected credit losses in the previous reporting period, but determines at the current reporting date that the credit risk on a financial asset has increased significantly since initial recognition is no longer met.
- b) At an amount equal to the lifetime expected credit losses: including the financial asset whose credit risk has increased significantly since initial recognition or the financial asset that is purchased or originated credit-impaired.

In addition to evaluation mentioned previously, in accordance with the regulation of “Guidelines for Handling Assessment of Assets, Loans Overdue, Receivable on Demand and Bad Debts by Insurance Enterprises”, the Company is required to record the minimum amounts based upon each of the following category for allowance of uncollectible accounts:

- a) Total amount of 0.5% of the ending balance for the first category of loan assets excluding life insurance loans, automatic premium loans and holding government debts, 2% of the ending balance for the second category of loan assets that should be paid attention, 10% of the ending balance for the third category of loan assets that are expected to recover, 50% of the ending balance for the fourth category of loan assets that are difficult to recover and 100% of the ending balance for the fifth category of loan assets that are not expected to recover are aggregated.
- b) 1% of the ending balance for all the five categories of loan assets excluding life insurance loans, automatic premium loans and holding government debts.
- c) Total unsecured portion of loans overdue and receivable on demand.
- d) If total amount of minimum allowance of uncollectible accounts measured from the categories above are less than the amount in accordance with GAAP, it should refer to the amount in accordance with GAAP as minimum allowance of uncollectible accounts.

To strengthen the ability to bear the loss of specific loan assets, the authority may, if necessary, require the Company to raise loan loss provision for specific loan assets in specified criteria and deadlines.

As at each reporting date, the Company assesses whether the credit risk on a financial asset has increased significantly since initial recognition by comparing the risk of a default occurring at the reporting date and the risk of default occurring at initial recognition. Please refer to Note 39 for further details on credit risk.

3) Financial liabilities

Financial liabilities within the scope of IFRS 9 “Financial Instruments” are classified as financial liabilities at fair value through profit or loss or financial liabilities measured at amortized cost upon initial recognition.

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated at fair value through profit or loss.

A financial liability is classified as held for trading if:

- a) It is acquired or incurred principally for the purpose of selling or repurchasing it in the near term;
- b) On initial recognition it is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking; or
- c) It is a derivative (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument).

If a contract contains one or more embedded derivatives, the entire hybrid (combined) contract may be designated as a financial liability at fair value through profit or loss; or a financial liability may be designated as at fair value through profit or loss when doing so results in more relevant information, because either:

- a) It eliminates or significantly reduces a measurement or recognition inconsistency; or
- b) A group of financial assets, financial liabilities or both is managed and its performance is evaluated on a fair value basis, in accordance with a documented risk management or investment strategy, and information about the group is provided internally on that basis to the key management personnel.

Gains or losses on the subsequent measurement of liabilities at fair value through profit or loss including interest paid are recognized in profit or loss.

Financial liabilities at amortized cost

Financial liabilities measured at amortized cost include interest bearing loans and borrowings that are subsequently measured using the effective interest rate method after initial recognition. Gains and losses are recognized in profit or loss when the liabilities are derecognized as well as through the effective interest rate method amortization process.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or transaction costs.

4) Derecognition of financial assets and liabilities

Financial assets

The Company derecognizes all or part of the financial assets when the contractual rights to the cash flows from the assets expire or when it transfers the financial assets and substantially all the risks and rewards of ownership of the asset or when it loses its controls to the assets.

When the Company transfers all or part of the financial assets and abandons its controls to the assets, it is regarded as sale within the scope of charging in exchange.

Financial liabilities

The Company derecognizes all or part of the financial liabilities when the obligation specified in the contract is discharged or cancelled or expires.

An exchange between an existing borrower and lender of debt instrument investments with substantially different terms or a substantial modification of the terms of an existing financial liability is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. The difference between the carrying amount of the liability extinguished and the liability recognized is recognized in profit or loss.

5) Offsetting financial instruments

Financial assets and financial liabilities are offset and the net amount reported in the balance sheet if, and only if, there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the assets and settle the liabilities simultaneously.

6) Derivative instruments and hedging transactions

The Company engages in derivatives financial instrument transactions, such as forward foreign exchange contracts, interest rate swaps, cross currency swaps, options and futures, to hedge its risks associated with foreign currency and interest rate fluctuations. These derivative instruments are initially recognized at fair value on the day a derivatives contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as assets when the fair value is positive and as liabilities when the fair value is negative.

7) Interest rate benchmark reform

For financial assets measured at amortized cost or financial liability measured at amortized cost, when the basis for determining cash flow changes due to interest rate benchmark reform indicators, the Company updates the effective interest rate of financial assets or financial liabilities to reflect the gradual changes.

8) Adoption of overlay approach on financial assets

The Company chose to express profit or loss of the designated financial assets in overlay approach in accordance with IFRS 4 “Insurance Contract” since the application of IFRS 9. To those designated financial assets, the Company classifies the amount from profit or loss to other comprehensive income, thus making the profit or loss of the designated financial assets as at the reporting date equal to as if they would have been accounted for under IAS 39. Accordingly, the reclassification amount is the difference of the following items:

- a) The amount of profit or loss of the designated financial assets in accordance with IFRS 9; and
- b) The amount of profit or loss of the designated financial assets as if applied to IAS 39.

A financial asset is eligible for designation under overlay approach if qualifying for the following conditions:

- a) In accordance with IFRS 9, the financial asset is measured at fair value through profit or loss. However, if the Company applies to IAS 39, the financial asset is not measured at fair value through profit or loss collectively; and
- b) The financial asset is not held in respect of activities that is unconnected with contracts within the scope of IFRS 4 “Insurance Contract”.

A Financial asset is eligible for the overlay approach if either of the following conditions is met:

- a) The asset is accounted for on initial recognition; or
- b) The asset now meets the criteria of which is held in respect of activities other than contracts within the scope of IFRS 4 “Insurance Contract” but previously did not.

The Company shall continuously adopt overlay approach to those designated financial assets until derecognition. However, the Company shall remove the designated status when the financial assets held in respect of activities other than contracts within the scope of IFRS 4 “Insurance Contract”. In addition, at the beginning date of any annual reporting year, the Company is permitted to stop applying overlay approach to all designated financial assets; If it does, the change in the accounting policy is accounted for under IFRS 8 “Accounting Policies, Changes in Accounting Estimates and Errors”.

9) Reclassification of financial assets

The Company reclassifies all affected financial assets only when it changes the operating model for managing financial assets. Such changes are determined by the Company's senior management based on the results of external or internal changes and must be material to the operations of the Company and presentable to external parties. The reclassification of financial assets is deferred from the date of reclassification.

g. Loans

Loans include automatic premium loans, policy loans and secured loans. Among them, automatic premium loans are premiums paid on behalf of the insured in accordance with the insurance contract, policy loans are secured by policies issued by the Company, and secured loans are secured by stocks, chattel, real estate and other loans and overdue receivables approved by the authority.

Loan principal or interest arrears more than three months after the settlement period, or less than three months but has executed recourse to the primary and secondary debtor or disposed the collateral, listing under overdue loans.

Collateral received from the overdue loans by actively dunning is recorded at the fair value listed in the related account depending on the nature of the collateral, and measured in the applicable method of that account.

h. Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement assumes that the transaction to sell the asset or transfer the liability takes place either:

- 1) In the principal market for the asset or liability, or
- 2) In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible for the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

The fair value measurement of a non-financial asset takes into account the market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

i. Investments accounted for using the equity method

The Company used the equity method for accounting treatment for its associates with material influence and are they recognized at cost on acquisition. The carrying amount of investment in associates includes the goodwill identified in initial investment (less any accumulated impairment loss). From the date of the Company loses the significant influence, the equity method shall cease to be adopted, and use the book value at the time of the change as the cost.

After the acquisition date, the Company will recognize profit/loss according to the Company's share in the associate's profit or loss. Receipt of surplus distribution from the associate will reduce the carrying amount of the investment. When changes in other comprehensive profits and losses of the associate cause changes in the Company's rights and interests, the Company also relatively adjusts the investment book amount.

When the Company's share of losses of the associate equals or exceeds its interest in the associate, the entity discontinues recognizing its share of further losses. The Company only recognizes additional losses and relevant liabilities to the extent that it has incurred legal or constructive obligations or has made payments on behalf of the investee.

j. Property and equipment

Property and equipment is stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Such cost includes the cost of dismantling and removing the item, restoring the site on which it is located and borrowing costs for construction in progress if the recognition criteria are met. Each part of an item of property and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately. When significant parts of property and equipment are required to be replaced in intervals, the Company recognizes such parts as individual assets separately with specific useful lives and depreciation. The carrying amount of those parts that are replaced is derecognized in accordance with the derecognition provisions of IAS 16 "Property, Plant and Equipment". When a major inspection is performed, its cost is recognized in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in profit or loss as incurred.

Depreciation is calculated on a straight-line basis over the estimated economic lives of the following assets:

Buildings and construction	3-60 years
Computer equipment	3-12 years
Communication and transportation equipment	5-6 years
Other equipment	5 years
Leased assets	Depend on the age or the durable life of lease, whichever is shorter

An item of property and equipment and any significant part initially recognized is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset is recognized in profit or loss.

The assets' residual values, useful lives and methods of depreciation are reviewed at each financial year end and adjusted prospectively as a change in accounting estimate, if appropriate.

k. Investment property

Investment properties are measured initially at cost, including transaction costs. The carrying amount includes the cost of replacing part of an existing investment property at the time that cost is incurred if the recognition criteria are met and excludes the costs of day-to-day servicing of an investment property.

The Company's investment properties are measured at fair value, and gains or losses are recognized in profit or loss in accordance with the requirements of IAS 40 "Investment Property", other than those that meet the criteria to be classified as held for sale (or are included in a disposal group that is classified as held for sale) in accordance with IFRS 5 "Non-current Assets Held for Sale and Discontinued Operations" and paragraph 53 of IAS 40 "Investment Property". If investment properties are held by a lessee as right-of-use assets and are not held for sale in accordance with IFRS 5, investment properties are measured in accordance with the requirements 34 of IFRS 16.

Investment properties are derecognized either when they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognized in profit or loss in the period of derecognition.

Assets are transferred to or from investment properties when there is a change in use.

When the property meets or do not meet the definition of investment property and there is evidence showing change of use, the Company recognizes the property as investment property or transfers the property out of investment property.

1. Leases

At the day of establishment, the Company assesses whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset for a period of time, the Company assesses whether, throughout the period of use, has both of the following:

- 1) The right to obtain substantially all of the economic benefits from use of the identified asset; and
- 2) The right to direct the use of the identified asset.

For a contract that is, or contains, a lease, the Company accounts for each lease component within the contract as a lease separately from non-lease components of the contract. For a contract that contains a lease component and one or more additional lease or non-lease components, the Company allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components. The relative stand-alone price of lease and non-lease components shall be determined on the basis of the price the lessor, or a similar supplier, would charge the Company for that component, or a similar component, separately. If an observable stand-alone price is not readily available, the Company estimates the stand-alone price, maximising the use of observable information.

Company as a lessee

Except for leases that meet and elect short-term leases or leases of low-value assets, the Company recognizes right-of-use asset and lease liability for all leases which the Company is the lessee of those lease contracts.

At the commencement date, the Company measures the lease liability at the present value of the lease payments that are not paid at that date. The lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the Company uses its incremental borrowing rate. At the commencement date, the lease payments included in the measurement of the lease liability comprise the following payments for the right to use the underlying asset during the lease term that are not paid at the commencement date:

- 1) Fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- 2) Variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- 3) Amounts expected to be payable by the lessee under residual value guarantees;
- 4) The exercise price of a purchase option if the Company is reasonably certain to exercise that option; and

- 5) Payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease.

After the commencement date, the Company measures the lease liability on an amortized cost basis, which increases the carrying amount to reflect interest on the lease liability by using an effective interest method; and reduces the carrying amount to reflect the lease payments made.

At the commencement date, the Company measures the right-of-use asset at cost. The cost of the right-of-use asset comprises:

- 1) The amount of the initial measurement of the lease liability;
- 2) Any lease payments made at or before the commencement date, less any lease incentives received;
- 3) Any initial direct costs incurred by the lessee; and
- 4) An estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease.

For subsequent measurement of the right-of-use asset, the Company measures the right-of-use asset at cost less any accumulated depreciation and any accumulated impairment losses. That is, the Company measures the right-of-use applying a cost model.

If the lease transfers ownership of the underlying asset to the Company by the end of the lease term or if the cost of the right-of-use asset reflects that the Company will exercise a purchase option, the Company depreciates the right-of-use asset from the commencement date to the end of the useful life of the underlying asset. Otherwise, the Company depreciates the right-of-use asset from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term.

The Company applies IAS 36 “Impairment of Assets” to determine whether the right-of-use asset is impaired and to account for any impairment loss identified.

Except for those leases that the Company accounted for as short-term leases or leases of low-value assets, the Company presents right-of-use assets and lease liabilities in the balance sheet and separately presents lease-related interest expense and depreciation charge in the statements comprehensive income.

For short-term leases or leases of low-value assets, the Company elects to recognize the lease payments associated with those leases as an expense on either a straight-line basis over the lease term or another systematic basis.

For the rent concession arising as a direct consequence of the Covid-19 pandemic, the Company elected not to assess whether it is a lease modification but accounted for it as a variable lease payment. The Company have applied the practical expedient to all rent concessions that meet the conditions for it.

Company as a lessor

At inception of a contract, the Company classifies each of its leases as either an operating lease or a finance lease. A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership of an underlying asset. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership of an underlying asset. At the commencement date, the Company recognizes assets held under a finance lease in its balance sheet and present them as a receivable at an amount equal to the net investment in the lease.

The Company recognizes lease payments from operating leases as rental income on either a straight-line basis or another systematic basis. Variable lease payments for operating leases that do not depend on an index or a rate are recognized as rental income when incurred.

m. Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired through merger, is its fair value as at the acquisition date. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and any accumulated impairment losses. Internally generated intangible assets, excluding capitalized development costs, are not capitalized and expenditure is reflected in profit or loss for the year in which the expenditure is incurred.

The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite lives are amortized over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and the amortization method for an intangible asset with a finite useful life are reviewed at least at the end of each financial year. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for by changing the amortization period or method, as appropriate, and are treated as changes in accounting estimates.

Intangible assets with indefinite useful lives are not amortized, but are tested for impairment annually, either individually or at the cash-generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

Gains or losses arising from derecognition of an intangible asset are recognized in profit or loss when the asset is derecognized.

Other intangible assets are computer software and are amortized on a straight-line basis over the estimated useful life (1 to 10 years).

n. Impairment of non-financial assets

The Company assesses at the end of each reporting period whether there is any indication that an asset in the scope of IAS 36 “Impairment of Assets” may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset’s recoverable amount. An asset’s recoverable amount is the higher of an asset’s or cash-generating unit’s (“CGU”) fair value less costs to sell and its value in use. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

For assets excluding goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the Company estimates the asset’s or cash-generating unit’s recoverable amount. A previously recognized impairment loss is reversed only if there has been an increase in the estimated service potential of an asset which in turn increases the recoverable amount. However, the reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years.

The cash generating unit or group which belongs to goodwill should periodically make an impairment test whether it has a sign of impairment. If the impairment test result suggests recognizing an impairment loss, then first deducting goodwill and the remaining deficiencies should be amortized to other assets depending on the relative proportions of the carrying amount of the asset. Impairment losses relating to goodwill cannot be reversed in the future periods for any reason.

An impairment loss of continuing operations or a reversal of such impairment loss is recognized in profit or loss.

o. Investment-linked insurance products

The Company sells investment-linked insurance products, of which the applicant pays the premium according to the agreed amount less the expenses incurred by the insurer. In addition, the investment distribution is approved by the applicant and then transferred to specific accounts as requested by the applicant. The value of these specific accounts is determined based on their fair value on the applicable date and the net worth is computed in accordance with the relevant regulations and the IFRSs.

In accordance with Regulations Governing the Preparation of Financial Reports by Insurance Enterprises, assets and liabilities representing the rights and obligations of the applicants, whether arising from an insurance contract or insurance policy with features of financial instruments, are recognized separately as “separate account product assets” and “separate account product liabilities”. The revenues and expenses of separate account insurance products in accordance with IFRS 4 “Insurance Contracts”, separately recognized as “separate account product revenues” and “separate account product expenses.”

p. Post-employment benefits

The Company set up a pension plan and an independently administered pension fund committee according to Labor Standards Act. The Company deposits retirement reserve according to a certain percentage of wages to the specific account of Bank of Taiwan every month. Before the end of each year, the Company assesses the balance in the designated labor pension fund. If the amount is inadequate to pay pensions calculated for workers retiring in the following year, the Company will make up the difference in one appropriation before the end of March of the following year. As the retirement reserves are deposited under the committee’s name in the specific bank account, the reserves are not associated with the Company. Therefore, retirement reserve is not included in the Company’s financial statements.

After the Labor Pension Act became effective, employees can choose to be subject to the pension mechanism under Labor Standards Act or Labor Pension Act. The seniority prior to the enforcement of Labor Pension Act shall be maintained and the Company deposits 6% of the monthly allocated wage based on the monthly wage allocation classification schedule to employees’ personal pension accounts in Bureau of Labor Insurance if employees choose to be subject to the pension mechanism under Labor Pension Act.

In case that an employee’s monthly wage exceeds the upper limit of monthly wage allocation classification schedule, the Company may set aside monthly 6% of the excess portion as retirement reserve. Upon meeting the requirements of the pension plan, the employees are entitled to receive this kind of the retirement reserve.

For the defined contribution plan, the Company recognizes expenses in the period in which the contribution becomes due. The defined benefit plan is recognized based on the actuarial report at the end of the annual reporting period. Remeasurements of the net defined benefit liability (asset) comprise actuarial gains and losses, the return on plan assets and any change in the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability (asset), is recognized as other comprehensive income with a corresponding debit or credit to retained earnings when it occurs. Past service cost is the change in the present value of the defined benefit obligation resulting from a plan amendment or curtailment, and recognized as an expense at the earlier of the following dates:

- 1) The date of the plan amendment or curtailment occurs; and
- 2) The date that the Company recognizes related restructuring costs or termination benefits.

Net interest on the net defined benefit liability (asset) is determined by multiplying the net defined benefit liability (asset) by the discount rate, both as determined at the start of the annual reporting period, taking account of any changes in the net defined benefit liability (asset) during the period as a result of contribution and benefit payments.

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

q. Provisions

Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event, which probably leads to an outflow of resources embodying economic benefits that is required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the Company expects some or all of a provision to be reimbursed, the reimbursement is recognized as a separate asset but only when the reimbursement is virtually certain. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects the risks specific to the liability.

r. Insurance liabilities and reserve for insurance contracts with feature of financial instruments

The Company's reserved funds for insurance contracts and financial instruments whether with or without discretionary participation feature are made in accordance with "Regulations Governing the Setting Aside of Various Reserves by Insurance Enterprises." Furthermore, they have been validated by the certified actuarial professionals approved by Financial Supervisory Commission. The required amount to be reserved for short-term group insurance is based upon the greater of premium received or calculated premium following the Financial-Supervisory-Securities-Corporate - 10704504821 and 11004925801 issued by the FSC. Reserved amount for the rest of other provisions is addressed below:

Moreover, an insurance contract with discretionary participation feature is classified as liability.

1) Unearned premium reserve

For the insurance policy whose term is within one year and has not met the due date or for the injury insurance policy whose term is over one year, the amount of reserve required is based upon the unexpired risk calculation.

2) Reserve for claims

It is a reserve mainly for the reported but not paid claims and unreported claims. The reported but not paid claims reserve is assessed based on relevant information of each case and the amount deposited is further classified by the type of insurance. Unreported claims reserve is calculated and deposited based on the past experiences and expenses occurred and in accordance with the actuarial principles.

3) Reserve for life insurance liabilities

Based on the life table and projected interest rates in the manual provided by the authority for each type of insurance, the dollar amount of life insurance reserve is calculated and deposited according to the calculation method listing on Article 12 of “Regulations Governing the Setting Aside of Various Reserves by Insurance Enterprises” and the manual published by each authority of insurance products.

Starting from policy year of 2003, for valid insurance contract whose dividend calculation is stipulated in accordance with Order No. Financial-Supervisory-Insurance-Corporate-11004931041, the downward adjustments of dividend due to the offset between mortality saving (loss) and loss (gain) from difference of interest rates should be recognized and recorded as the increase of reserve for long-term valid contract.

When an insurer that opts to measure investment property at fair value, the value of its insurance liabilities at the same time must also be measured at fair value. If the results of the measurements indicate that the fair value of the insurance liabilities exceeds book value, the life insurer must set aside the difference to reserve for life insurance liabilities. The Company changes its accounting policy for subsequent measurement of investment property from cost to fair value starting from year of 2014. The value of insurance liabilities at the same time is measured at fair value in accordance with Financial-Supervisory-Securities-Corporate - 10302501161 issued by the FSC on March 21, 2014. The results of the measurements indicate that the fair value of the insurance liabilities does not exceed book value, therefore insurance liabilities does not have to be increased.

4) Special reserve

a) For the retained businesses with policy period within 1 year, the special reserve is classified into 2 categories, “Special Catastrophe Reserve” and “Special Reserve for Fluctuation of Risks.” The dollar amount of reserve required is addressed as follows:

i. Special catastrophe reserve

All types of insurance should follow the special catastrophe reserve rates set by authorities. Upon occurrence of the catastrophic events, actual claims on retained business in excess of \$30,000 thousand can be withdrawn from the reserve. If the reserve has been set aside for over 15 years, the Company could have its plan of the recovering process of the reserve assessed by certified actuaries and submit the plan to the authority for reference.

ii. Special reserve for fluctuation of risks

When the actual amount paid for indemnity minus the offsetting amount from special reserve for major incidents is less than the anticipated dollar amount need to be paid, the 15% of this difference should be reserved in special reserve for fluctuation of risks. When the actual amount paid for indemnity minus the offsetting amount from special reserve for major incidents is greater than the anticipated dollar amount need to be paid, the exceeded amount can be used to write down the special reserve for fluctuation of risks. If the special reserve for fluctuation of risks for specified type of insurance is not enough to be written down, special reserve for fluctuation of risks for other types of insurance can be used. Also, the type of insurance and total dollar amount written-down should be reported to the authority for inspection purpose. When accumulative dollar amount of special reserve for fluctuation of risks exceeds 30% of self-retention earned premium within one year, the exceeded amount will be recovered.

For special reserves addressed previously, the balance of the annual reserve net of tax needs to be recorded in the special capital reserve under equity.

- b) The Company sells participating life insurance policy. According to the “Rule Governing application of revenue and expenses related to participating/non-participating policy”, the Company is required to set aside special reserve for dividend participation based on income before tax and dividend. On the date of declaration, dividend should be withdrawn from this account. Additionally, the effects of the gain or loss from disposal of participating life insurance policy approved as equity instrument investments at fair value through other comprehensive income shall transfer directly into special reserve based on income before tax and dividend. If the special reserve is a negative amount, the Company shall set aside the same amount of special reserve.
- c) The net impact from first adoption of fair value in subsequent measurement has been appropriated into dividend reserve for participating policy which relates to investment property. That reserve shall be used only to cover the insufficiency of life insurance liabilities resulting from valid contract’s fair value approved by the authority and to set aside additional liabilities for the soundness of financial structure when complying with IFRS 17 “Insurance Contract” in the future implementation. By the time the related assets dispose, the reserve which comes from the changes of fair value due to the cumulative net value-added benefits can be processed according to the related distribution provision of participating policy.

5) Premium deficiency reserve

For the contracts over one year of life, health, or annuities insurance commencing on January 1, 2001, the following rules apply: When the gross premium is less than the valuation net premium, a deficiency reserve is required to be set aside with the value of an annuity, the amount of which shall equal the difference between such premiums and the term of which in years shall equal the number of future annual payments due on such insurance at the date of the valuation.

In addition, for the insurance policy which period is within one year and has not met the due date or accidental insurance policy over one year, the following rules apply: If the probable indemnities and expenses are greater than the aggregate of unearned premium reserves and collectable premiums in the future, the premium deficiency reserve is set aside based on the difference thereof.

6) Other reserve

Pursuant to IFRS 3 “Business Combination”, the Company shall set aside other reserve for identifiable assets required and liabilities assumed recorded at fair value in order to reflect the fair value of the insurance contract assumed.

7) Liability adequacy reserve

This is the reserve that is set aside based on the adequacy test of liability required by IFRS 4 “Insurance Contracts”.

Liability adequacy test is based on integrated insurance contract and related regulations. This test compares net of reserve for insurance contract, deferred acquisition cost and related intangible assets with anticipated present value of insurance contract cash flow at each reporting date. If net book value is insufficient, recognize all insufficient amounts as liability adequacy reserve.

8) Reserves for insurance contracts with feature of financial instruments

Financial products without discretionary participation features follows “Regulations Governing the Setting Aside of Various Reserves by Insurance Enterprises” and Depository Accounting.

s. Foreign exchange valuation reserve

Foreign exchange valuation reserve was appropriated or written-down from the foreign investment assets (do not include foreign currency non-investment-linked life insurance product assets) in accordance with “Regulations Governing the Setting Aside of Various Reserves by Insurance Enterprises” and “Directions for Foreign Exchange Valuation Reserve by Life Insurance Enterprises”. The beginning balance of foreign exchange valuation reserve was \$1,745,679 thousand which has to recognize special capital reserve within three years since 2012 according to the provision. The recognized amount should not be less than one third of the beginning balance net of tax for the first year. The cumulative recognized amount of the first two years should not be less than two thirds of the beginning balance net of tax. In addition, the saving of hedging costs is transferred to special capital reserve each year. If the annual earning is not enough for transfer, then replenish in the later year. The related special reserve is only used for capital increase or offset deficit. According to Article 9 of the “Directions for Foreign Exchange Valuation Reserve by Life Insurance Enterprises” and the Order No. Financial-Supervisory-Securities-Corporate - 1090490453 issued by the FSC on February 17, 2020, starting from the earning distribution of 2019, when insurance company set aside special capital reserve according to Article 9 of the “Directions for Foreign Exchange Valuation Reserve by Life Insurance Enterprises”, it shall set aside 10% of “net profit after tax plus Items other than net profit after tax that are included in the undistributed earnings of the year” as special reserve.

t. Insurance premium income and expenses

For the Company’s insurance contract and financial instruments with discretionary participation features, the initial and renewal premium are only recognized as revenue after collection and underwriting procedures, and subsequent session of collection are completed, respectively. In terms of the acquisition cost such as commission expenses and brokerage expenses, the related expenses will be recognized in that period after commencement of the insurance contract.

For non-separate account insurance product that is also classified as financial products without discretionary participation features, the insurance revenue collected is recognized on the balance sheet as “reserves for insurance contracts with feature of financial instruments.” The related acquisition costs will be written-down in that period after commencement of the insurance contract under “reserves for insurance contracts with feature of financial instruments.”

u. Reinsurance

The Company limits exposure to some events that may cause a certain amount of loss by arranging reinsurance in accordance with business needs and the insurance laws and regulations. For reinsurance ceded, the Company may not refuse to fulfill its obligations to the insured even if the reinsurer fails to fulfill their responsibility.

Reinsurance expenses and reinsurance commission income generated from ceded reinsurance business and due to reinsurers and ceding companies are recognized in the same period with income or expense of the related insurance contract. As the net right of holding reinsurance contract includes reinsurance reserve assets, claims recoverable from reinsurers and due from reinsurers and ceding companies, they are recognized according to the method of signed reinsurance contract and related insurance contract liabilities. The assets, liabilities, income and expense of reinsurance contract cannot offset with the income and expense of related insurance liabilities and insurance contract.

The Company holds the right over re-insurer for reinsurance reserve assets, claims recoverable from reinsurers and due from reinsurers and ceding companies, and regularly assess if impairment has occurred to such rights or the rights can no longer be recovered. When objective evidences demonstrate that such rights after initial recognition may lead to the Company not recovering all contractual terms of the amount due, and the potential impact of the above cases that the Company will receive from reinsurers can be measured reliably, then the Company can retrieve an amount that is less than the carrying value of the aforementioned rights, and recognize impairment losses.

For the classification of reinsurance contracts, the Company assesses whether the transfer of significant insurance risk to the re-insurer has occurred. If the transfer of significant insurance risk is not apparent, then the contract is recognized and evaluated with deposit accounting.

For reinsurance contracts that have their significant insurance risk transferred, if the Company can separate and measure the individual deposit component, then the reinsurance contracts need to be recognized separately as the insurance component and the deposit component. That is, the Company receives (or pays) the contract's value minus the insurance component, recognizing it as financial liabilities (or assets), and not as incomes (or expenses). The financial liabilities (or assets) are recognized with the fair value approach and uses the present value of future cash flow as the basis for the fair value approach.

v. Share-based payment transactions

For the equity-settled transactions between the Company and its employees is recognized based on the fair value of the equity instruments granted. The Company has determined the date of the subscription price and the number of shares as the grant-date and recognized the fair value of the equity instruments granted as expenses, with a corresponding increase in equity.

w. Income taxes

Income tax expense (benefit) is the aggregate amount in respect of current tax and deferred tax which included in profit or loss for the period.

Current income tax

Current income tax liability (asset) for the current and prior period is measured at the amount expected to be recovered from or paid to the taxation authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period. Current income tax and the tax relating to items recognized in other comprehensive income or directly in equity shall be recognized in other comprehensive income or directly in equity rather than the profit and loss.

The income tax for unappropriated earnings is recognized as income tax expense in the subsequent year when the distribution proposal is approved at the shareholders' meeting.

Deferred tax

Deferred tax is provided on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts in the balance sheets.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the reporting date. The measurement of deferred tax assets and liabilities reflect the tax consequences generated from expected recovery of assets or settlement of liabilities at the end of reporting date. Deferred tax is not recognized in the profit and loss if the related item is not recognized in the profit and loss. Rather, it is recognized in other comprehensive income or directly in equity according to their transaction. Deferred tax assets are reassessed at each reporting date and are recognized accordingly.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current income tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

The income tax expense for the mid-term period is accrued and disclosed at the tax rate applicable to the expected total income for the current year, means that using estimated annual tax rate with the pre-tax benefit for the mid-term period. The estimate of the annual tax rate only includes current income tax expense, the deferred income tax is measured in accordance with IAS 12 “Income Tax” and in consistent with the annual financial report. When tax rate changes, the impact on deferred income tax is recognized in profit or loss, other comprehensive income, or directly in equity.

x. Unconsolidated structured entities

Securitization vehicles such as real estate investment trust and beneficiary certificates of financial asset securitization, asset-backed financings and some investment funds such as private funds are unconsolidated structured entities, and the related information should be disclosed in accordance with IFRS 12 “Disclosure of Interests in Other Entities”.

5. SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the Company’s financial statements requires management to make judgments, estimates and assumptions that affect the reported amount of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the end of the reporting period. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the assets or liabilities affected in future periods.

a. Judgment

In the process of applying the Company’s accounting policies, management has made the following judgments, which have the most significant effect on the amounts recognized in the financial statements:

1) Categories of financial assets

The management has to use its judgment to categorize financial assets. Different categories applied will affect measurements of the financial assets, which could have a significant impact on the Company’s financial position and performance.

2) Categories of insurance contracts

The Company identifies the composition of the issued insurance product contracts, decides whether it can be measured individually and determines whether the contract should be separately recognized. In addition, the Company examines whether the insurance contract has a significant insurance risk through review of the effective period of additional payment ratio, to decide the category of insurance products. If the additional payment ratio reaches the pre-set significant standard at any policy period, such contract should be considered having a significant insurance risk. If a single contract provides payment of multiple different insurance events, additional payment will be calculated by the greatest difference between the payment of each insurance event if occurs and the payment of each insurance event if not occurs.

3) Operating lease commitment - the Company as the lessor

The Company has entered into commercial property leases on its investment property portfolio. The Company has determined, based on evaluation of the terms for the arrangements, that it retains all the significant risks and rewards of ownership for these properties and takes the contracts as operating leases.

b. Estimates and assumptions

The assumptions about the future and primary sources of uncertainty estimation at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

1) Fair value of financial instruments

Where the fair value of the financial instruments recognized in the balance sheet cannot be derived from an active market or a quoted price, it is determined using a valuation technique. In applying valuation techniques, the Company adopts pricing models in accordance with its procedure for valuation, and uses observable market data as possible. The changes in assumptions of these models will affect the fair value of reported financial instruments. Please refer to Note 38.

2) Fair value of investment property

The fair value of investment property is derived from valuation techniques, including the income approach, comparison method, cost method, etc., and assumptions used in applying valuation techniques will have influence on the fair value of investment property.

3) Impairment assessment of financial assets

The Company adopts expected credit loss model to assess impairment on debt instrument investments not measured at fair value through profit or loss. The measurement consider the credit risk of issuers or counterparties, estimate the future 12-month or the lifetime Probability of default (PD), Loss given default (LGD) and Exposure at default (EAD). The Company also considers the effect of the time value of money to calculate 12-month expected credit losses or the lifetime expected credit losses respectively. The Company has taken historical experiences, market conditions and forward-looking adjustment into account to decide on the assumption and inputs of expected credit loss calculation.

- 4) Insurance contract liabilities (including investment contract liabilities with discretionary participation feature of financial instruments)

The liability for insurance contracts and investment contracts with discretionary participation feature of financial instruments is either based on current assumptions or on assumptions established at the inception of the contract, reflecting the best estimate at the time. All contracts are subject to a liability adequacy test, which reflect management's best current estimate of future cash flows. The main assumptions used relate to mortality, morbidity, investment returns, and expenses and surrender rates. The Company bases its assumptions on the standards published by the Actuarial Institute of the Republic of China, adjusted when appropriate to reflect the Company's unique risk exposure, product characteristics and experiences from target markets.

The best estimates of future investment income from the assets are based on current market returns, as well as expectation about future economic development. Assumptions on future expense are based on current expense level, adjusted for expected expense inflation, if appropriate. Surrender rates are based on the Company's historical experience.

- 5) Income taxes

Uncertainty of income taxes exists on interpretation of complex tax regulations and the amount and timing of future taxable income. The differences between the actual results and the assumptions, or future changes to such assumptions could necessitate future adjustments to tax income and expense already recorded. The Company establishes provision, based on reasonable estimates, for possible consequence of audits by the tax authorities in each country where it operates. The amount of provision is based on various factors, such as experience of previous tax audits and different interpretation of tax regulations by the taxable entity and the responsible tax authority.

Deferred tax assets are recognized for all carry-forward of unused tax losses and unused tax credits and deductible temporary differences to the extent that it is probable that taxable profit will be available or there are sufficient taxable temporary differences against which the unused tax losses, unused tax credits or deductible temporary differences can be utilized. The amount of deferred tax assets determined to be recognized is based upon the likely timing and the level of future taxable profits and taxable temporary differences together with future tax planning strategies.

6. CASH AND CASH EQUIVALENTS

	March 31, 2024	December 31, 2023	March 31, 2023
Cash on hand	\$ 372	\$ 1,235	\$ 1,124
Revolving funds	510	530	1,020
Cash in banks	10,147,167	22,307,426	39,164,755
Time deposits	13,080,521	13,953,143	13,113,500
Cash equivalents - bond with resale agreement	<u>12,206,338</u>	<u>12,941,140</u>	<u>8,681,126</u>
Total	<u>\$ 35,434,908</u>	<u>\$ 49,203,474</u>	<u>\$ 60,961,525</u>

7. RECEIVABLES

	March 31, 2024	December 31, 2023	March 31, 2023
Notes receivable	\$ 39,236	\$ 92,198	\$ 68,884
Other receivables			
Interest receivable	17,249,256	17,433,672	15,676,252
Securities settlement receivable	3,409,163	3,749,641	6,715,765
Financial institutions collection receivable	9,159	560,074	509,452
Separate account receivable	1,174,764	1,156,091	675,596
Dividends receivable	609,640	462,365	502,971
Others	603,213	740,878	593,302
Overdue receivable	8,509	8,105	9,360
Less: Allowance for bad debts - other receivables	<u>(1,666,767)</u>	<u>(1,417,008)</u>	<u>(856,733)</u>
Subtotal	<u>21,396,937</u>	<u>22,693,818</u>	<u>23,825,965</u>
Total	<u>\$ 21,436,173</u>	<u>\$ 22,786,016</u>	<u>\$ 23,894,849</u>

The Company adopted IFRS 9 for impairment assessment. Please refer to Note 30 for more details on impairment of receivables. Please refer to Note 39 for more details on credit risk management.

8. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	March 31, 2024	December 31, 2023	March 31, 2023
Mandatorily measured at fair value through profit or loss:			
Derivatives not designated as hedging instruments	\$ 1,491,239	\$ 19,422,920	\$ 4,785,605
Domestic financial debentures	19,856,369	19,873,875	19,524,140
Domestic listed stocks	153,567,091	135,584,939	116,750,700
Domestic preferred stocks	1,248,449	1,252,375	1,338,796
Domestic unlisted stock	1,810,998	1,694,359	1,450,749
Domestic beneficiary certificates	120,912,296	113,694,997	105,545,193
Domestic real estate investment trust	1,754,316	1,778,238	1,946,990
Overseas corporate bonds	5,425,427	5,105,865	4,963,011
Overseas listed stocks	30,405,557	26,852,442	30,124,008
Overseas preferred stocks	-	-	3,791,039
Overseas financial debentures	22,184,848	21,711,889	21,456,871
Overseas beneficiary certificates	57,270,711	53,744,370	70,323,696
Overseas real estate investment trust	<u>2,649,553</u>	<u>2,836,144</u>	<u>3,474,640</u>
Total	<u>\$ 418,576,854</u>	<u>\$ 403,552,413</u>	<u>\$ 385,475,438</u>

Financial assets at fair value through profit or loss were not pledged.

The Company elected to express profit or loss of the designated financial assets in overlay approach under IFRS 4 “Insurance Contracts” since its application of IFRS 9. Financial assets designated to apply overlay approach by the Company for investing activities relating to insurance contracts are as follows:

	March 31, 2024	December 31, 2023	March 31, 2023
Financial assets at fair value through profit or loss:			
Domestic financial debentures	\$ 19,856,369	\$ 19,873,875	\$ 19,524,140
Domestic listed stocks	153,567,091	135,584,939	116,750,700
Domestic preferred stocks	1,248,449	1,252,375	1,338,796
Domestic unlisted stocks	1,810,998	1,694,359	1,450,749
Domestic beneficiary certificates	120,912,296	113,694,997	105,545,193
Domestic real estate investment trust	1,754,316	1,778,238	1,946,990
Overseas corporate bonds	5,425,427	5,105,865	4,963,011
Overseas listed stocks	30,405,557	26,852,442	30,124,008
Overseas preferred stocks	-	-	3,791,039
Overseas financial debentures	22,184,848	21,711,889	21,456,871
Overseas beneficiary certificates	57,270,711	53,744,370	70,323,696
Overseas real estate investment trust	<u>2,649,553</u>	<u>2,836,144</u>	<u>3,474,640</u>
Total	<u>\$ 417,085,615</u>	<u>\$ 384,129,493</u>	<u>\$ 380,689,833</u>

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

	For the Three Months Ended March 31	
	2024	2023
Gains due to applying IFRS 9 to profit or loss	\$ 26,665,271	\$ 24,333,082
Less: (Gains) losses if applying IAS 39 to profit	<u>(8,100,826)</u>	<u>(3,955,154)</u>
Gains from adoption of overlay approach	<u>\$ 18,564,445</u>	<u>\$ 20,377,928</u>

Due to the adoption of overlay approach, loss from financial assets at fair value through profits or loss are increase from \$10,422,213 thousand to \$28,986,658 thousand and profits are decreased from \$23,352,437 thousand to \$2,974,509 thousand for the three months ended March 31, 2024 and 2023, respectively.

9. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	March 31, 2024	December 31, 2023	March 31, 2023
Debt instrument investments at fair value through other comprehensive income:			
Domestic government bonds	\$ 1,998,283	\$ 2,040,432	\$ 2,038,571
Overseas government bonds	12,225,637	12,099,044	3,030,823
Overseas corporate bonds	17,512,889	16,931,812	6,963,749
Overseas financial debentures	<u>10,897,772</u>	<u>15,057,473</u>	<u>11,074,998</u>
Subtotal	<u>42,634,581</u>	<u>46,128,761</u>	<u>23,108,141</u>
Equity instrument investments at fair value through other comprehensive income:			
Domestic listed stocks	3,109,207	3,107,013	4,211,497
Domestic unlisted stocks	1,538,896	1,515,993	1,786,236
Domestic preferred stocks	11,596,275	11,559,808	11,697,085
Overseas unlisted stocks	<u>10,679,273</u>	<u>9,346,708</u>	<u>11,071,965</u>
Subtotal	<u>26,923,651</u>	<u>25,529,522</u>	<u>28,766,783</u>
Total	<u>\$ 69,558,232</u>	<u>\$ 71,658,283</u>	<u>\$ 51,874,924</u>

Please refer to Note 30 for more details on gross carrying amount and accumulated impairment of debt instrument investments measured at fair value through other comprehensive income. Please refer to Note 39 for more details on credit risk management.

The Company's dividend income related to equity instrument investments measured at fair value through other comprehensive income for the three months ended March 31, 2024 and 2023 are as follows:

	For the Three Months Ended March 31	
	2024	2023
Related to investments held at the end of the reporting period	\$ 14,596	\$ 18,657
Dividends recognized during the period	14,596	20,266

Given the investment strategy, the Company disposed and derecognized partial equity instrument investments measured at fair value through other comprehensive income. Details on derecognition of such investments for the three months ended March 31, 2024 and 2023 are as follow:

	For the Three Months Ended March 31	
	2024	2023
The fair value of the investments at the date of derecognition	\$ -	\$ 2,078,125
The cumulative unrealized valuation gain on disposal reclassified from other equity to retained earnings	-	390,171

10. FINANCIAL ASSETS MEASURED AT AMORTIZED COST

	March 31, 2024	December 31, 2023	March 31, 2023
Domestic government bonds	\$ 62,241,170	\$ 64,998,535	\$ 79,199,101
Domestic corporate bonds	42,348,922	44,348,687	43,848,012
Domestic financial debentures	22,150,000	22,150,000	21,400,000
Domestic structured products	6,500,000	6,500,000	6,500,000
Overseas real estate mortgage bonds	6,836,596	6,593,502	6,588,498
Overseas government bonds	197,915,120	190,255,533	188,821,247
Overseas corporate bonds	529,765,035	515,080,126	510,946,604
Overseas financial debentures	785,279,274	753,219,405	735,911,927
Less: Refundable deposits	(15,099,913)	(7,498,119)	(8,863,820)
Less: Loss allowance	<u>(1,331,924)</u>	<u>(1,463,346)</u>	<u>(1,223,296)</u>
Total	<u>\$ 1,636,604,280</u>	<u>\$ 1,594,184,323</u>	<u>\$ 1,583,128,273</u>

For the three months ended March 31, 2024 and 2023, the carrying amounts and gain (loss) from disposal of the financial assets measured at amortized cost which was derecognized due to increasing credit risk or sales insignificant in value (either individually or in aggregate):

For the Three Months Ended March 31				
	2024		2023	
	Carrying Amount of Derecognition	Current Gain (Loss) Recognized	Carrying Amount of Derecognition	Current Gain (Loss) Recognized
Domestic government bonds	\$ 2,728,698	\$ 144,775	\$ 15,992,448	\$ 1,112,401
Overseas government bonds	-	-	344,357	26,738
Overseas corporate bonds	-	-	1,325,150	19,096
Overseas financial debentures	<u>-</u>	<u>-</u>	<u>8,662,514</u>	<u>261,826</u>
	<u>\$ 2,728,698</u>	<u>\$ 144,775</u>	<u>\$ 26,324,469</u>	<u>\$ 1,420,061</u>

Please refer to Note 43 for more details on financial assets measured at amortized cost under pledge.

Please refer to Note 30 for more details on gross carrying amount and accumulated impairment on financial assets measured at amortized cost. Please refer to Note 39 for more details on credit risk management.

11. LOANS

	March 31, 2024	December 31, 2023	March 31, 2023
Policy loans	\$ 28,413,847	\$ 28,339,180	\$ 27,074,931
Automatic premium loans	5,456,940	5,453,270	5,543,607
Secured loans	<u>157,740</u>	<u>175,197</u>	<u>246,740</u>
Subtotal	34,028,527	33,967,647	32,865,278
Less: Allowance for bad debts - secured loans	<u>(2,729)</u>	<u>(2,729)</u>	<u>(4,271)</u>
Total	<u>\$ 34,025,798</u>	<u>\$ 33,964,918</u>	<u>\$ 32,861,007</u>

The Company adopted IFRS 9 for impairment assessment. Please refer to Note 30 for more details on loss allowance.

12. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

The following table lists the investments accounted for using the equity method of the Company:

Name of Investee Company	March 31, 2024	December 31, 2023	March 31, 2023
Investments accounted for using the equity method	<u>\$ 2,323,168</u>	<u>\$ 2,118,503</u>	<u>\$ 2,210,048</u>

Please refer to Note 48 (2) for more details on associates' investment information.

The aggregate financial information of the Company's investments in associates was as follows:

	For the Three Months Ended March 31	
	2024	2023
Profit from continuing operations	\$ 72,529	\$ 127,382
Other comprehensive income (net of tax)	<u>136</u>	<u>426</u>
Total comprehensive income	<u>\$ 72,665</u>	<u>\$ 127,808</u>

The investments in associates were not pledged.

13. INVESTMENT PROPERTY

The reconciliations from the beginning book value balances to the ending book value balances for investment property measured at fair value model in subsequent period are as follows:

	For the Three Month Ended March 31, 2024				
	Land	Buildings	Right-of-use Asset - Land	Right-of-use Asset - Superficies of Royalties	Total
Beginning balance	\$ 32,942,958	\$ 23,606,942	\$ 1,584,171	\$ 9,183,816	\$ 67,317,887
Additions from subsequent expenditure	-	13,030	-	-	13,030
Additions from lease contract	-	-	34,387	-	34,387
Gains (losses) generated from adjustment fair value	-	(103,466)	(34,387)	-	(137,853)
Disposals	<u>(65,655)</u>	<u>(35,882)</u>	<u>-</u>	<u>-</u>	<u>(101,537)</u>
Ending balance	<u>\$ 32,877,303</u>	<u>\$ 23,480,624</u>	<u>\$ 1,584,171</u>	<u>\$ 9,183,816</u>	<u>\$ 67,125,914</u>

For the Three Month Ended March 31, 2023					
	Land	Buildings	Right-of-use Asset - Land	Right-of-use Asset - Superficies of Royalties	Total
Beginning balance	\$ 33,102,108	\$ 22,455,873	\$ 1,406,143	\$ 9,202,010	\$ 66,166,134
Additions from subsequent expenditure	-	3,080	-	-	3,080
Gains (losses) generated from adjustment fair value	-	(20,111)	834	31,678	12,401
Disposals	(62,511)	(78,910)	-	-	(141,421)
Transfer to property and equipment	(689,149)	(57,035)	-	-	(746,184)
Transfer from property and equipment	-	5,700	-	-	5,700
Ending balance	<u>\$ 32,350,448</u>	<u>\$ 22,308,597</u>	<u>\$ 1,406,977</u>	<u>\$ 9,233,688</u>	<u>\$ 65,299,710</u>

Development of the vacant land and prepayment for buildings without construction license is measured at cost because its fair value cannot be reliably determined. The reconciliations from the beginning book value balances to the ending book value balances are as follows:

For the Three Month Ended March 31, 2024				
	Land	Buildings	Prepayment for Buildings	Total
<u>Costs</u>				
Beginning balance	\$ 3,654,175	\$ -	\$ -	\$ 3,654,175
Ending balance	<u>\$ 3,654,175</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,654,175</u>
<u>Accumulated impairment</u>				
Beginning balance	\$ 1,219,288	\$ -	\$ -	\$ 1,219,288
Ending balance	<u>\$ 1,219,288</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,219,288</u>

For the Three Month Ended March 31, 2023				
	Land	Buildings	Prepayment for Buildings	Total
<u>Costs</u>				
Beginning balance	\$ 3,654,175	\$ -	\$ -	\$ 3,654,175
Ending balance	<u>\$ 3,654,175</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,654,175</u>
<u>Accumulated impairment</u>				
Beginning balance	\$ 1,217,622	\$ -	\$ -	\$ 1,217,622
Ending balance	<u>\$ 1,217,622</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,217,622</u>

Net carrying amount:

	Land	Buildings	Right-of-use Asset - Land	Right-of-use Asset - Superficies of Royalties	Prepayment for Buildings	Total
2024.3.31	\$ 35,312,190	\$ 23,480,624	\$ 1,584,171	\$ 9,183,816	\$ -	\$ 69,560,801
2023.12.31	\$ 35,377,845	\$ 23,606,942	\$ 1,584,171	\$ 9,183,816	\$ -	\$ 69,752,774
2023.3.31	\$ 34,787,001	\$ 22,308,597	\$ 1,406,977	\$ 9,233,688	\$ -	\$ 67,736,263

A major part of the Company's buildings includes main plants, air conditioning, electrical, fire-fighting and elevator equipment.

Valuation has been performed by appraisers from professional valuation agencies according to the Regulations on Real Estate Appraisal. Valuation reports are issued every six months whose fair value effectiveness are evaluated on the balance sheet date quarterly to determine whether valuation reports shall be reissued. Except for the investment property acquired from January 1 to March 31, 2023 whose fair values were based on the valuation reports of the same period, the rest of the properties' fair values were based on valuation reports dated December 31, 2023 and 2022; review reports on March 31, 2024 and 2023 are also acquired.

March 31, 2024 and December 31, 2023:

- a. Hong Bang Real Estate Appraisers Firm: Li Ching Tang
- b. CCIS Real Estate Joint Appraisers Firm: Wu Chih Hao, Li Wei Ju

March 31, 2023:

- a. Repro International Appraisers Firm: Tsai Yu Hsiang, Hsu Hsiang Yi
- b. Gao Yuan Appraisers Joint Firm: Chen Pi Yuan
- c. China Appraisers Joint Firm: Hsieh Dian Ching
- d. Bond Appraisers Joint Firm: Mao Ping Chi

The fair value of investment property is treated in accordance with the Regulations Governing the Preparation of Financial Reports by Insurance Enterprises. The fair value evaluation should adopt the discounted cash flow method of income approach or cost approach, excluding the investment property already stated on the account prior to May 11, 2020 which was subsequently measured by the fair value model, and the normal price should be used as the basis of fair value assessment.

For investment property acquired before May 11, 2020, the fair value was determined through the support of market evidence. Since the investment property of the Company comprises mainly commercial buildings and residential buildings that are with market liquidity and easy access to similar comparative cases and rental cases in the neighborhood, comparison approach and income approach, of which latter one uses the direct capitalization method, are mainly used for evaluations.

For investment property acquired after May 11, 2020, if a lease contract for more than one year has been entered into, it shall be evaluated by the discounted cash flow method of income approach. The cash flow, analysis period, and discount rate of the evaluation method shall meet the Regulations Governing the Preparation of Financial Reports by Insurance Enterprises; if the investment property did not enter into a lease contract for more than a year or the contract has been terminated, cancelled, or invalidated for more than one year, cost approach should be adopted for evaluation.

The inputs mainly used are as follows:

	March 31, 2024	December 31, 2023	March 31, 2023
Income capitalization rate	Mainly 0.16%-3.7%	Mainly 0.16%-3.7%	Mainly 1.55%-4.61%
Discount rate (Note)	2.925%-3.645%	2.925%-3.645%	2.82%-3.745%
Overall capital interest rate (Note)	1.58%-5.02%	1.58%-5.02%	1.93%-8.34%

Note: The valuation method of investment property acquired by the Company after May 11, 2020 adopted the discounted cash flow method of income approach and cost approach, and the main parameters used were the discount rate and the overall capital interest rate.

The part of the investment property of the Company that is measured at fair value subsequent to initial recognition, the fair value is categorized at Level 3 of the fair value hierarchy. The fair value of investment property will decrease as the main inputs, income capitalization rate of direct capitalization approach, the discount rate of the discounted cash flow method and the overall capital interest rate, increases. On the contrary, the fair value of investment property will increase if the main input decrease.

The investment properties are held mainly for lease business. All the lease agreements are operating leases. The primary terms of lease agreements are the same as general lease agreements. Rents from property investment are received annually, semi-annually, quarterly, monthly or in lump sum.

Rents from investment properties were \$375,311 thousand and \$418,857 thousand for the three months ended March 31, 2024 and 2023. Related direct operating expenses were \$61,701 thousand and \$64,223 thousand. The direct operating expenses of investment properties generating no rents were \$9,360 thousand and \$2,382 thousand.

As at March 31, 2024, December 31, 2023 and March 31, 2023, no investment properties were pledged as collateral.

14. REINSURANCE ASSETS

	March 31, 2024	December 31, 2023	March 31, 2023
Claims recoverable from reinsurers	\$ 848,825	\$ 814,846	\$ 761,458
Due from reinsurers and ceding companies	123,695	52,673	36,490
Reinsurance reserve assets			
Ceded unearned premium reserve	79,197	88,798	69,392
Ceded reserve for claims	<u>41,678</u>	<u>54,779</u>	<u>48,247</u>
	<u>120,875</u>	<u>143,577</u>	<u>117,639</u>
Total	<u>\$ 1,093,395</u>	<u>\$ 1,011,096</u>	<u>\$ 915,587</u>

The above reinsurance assets are not impaired.

15. PROPERTY AND EQUIPMENT

For the Three Months Ended March 31, 2024								
	Land	Buildings	Computer Equipment	Transportation Equipment	Other Equipment	Leasehold Improvements	Prepayment for Equipment and Construction in Progress	Total
<u>Cost</u>								
Beginning balance	\$ 5,980,242	\$ 5,370,386	\$ 851,843	\$ 35,172	\$ 726,219	\$ 64,930	\$ 213,362	\$ 13,242,154
Additions	-	1,233	16,396	322	2,289	302	56,376	76,918
Derecognition	-	-	(13,756)	(6)	(336)	-	-	(14,098)
Transfers	-	505	10,382	-	2,144	(544)	(56,218)	(43,731)
Ending balance	<u>\$ 5,980,242</u>	<u>\$ 5,372,124</u>	<u>\$ 864,865</u>	<u>\$ 35,488</u>	<u>\$ 730,316</u>	<u>\$ 64,688</u>	<u>\$ 213,520</u>	<u>\$ 13,261,243</u>
<u>Accumulated depreciation</u>								
Beginning balance	\$ -	\$ 935,209	\$ 343,106	\$ 8,957	\$ 569,669	\$ 29,302	\$ -	\$ 1,886,243
Depreciation	-	65,708	36,007	1,671	11,955	1,491	-	116,832
Derecognition	-	-	(13,752)	(6)	(334)	-	-	(14,902)
Ending balance	<u>\$ -</u>	<u>\$ 1,000,917</u>	<u>\$ 365,361</u>	<u>\$ 10,622</u>	<u>\$ 581,290</u>	<u>\$ 30,793</u>	<u>\$ -</u>	<u>\$ 1,988,983</u>
<u>Accumulated impairment</u>								
Beginning balance	\$ 740,512	\$ 8,534	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 749,046
Ending balance	<u>\$ 740,512</u>	<u>\$ 8,534</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 749,046</u>
For the Three Months Ended March 31, 2023								
	Land	Buildings	Computer Equipment	Transportation Equipment	Other Equipment	Leasehold Improvements	Prepayment for Equipment and Construction in Progress	Total
<u>Cost</u>								
Beginning balance	\$ 5,935,595	\$ 5,415,717	\$ 837,739	\$ 30,834	\$ 688,214	\$ 42,147	\$ 304,533	\$ 13,254,779
Additions	-	2,421	27,275	1,059	844	100	64,974	96,673
Derecognition	-	-	(50,406)	(7)	(561)	-	-	(50,974)
Transfers from investment property	689,149	89,646	-	-	-	-	-	778,795
Transfers to investment property	-	(5,690)	-	-	-	-	-	(5,690)
Transfers	-	72	15,299	677	120	-	(86,698)	(70,530)
Ending balance	<u>\$ 6,624,744</u>	<u>\$ 5,502,166</u>	<u>\$ 829,907</u>	<u>\$ 32,563</u>	<u>\$ 688,617</u>	<u>\$ 42,247</u>	<u>\$ 282,809</u>	<u>\$ 14,003,053</u>
<u>Accumulated depreciation</u>								
Beginning balance	\$ -	\$ 752,749	\$ 313,874	\$ 3,451	\$ 513,249	\$ 24,850	\$ -	\$ 1,608,173
Depreciation	-	63,668	33,466	1,513	16,825	656	-	116,128
Derecognition	-	-	(50,405)	(7)	(560)	-	-	(50,972)
Transfers from investment property	-	32,611	-	-	-	-	-	32,611
Transfers to investment property	-	(278)	-	-	-	-	-	(278)
Ending balance	<u>\$ -</u>	<u>\$ 848,750</u>	<u>\$ 296,935</u>	<u>\$ 4,957</u>	<u>\$ 529,514</u>	<u>\$ 25,506</u>	<u>\$ -</u>	<u>\$ 1,705,662</u>
<u>Accumulated impairment</u>								
Beginning balance	\$ 740,512	\$ 8,534	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 749,046
Ending balance	<u>\$ 740,512</u>	<u>\$ 8,534</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 749,046</u>
	Land	Buildings	Computer Equipment	Transportation Equipment	Other Equipment	Leasehold Improvements	Prepayment for Equipment and Construction in Progress	Total
<u>Net carrying amount:</u>								
2024.3.31	<u>\$ 5,239,730</u>	<u>\$ 4,362,673</u>	<u>\$ 499,504</u>	<u>\$ 24,866</u>	<u>\$ 149,026</u>	<u>\$ 33,895</u>	<u>\$ 213,520</u>	<u>\$ 10,523,214</u>
2023.12.31	<u>\$ 5,239,730</u>	<u>\$ 4,426,643</u>	<u>\$ 508,737</u>	<u>\$ 26,215</u>	<u>\$ 156,550</u>	<u>\$ 35,628</u>	<u>\$ 213,362</u>	<u>\$ 10,606,865</u>
2023.3.31	<u>\$ 5,884,232</u>	<u>\$ 4,644,882</u>	<u>\$ 532,972</u>	<u>\$ 27,606</u>	<u>\$ 159,103</u>	<u>\$ 16,741</u>	<u>\$ 282,809</u>	<u>\$ 11,548,345</u>

Property and equipment held by the Company are not pledged.

16. LEASES

a. Company as a lessee

The commercial lease contracts for offices signed by the Company are within two to fifteen years, vehicles are within five to seven years and equipment are within three to five years without renewal option. There is no restriction on the Company in these contracts. Furthermore, the Company leases the land for 70 years by creating surface right and the agreement is a non-cancellable operating lease.

The Company's leases effect on the financial position, financial performance and cash flows are as follow:

1) Amounts of right-of-use assets recognized in the balance sheet and the statements of comprehensive income

	For the Three Months Ended March 31, 2024						
	Land	Royalty - Surface Rights	Buildings	Computer Equipment	Transportation Equipment	Other Office Equipment	Total
<u>Cost</u>							
Beginning balance	\$ 530,510	\$ 4,354,410	\$ 397,848	\$ 148,434	\$ 10,898	\$ 24,157	\$ 5,466,257
Additions	<u>17,066</u>	<u>-</u>	<u>-</u>	<u>2,173</u>	<u>-</u>	<u>-</u>	<u>19,239</u>
Ending balance	<u>\$ 547,576</u>	<u>\$ 4,354,410</u>	<u>\$ 397,848</u>	<u>\$ 150,607</u>	<u>\$ 10,898</u>	<u>\$ 24,157</u>	<u>\$ 5,485,496</u>
<u>Accumulated depreciation</u>							
Beginning balance	\$ 42,222	\$ 328,974	\$ 90,846	\$ 91,571	\$ 4,954	\$ 8,052	\$ 566,619
Depreciation	<u>2,119</u>	<u>16,758</u>	<u>13,330</u>	<u>8,023</u>	<u>420</u>	<u>1,421</u>	<u>42,071</u>
Ending balance	<u>\$ 44,341</u>	<u>\$ 345,732</u>	<u>\$ 104,176</u>	<u>\$ 99,594</u>	<u>\$ 5,374</u>	<u>\$ 9,473</u>	<u>\$ 608,690</u>
	For the Three Months Ended March 31, 2023						
	Land	Royalty - Surface Rights	Buildings	Computer Equipment	Transportation Equipment	Other Office Equipment	Total
<u>Cost</u>							
Beginning balance	\$ 530,513	\$ 4,354,410	\$ 332,366	\$ 148,434	\$ 18,277	\$ 62,694	\$ 5,446,694
Additions	<u>198</u>	<u>-</u>	<u>65,753</u>	<u>-</u>	<u>(8)</u>	<u>-</u>	<u>65,943</u>
Write off	<u>(201)</u>	<u>-</u>	<u>(1,417)</u>	<u>-</u>	<u>(3,752)</u>	<u>-</u>	<u>(5,370)</u>
Ending balance	<u>\$ 530,510</u>	<u>\$ 4,354,410</u>	<u>\$ 396,702</u>	<u>\$ 148,434</u>	<u>\$ 14,517</u>	<u>\$ 62,694</u>	<u>\$ 5,507,267</u>
<u>Accumulated depreciation</u>							
Beginning balance	\$ 34,232	\$ 261,893	\$ 42,394	\$ 60,992	\$ 7,890	\$ 34,363	\$ 441,764
Depreciation	<u>2,048</u>	<u>16,807</u>	<u>13,853</u>	<u>7,645</u>	<u>648</u>	<u>4,692</u>	<u>45,693</u>
Write off	<u>(201)</u>	<u>-</u>	<u>(1,360)</u>	<u>-</u>	<u>(3,752)</u>	<u>-</u>	<u>(5,313)</u>
Ending balance	<u>\$ 36,079</u>	<u>\$ 278,700</u>	<u>\$ 54,887</u>	<u>\$ 68,637</u>	<u>\$ 4,786</u>	<u>\$ 39,055</u>	<u>\$ 482,144</u>
	Land	Royalty - Surface Rights	Buildings	Computer Equipment	Transportation Equipment	Other Office Equipment	Total
<u>Net carrying amount</u>							
2024.3.31	<u>\$ 503,235</u>	<u>\$ 4,008,678</u>	<u>\$ 293,672</u>	<u>\$ 51,013</u>	<u>\$ 5,524</u>	<u>\$ 14,684</u>	<u>\$ 4,876,806</u>
2023.12.31	<u>\$ 488,288</u>	<u>\$ 4,025,436</u>	<u>\$ 307,002</u>	<u>\$ 56,863</u>	<u>\$ 5,945</u>	<u>\$ 16,104</u>	<u>\$ 4,899,638</u>
2023.3.31	<u>\$ 494,431</u>	<u>\$ 4,075,710</u>	<u>\$ 341,815</u>	<u>\$ 79,797</u>	<u>\$ 9,731</u>	<u>\$ 23,639</u>	<u>\$ 5,025,123</u>

The depreciation expense on the right-of-use assets recognized during the three months ended March 31, 2024 and 2023 is \$42,071 thousand and \$45,693 thousand.

Depreciation on the right-of-use assets is calculated through a straight-line basis over 2 to 70 years.

- 2) Amounts of lease liabilities recognized in the balance sheet and the statements of comprehensive income

	March 31, 2024	December 31, 2023	March 31, 2023
Land	\$ 1,611,579	\$ 1,562,137	\$ 1,567,816
Buildings	309,046	321,582	350,239
Computer equipment	49,263	53,303	72,526
Transportation equipment	5,597	6,018	10,006
Other office equipment	<u>15,237</u>	<u>16,653</u>	<u>26,939</u>
Total	<u>\$ 1,990,722</u>	<u>\$ 1,959,693</u>	<u>\$ 2,027,526</u>

The interest expense on the lease liabilities recognized during the three months ended March 31, 2024 and 2023 is \$15,529 thousand and \$14,447 thousand. Please refer to Note 39 (2) Liquidity Risk Management for the maturity analysis for lease liabilities As at March 31, 2024, December 31, 2023 and March 31, 2023.

- 3) Income and costs relating to leasing activities

	For the Three Months Ended March 31	
	2024	2023
The expenses relating to short-term leases	\$ 265	\$ 219
The expenses relating to leases of low-value assets (not including the expenses relating to short-term leases of low-value assets)	33	33

For the related rent reductions that occurred as a direct result of the COVID, the Company recognized in non-operating income for the three months ended March 31, 2023 were \$4 thousand, to reflect that the relevant practical expedients which arising from the changes in lease payments have been applied.

- 4) Cash outflow relating to leasing activities

For the three months ended March 31, 2024 and 2023, the Company's total cash outflows for leases amounting to \$38,404 thousand and \$35,511 thousand.

- 5) Other information relating to leasing activities

- a) Variable lease payments

Some of the Company's machine equipment lease agreements contain variable lease payment terms that exceed the standard quota. As such variable lease payments do not meet the definition of lease payments, those payments are not included in the measurement of the assets and liabilities.

b) Extension and termination options

Some of the Company's rental agreement contain extension and termination options. In determining the lease terms, the non-cancellable period for which the Company has the right to use an underlying asset, together with both periods covered by an option to extend the lease if the Company is reasonably certain to exercise that option and periods covered by an option to terminate the lease if the Company is reasonably certain not to exercise that option. These options are used to maximize operational flexibility in terms of managing contracts. The majority of extension and termination options held are exercisable only by the Company. After the commencement date, the Company reassesses the lease term upon the occurrence of a significant event or a significant change in circumstances that is within the control of the lessee and affects whether the Company is reasonably certain to exercise an option not previously included in its determination of the lease term, or not to exercise an option previously included in its determination of the lease term.

b. Company as a lessor

Please refer to Note 13 for details on the Company's owned investment properties. Leases of owned investment properties are classified as operating leases as they do not transfer substantially all the risks and rewards incidental to ownership of underlying assets.

	For the Three Months Ended March 31	
	2024	2023
Lease income for operating leases		
Income relating to fixed lease payments and variable lease payments that depend on an index or a rate	\$ 372,810	\$ 416,229
Income relating to variable lease payments that do not depend on an index or a rate	<u>2,501</u>	<u>2,628</u>
Total	<u>\$ 375,311</u>	<u>\$ 418,857</u>

The remaining period of commercial property lease contracts the Company signed are within one year to twenty years, and most of these lease contracts contain terms about adjusting rents according to market environment annually. The undiscounted lease payments to be received and a total of the amounts for the remaining years as at March 31, 2024, December 31, 2023 and March 31, 2023 are as follow:

	March 31, 2024	December 31, 2023	March 31, 2023
Less than one year	\$ 1,344,662	\$ 1,354,903	\$ 1,466,681
More than one year but less than two years	1,184,142	1,201,719	1,277,543
More than two years but less than three years	967,284	954,622	1,028,760
More than three years but less than four years	857,231	838,239	835,435
More than four years but less than five years	809,495	739,294	740,433
More than five years	<u>6,011,007</u>	<u>6,119,255</u>	<u>6,440,587</u>
Total	<u>\$ 11,173,821</u>	<u>\$ 11,208,032</u>	<u>\$ 11,789,439</u>

17. OTHER ASSETS

	March 31, 2024	December 31, 2023	March 31, 2023
Insurance Industry Stability Fund	\$ 4,018,526	\$ 3,985,385	\$ 3,874,322
Less: Reserve for Insurance Industry Stability Fund	(4,018,526)	(3,985,385)	(3,874,322)
Prepayments	262,984	354,867	502,692
Refundable deposits	15,166,160	7,513,808	9,265,281
Other assets - others	<u>20,054</u>	<u>17,691</u>	<u>4,487</u>
Total	<u>\$ 15,449,198</u>	<u>\$ 7,886,366</u>	<u>\$ 9,772,460</u>

a. According to the official letter, Tai-Tsai-Bao No. 811769212 issued by the Ministry of Finance on December 31, 1992, starting from January 1 1993, one thousandth (1/1000) of premium income shall be appropriated to the insurance stabilization fund. According to the “Contribution Standard of Life and Property Insurance Stabilization Fund”, starting from July 1, 2014, the contribution of life insurance industry shall be based on total premium income and “capital adequacy ratio” and “the management performance indicators” shall be used as a calculation basis for contribution rate difference. The credit account, “Reserve for insurance stabilization fund”, is a contra account.

b. Guarantee deposits paid comprised:

	March 31, 2024	December 31, 2023	March 31, 2023
Insurance operation guarantee deposit	\$ 7,338,978	\$ 7,338,773	\$ 7,337,646
Office rental deposit	16,049	14,748	15,922
Deposit for derivatives trading	7,769,892	159,346	1,910,473
Other guarantee deposits	<u>41,241</u>	<u>941</u>	<u>1,240</u>
	<u>\$ 15,166,160</u>	<u>\$ 7,513,808</u>	<u>\$ 9,265,281</u>

c. According to the Article 141 of the Insurance Act, an insurance enterprise shall post bond at the national treasury in an amount equal to 15% of the total amount of its paid-in capital. According to the Article 142 of the Act, the deposited bond is not to be returned except if the insurer ceases business operations and completes the required liquidation. As of March 31, 2024, December 31, 2023 and March 31, 2023, the Company posted government bond as business guarantee deposit to the special treasury account.

d. As of March 31, 2024, December 31, 2023 and March 31, 2023, transaction deposit for derivatives was \$7,769,892 thousand for bank deposits and government bonds, \$159,346 thousand for government bonds, and \$1,910,473 thousand for bank deposits and government bonds.

18. PAYABLES

	March 31, 2024	December 31, 2023	March 31, 2023
Notes payable	\$ -	\$ -	\$ 62
Life insurance proceeds payable	76,403	65,616	123,223
Commissions payable	1,413,227	1,579,202	1,715,649
Due to reinsurers and ceding companies	905,776	896,534	854,141
Other payables			
Salary payable	740,870	968,326	496,019
Tax payable	99,753	99,346	99,886
Collection payable	66,053	52,127	50,016
Payable on investments	2,113,396	2,269,690	726,565
Accrued expense and payable on insurance policies	7,808,022	8,129,881	7,153,925
Others	413,656	245,478	146,617
Subtotal	<u>11,241,750</u>	<u>11,764,848</u>	<u>8,673,028</u>
Total	<u>\$ 13,637,156</u>	<u>\$ 14,306,200</u>	<u>\$ 11,366,103</u>

19. BONDS PAYABLE

	March 31, 2024	December 31, 2023	March 31, 2023
1 st perpetual cumulative subordinated corporate bonds issued in 2020	\$ 10,000,000	\$ 10,000,000	\$ 10,000,000
1 st unsecured cumulative subordinated corporate bonds issued in 2023	<u>10,000,000</u>	<u>10,000,000</u>	<u>-</u>
Total	<u>\$ 20,000,000</u>	<u>\$ 20,000,000</u>	<u>\$ 10,000,000</u>

a. The issue was approved by Financial Supervisory Commission (“FSC”) under Order No. Jin-Guan-Bao-Shou-Zi-1090434160 and Taipei Exchange (“TPEX”) under Order No. Cheng-Gui-Chai-Zi-10900142481. The Company issued corporate bond on December 28, 2020. The issuance conditions are as follows:

- 1) Total issuance and face value: The total issuance is NT \$10,000,000 thousand, and the per par value is NT \$1,000 thousand.
- 2) Issue period and method: Perpetual bonds. Fully issued according to the face value.
- 3) Coupon rate: The annual coupon rate is fixed at 2.7%.
- 4) Interest payment: Since the issuance date, the interest will be calculated and paid once a year based on the coupon rate. The interest payment amount is calculated based on the face value of each bond and is rounded up to the nearest dollar if the decimal point is more than \$0.5 and rounded off if less than \$0.4. If the principal and interest payment date is the day when the place of payment bank ceases business, the principal and interest will be paid on the business day following the business closure day, and no additional interest will be paid. If the principal and interest are received after the principal and interest payment date, no deferred interest will be calculated and paid.

- 5) Redemption right: Ten years after the issuance date, the bonds may be redeemed in whole by China Life with regulator's approval if the Company's capital adequacy ratio (after the bond redemption) is one time higher than the minimum regulation requirement at the time of calculation. The redemption price will be equal to par value plus any accrued and unpaid interest payable up to the date of redemption.
- 6) Form: Issued in dematerialized form, and is registered with the Taiwan Depository & Clearing Corporation.

The Company's issuance of corporate bonds will recognize interest expenses of \$67,131 thousand and \$66,575 thousand for the three months ended March 31, 2024 and 2023 and accounted as financial costs.

- b. The issue was approved by Financial Supervisory Commission ("FSC") under Order No. Jin-Guan-Bao-Shou-Zi-1120424290 and Taipei Exchange ("TPEX") under Order No. Cheng-Gui-Chai-Zi-11200065611. The Company issued corporate bond on July 25, 2023. The issuance conditions are as follows:

- 1) Total issuance and face value: The total issuance is NT \$10,000,000 thousand, and the per par value is NT \$1,000 thousand.
- 2) Issue period and method: 10-year. Fully issued according to the face value.
- 3) Coupon rate: The annual coupon rate is fixed at 3.75%.
- 4) Interest payment: Since the issuance date, the interest will be calculated and paid once a year based on the coupon rate. The interest payment amount is calculated based on the face value of each bond and is rounded up to the nearest dollar if the decimal point is more than \$0.5 and rounded off if less than \$0.4. If the principal and interest payment date is the day when the place of payment bank ceases business, the principal and interest will be paid on the business day following the business closure day, and no additional interest will be paid. If the principal and interest are received after the principal and interest payment date, no deferred interest will be calculated and paid.
- 5) Form: Issued in dematerialized form, and is registered with the Taiwan Depository & Clearing Corporation.

The Company's issuance of corporate bonds recognizes in interest expenses, accounted as financial costs, from the three months ended March 31, 2024 was \$93,238 thousand.

20. FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS

	March 31, 2024	December 31, 2023	March 31, 2023
Held for trading:			
Derivatives not designated as hedging instruments			
Swaps and forward foreign exchange contracts	<u>\$ 17,227,297</u>	<u>\$ 5,612,137</u>	<u>\$ 5,628,772</u>

21. INSURANCE CONTRACTS AND PROVISION FOR FINANCIAL INSTRUMENTS WITH DISCRETIONARY PARTICIPATION FEATURE

As at March 31, 2024, December 31, 2023 and March 31, 2023, movement in reserves of insurance contracts and financial instruments with discretionary participation feature is as follows.

	March 31, 2024	December 31, 2023	March 31, 2023
Reserve for life insurance liabilities	\$ 2,051,171,435	\$ 2,035,521,454	\$ 2,042,206,626
Unearned premium reserve	5,263,236	5,776,296	4,831,622
Reserve for claims	3,838,223	3,261,985	2,802,203
Special reserve	8,037,184	7,284,162	8,299,521
Premium deficiency reserve	1,400,082	1,493,153	1,885,689
Other reserve	<u>18,019,236</u>	<u>18,097,314</u>	<u>18,331,118</u>
Ending balance	<u>\$ 2,087,729,396</u>	<u>\$ 2,071,434,364</u>	<u>\$ 2,078,356,779</u>

a. Reserve for life insurance liabilities:

	March 31, 2024			December 31, 2023			March 31, 2023		
	Insurance Contract	Financial Instruments with Discretionary Participation Feature	Total	Insurance Contract	Financial Instruments with Discretionary Participation Feature	Total	Insurance Contract	Financial Instruments with Discretionary Participation Feature	Total
Life insurance	\$ 1,706,121,563	\$ 47,598,176	\$ 1,753,719,739	\$ 1,688,712,054	\$ 48,428,133	\$ 1,737,140,187	\$ 1,688,424,150	\$ 51,098,213	\$ 1,739,522,363
Health insurance	180,642,562	-	180,642,562	178,371,313	-	178,371,313	169,470,202	-	169,470,202
Annuity insurance	749,859	113,490,199	114,240,058	745,258	116,760,636	117,505,894	731,180	130,189,033	130,920,213
Investment-linked insurance	<u>2,371,690</u>	<u>-</u>	<u>2,371,690</u>	<u>2,309,312</u>	<u>-</u>	<u>2,309,312</u>	<u>2,121,406</u>	<u>-</u>	<u>2,121,406</u>
Total (Note)	<u>\$ 1,889,885,674</u>	<u>\$ 161,088,375</u>	<u>\$ 2,050,974,049</u>	<u>\$ 1,870,137,937</u>	<u>\$ 165,188,769</u>	<u>\$ 2,035,326,706</u>	<u>\$ 1,860,746,938</u>	<u>\$ 181,287,246</u>	<u>\$ 2,042,034,184</u>

Note: Total of reserve for life insurance liabilities after including “reserve for life insurance liabilities - payables for the insured” amounted to \$2,051,171,435 thousand as of March 31, 2024.

Total of reserve for life insurance liabilities after including “reserve for life insurance liabilities - payables for the insured” amounted to \$2,035,521,454 thousand as of December 31, 2023.

Total of reserve for life insurance liabilities after including “reserve for life insurance liabilities - payables for the insured” amounted to \$2,042,206,626 thousand as of March 31, 2023.

There is no ceded liability reserve for the above insurance contracts.

Movement in reserve for life insurance liabilities is summarized below:

	For the Three Months Ended March 31					
	2024			2023		
	Insurance Contract	Financial Instruments with Discretionary Participation Feature	Total	Insurance Contract	Financial Instruments with Discretionary Participation Feature	Total
Beginning balance	\$ 1,870,137,937	\$ 165,188,769	\$ 2,035,326,706	\$ 1,858,062,445	\$ 186,744,859	\$ 2,044,807,304
Reserve	36,910,478	688,821	37,599,299	40,415,541	1,328,028	41,743,569
Recover	(36,476,200)	(5,487,504)	(41,963,704)	(33,123,410)	(6,579,787)	(39,703,197)
Losses (gains) on foreign exchange	<u>19,313,459</u>	<u>698,289</u>	<u>20,011,748</u>	<u>(4,607,638)</u>	<u>(205,854)</u>	<u>(4,813,492)</u>
Ending balance (Note)	<u>\$ 1,889,885,674</u>	<u>\$ 161,088,375</u>	<u>\$ 2,050,974,049</u>	<u>\$ 1,860,746,938</u>	<u>\$ 181,287,246</u>	<u>\$ 2,042,034,184</u>

Note: Total of reserve for life insurance liabilities after including “reserve for life insurance liabilities - payables for the insured” amounted to \$2,051,171,435 thousand as of March 31, 2024.

Total of reserve for life insurance liabilities after including “reserve for life insurance liabilities - payables for the insured” amounted to \$2,042,206,626 thousand as of March 31, 2023.

b. Unearned premium reserve:

	March 31, 2024			December 31, 2023			March 31, 2023		
	Financial Instruments with Discretionary Participation Feature			Financial Instruments with Discretionary Participation Feature			Financial Instruments with Discretionary Participation Feature		
	Insurance Contract		Total	Insurance Contract		Total	Insurance Contract		Total
Individual life insurance	\$ 653	\$ -	\$ 653	\$ 754	\$ -	\$ 754	\$ 774	\$ -	\$ 774
Individual injury insurance	2,019,978	-	2,019,978	2,173,679	-	2,173,679	1,801,138	-	1,801,138
Individual health insurance	2,694,580	-	2,694,580	2,904,329	-	2,904,329	2,534,716	-	2,534,716
Group insurance	473,463	-	473,463	622,551	-	622,551	422,623	-	422,623
Investment-linked insurance	74,561	-	74,561	74,981	-	74,981	72,366	-	72,366
Annuity insurance	-	1	1	-	2	2	-	5	5
Total	<u>5,263,235</u>	<u>1</u>	<u>5,263,236</u>	<u>5,776,294</u>	<u>2</u>	<u>5,776,296</u>	<u>4,831,617</u>	<u>5</u>	<u>4,831,622</u>
Less ceded unearned premium reserve:									
Individual life insurance	22,052	-	22,052	21,220	-	21,220	20,293	-	20,293
Individual injury insurance	1,007	-	1,007	963	-	963	917	-	917
Individual health insurance	46,074	-	46,074	56,986	-	56,986	38,526	-	38,526
Group insurance	4,650	-	4,650	4,313	-	4,313	4,313	-	4,313
Investment-linked insurance	5,414	-	5,414	5,316	-	5,316	5,343	-	5,343
Total	<u>79,197</u>	<u>-</u>	<u>79,197</u>	<u>88,798</u>	<u>-</u>	<u>88,798</u>	<u>69,392</u>	<u>-</u>	<u>69,392</u>
Net amount	<u>\$ 5,184,038</u>	<u>\$ 1</u>	<u>\$ 5,184,039</u>	<u>\$ 5,687,496</u>	<u>\$ 2</u>	<u>\$ 5,687,498</u>	<u>\$ 4,762,225</u>	<u>\$ 5</u>	<u>\$ 4,762,230</u>

Movement in unearned premium reserve is summarized below:

For the Three Months Ended March 31						
	2024			2023		
	Insurance Contract	Financial Instruments with Discretionary Participation Feature	Total	Insurance Contract	Financial Instruments with Discretionary Participation Feature	Total
Beginning balance	\$ 5,776,294	\$ 2	\$ 5,776,296	\$ 5,099,215	\$ 7	\$ 5,099,222
Reserve	931,006	1	931,007	1,007,208	5	1,007,213
Recover	(1,444,073)	(2)	(1,444,075)	(1,274,804)	(7)	(1,274,811)
Losses (gains) on foreign exchange	8	-	8	(2)	-	(2)
Ending balance	<u>5,263,235</u>	<u>1</u>	<u>5,263,236</u>	<u>4,831,617</u>	<u>5</u>	<u>4,831,622</u>
Less ceded unearned premium reserve:						
Beginning balance	88,798	-	88,798	66,877	-	66,877
Increase	12,487	-	12,487	19,244	-	19,244
Decrease	(22,199)	-	(22,199)	(16,719)	-	(16,719)
Losses (gains) on foreign exchange	111	-	111	(10)	-	(10)
Ending balance	<u>79,197</u>	<u>-</u>	<u>79,197</u>	<u>69,392</u>	<u>-</u>	<u>69,392</u>
Net amount	<u>\$ 5,184,038</u>	<u>\$ 1</u>	<u>\$ 5,184,039</u>	<u>\$ 4,762,225</u>	<u>\$ 5</u>	<u>\$ 4,762,230</u>

c. Reserve for claims:

	March 31, 2024			December 31, 2023			March 31, 2023		
	Insurance Contract	Financial Instruments with Discretionary Participation Feature	Total	Insurance Contract	Financial Instruments with Discretionary Participation Feature	Total	Insurance Contract	Financial Instruments with Discretionary Participation Feature	Total
Individual life insurance									
Reported but not paid claim	\$ 224,521	\$ 16,268	\$ 240,789	\$ 255,746	\$ 4,607	\$ 260,353	\$ 349,673	\$ 5,834	\$ 355,507
Unreported claim	207	-	207	199	-	199	579	-	579
Individual injury insurance									
Reported but not paid claim	47,233	-	47,233	61,232	-	61,232	67,073	-	67,073
Unreported claim	794,915	-	794,915	743,830	-	743,830	490,955	-	490,955
Individual health insurance									
Reported but not paid claim	167,688	-	167,688	182,834	-	182,834	142,014	-	142,014
Unreported claim	1,526,111	-	1,526,111	1,181,370	-	1,181,370	930,555	-	930,555
Group insurance									
Reported but not paid claim	107,320	-	107,320	95,822	-	95,822	143,464	-	143,464
Unreported claim	854,305	-	854,305	663,053	-	663,053	526,204	-	526,204
Investment-linked insurance			-			-			-
Reported but not paid claim	66,835	-	66,835	38,928	-	38,928	24,726	-	24,726
Unreported claim	-	-	-	-	-	-	-	-	-
Annuity insurance									
Reported but not paid claim	-	32,807	32,807	-	34,343	34,343	4,056	117,049	121,105
Unreported claim	-	13	13	-	21	21	-	21	21
Total	<u>3,789,135</u>	<u>49,088</u>	<u>3,838,223</u>	<u>3,223,014</u>	<u>38,971</u>	<u>3,261,985</u>	<u>2,679,299</u>	<u>122,904</u>	<u>2,802,203</u>
Less ceded reserve for claims:									
Individual life insurance	15,169	-	15,169	27,274	-	27,274	13,888	-	13,888
Individual injury insurance	1,674	-	1,674	1,674	-	1,674	5,036	-	5,036
Individual health insurance	16,975	-	16,975	18,771	-	18,771	16,223	-	16,223
Group insurance	7,000	-	7,000	5,700	-	5,700	13,100	-	13,100
Investment-linked insurance	860	-	860	1,360	-	1,360	-	-	-
Total	<u>41,678</u>	<u>-</u>	<u>41,678</u>	<u>54,779</u>	<u>-</u>	<u>54,779</u>	<u>48,247</u>	<u>-</u>	<u>48,247</u>
Net amount	<u>\$ 3,747,457</u>	<u>\$ 49,088</u>	<u>\$ 3,796,545</u>	<u>\$ 3,168,235</u>	<u>\$ 38,971</u>	<u>\$ 3,207,206</u>	<u>\$ 2,631,052</u>	<u>\$ 122,904</u>	<u>\$ 2,753,956</u>

Movement in reserve for claims is summarized below:

	For the Three Months Ended March 31					
	2024			2023		
	Insurance Contract	Financial Instruments with Discretionary Participation Feature	Total	Insurance Contract	Financial Instruments with Discretionary Participation Feature	Total
Beginning balance	\$ 3,223,014	\$ 38,971	\$ 3,261,985	\$ 3,539,974	\$ 42,273	\$ 3,582,247
Reserve	3,786,365	49,075	3,835,440	2,680,230	122,887	2,803,117
Recover	(3,223,014)	(38,971)	(3,261,985)	(3,539,974)	(42,273)	(3,582,247)
Losses (gains) on foreign exchange	<u>2,770</u>	<u>13</u>	<u>2,783</u>	<u>(931)</u>	<u>17</u>	<u>(914)</u>
Ending balance	<u>3,789,135</u>	<u>49,088</u>	<u>3,838,223</u>	<u>2,679,299</u>	<u>122,904</u>	<u>2,802,203</u>
Less ceded unearned premium reserve:						
Beginning balance	54,779	-	54,779	44,168	-	44,168
Increase	41,650	-	41,650	48,246	-	48,246
Decrease	(54,779)	-	(54,779)	(44,168)	-	(44,168)
Losses (gains) on foreign exchange	<u>28</u>	<u>-</u>	<u>28</u>	<u>1</u>	<u>-</u>	<u>1</u>
Ending balance	<u>41,678</u>	<u>-</u>	<u>41,678</u>	<u>48,247</u>	<u>-</u>	<u>48,247</u>
Net amount	<u>\$ 3,747,457</u>	<u>\$ 49,088</u>	<u>\$ 3,796,545</u>	<u>\$ 2,631,052</u>	<u>\$ 122,904</u>	<u>\$ 2,753,956</u>

Reported but not paid claims are reserved according to insurance type and claims department's estimates based on each individual case's related information without exceeding promised insurance amount for covered accidents. Those reported but not paid reserve is reasonably assessed, sufficient to reflect actual claims paid. In addition, some types of claims are not expected to close shortly because these claims usually depend on court judgments before the closure. The legal department tracks the development of these claims and reasonably estimates claims reserve. The actuarial department assesses final unreported claims based on past claims experience with consideration of claims development trends for past closed cases, and then develop the final claims based on homogeneous features of each insurance through the loss development triangle method and Bornhuetter-Ferguson Method. Reserve for unreported and unclosed claims changes according to external environment. For example, actual loss rate will lead to fluctuations of claims. The actuarial department will evaluate periodically to make reasonable estimate of claims reserve.

d. Special reserve:

	March 31, 2024			December 31, 2023			March 31, 2023		
	Financial Instruments with Discretionary Participation Feature			Financial Instruments with Discretionary Participation Feature			Financial Instruments with Discretionary Participation Feature		
	Insurance Contract		Total	Insurance Contract		Total	Insurance Contract		Total
Participating policies dividend reserve	\$ 8,037,184	\$ -	\$ 8,037,184	\$ 7,284,162	\$ -	\$ 7,284,162	\$ 8,299,521	\$ -	\$ 8,299,521
Dividend risk reserve	-	-	-	-	-	-	-	-	-
Total	<u>\$ 8,037,184</u>	<u>\$ -</u>	<u>\$ 8,037,184</u>	<u>\$ 7,284,162</u>	<u>\$ -</u>	<u>\$ 7,284,162</u>	<u>\$ 8,299,521</u>	<u>\$ -</u>	<u>\$ 8,299,521</u>

Movement in special reserve is summarized below:

	For the Three Months Ended March 31	
	2024	2023
	Insurance Contract	Insurance Contract
Beginning balance	\$ 7,284,162	\$ 8,507,932
Reserve for participating policies dividend reserve	753,022	(271,072)
Recover for participating policies dividend reserve	-	-
Disposal gains (losses) of participating policies on equity instruments at fair value through other comprehensive income	-	62,661
Ending balance	<u>\$ 8,037,184</u>	<u>\$ 8,299,521</u>

e. Special reserve for catastrophe and fluctuation of risks:

	March 31, 2024			December 31, 2023			March 31, 2023		
	Financial Instruments with Discretionary Participation Feature			Financial Instruments with Discretionary Participation Feature			Financial Instruments with Discretionary Participation Feature		
	Insurance Contract		Total	Insurance Contract		Total	Insurance Contract		Total
Individual life insurance	\$ 2,451	\$ -	\$ 2,451	\$ 2,451	\$ -	\$ 2,451	\$ 2,302	\$ -	\$ 2,302
Individual injury insurance	1,010,136	-	1,010,136	1,010,136	-	1,010,136	940,255	-	940,255
Individual health insurance	2,165,239	-	2,165,239	2,165,239	-	2,165,239	2,580,980	-	2,580,980
Group insurance	3,852,199	-	3,852,199	3,852,199	-	3,852,199	3,657,214	-	3,657,214
Annuity insurance	-	312	312	-	312	312	-	362	362
Total	<u>\$ 7,030,025</u>	<u>\$ 312</u>	<u>\$ 7,030,337</u>	<u>\$ 7,030,025</u>	<u>\$ 312</u>	<u>\$ 7,030,337</u>	<u>\$ 7,180,751</u>	<u>\$ 362</u>	<u>\$ 7,181,113</u>

f. Premium deficiency reserve:

	March 31, 2024			December 31, 2023			March 31, 2023		
	Financial Instruments with Discretionary Participation Feature			Financial Instruments with Discretionary Participation Feature			Financial Instruments with Discretionary Participation Feature		
	Insurance Contract		Total	Insurance Contract		Total	Insurance Contract		Total
Individual life insurance	\$ 1,309,326	\$ -	\$ 1,309,326	\$ 1,400,556	\$ -	\$ 1,400,556	\$ 1,786,880	\$ -	\$ 1,786,880
Individual health insurance	<u>90,756</u>	<u>-</u>	<u>90,756</u>	<u>92,597</u>	<u>-</u>	<u>92,597</u>	<u>98,809</u>	<u>-</u>	<u>98,809</u>
Total	<u>\$ 1,400,082</u>	<u>\$ -</u>	<u>\$ 1,400,082</u>	<u>\$ 1,493,153</u>	<u>\$ -</u>	<u>\$ 1,493,153</u>	<u>\$ 1,885,689</u>	<u>\$ -</u>	<u>\$ 1,885,689</u>

Note: Premium deficiency reserve was not ceded in the above insurance contracts.

Movement in premium deficiency reserve is summarized below:

	For the Three Months Ended March 31					
	2024			2023		
	Insurance Contract	Financial Instruments with Discretionary Participation Feature	Total	Insurance Contract	Financial Instruments with Discretionary Participation Feature	Total
Beginning balance	\$ 1,493,153	\$ -	\$ 1,493,153	\$ 1,991,327	\$ -	\$ 1,991,327
Reserve	38,461	-	38,461	109,730	-	109,730
Recover	(149,022)	-	(149,022)	(205,878)	-	(205,878)
Losses (gains) on foreign exchange	<u>17,490</u>	<u>-</u>	<u>17,490</u>	<u>(9,490)</u>	<u>-</u>	<u>(9,490)</u>
Ending balance	<u>\$ 1,400,082</u>	<u>\$ -</u>	<u>\$ 1,400,082</u>	<u>\$ 1,885,689</u>	<u>\$ -</u>	<u>\$ 1,885,689</u>

g. Other reserve:

	March 31, 2024			December 31, 2023			March 31, 2023		
	Insurance Contract	Financial Instruments with Discretionary Participation Feature	Total	Insurance Contract	Financial Instruments with Discretionary Participation Feature	Total	Insurance Contract	Financial Instruments with Discretionary Participation Feature	Total
Other	<u>\$ 18,019,236</u>	<u>\$ -</u>	<u>\$ 18,019,236</u>	<u>\$ 18,097,314</u>	<u>\$ -</u>	<u>\$ 18,097,314</u>	<u>\$ 18,331,118</u>	<u>\$ -</u>	<u>\$ 18,331,118</u>

Movement in other reserve is summarized below:

	For the Three Months Ended March 31					
	2024			2023		
	Insurance Contract	Financial Instruments with Discretionary Participation Feature	Total	Insurance Contract	Financial Instruments with Discretionary Participation Feature	Total
Beginning balance	\$ 18,097,314	\$ -	\$ 18,097,314	\$ 18,409,053	\$ -	\$ 18,409,053
Recover	<u>(78,078)</u>	<u>-</u>	<u>(78,078)</u>	<u>(77,935)</u>	<u>-</u>	<u>(77,935)</u>
Ending balance	<u>\$ 18,019,236</u>	<u>\$ -</u>	<u>\$ 18,019,236</u>	<u>\$ 18,331,118</u>	<u>\$ -</u>	<u>\$ 18,331,118</u>

The amount of other reserve is generated from the acquisition of the traditional insurance policies from Allianz Taiwan Life on May 18, 2018.

h. Liability adequacy reserve:

	Insurance Contract and Financial Instruments with Discretionary Participation Feature		
	March 31, 2024	December 31, 2023	March 31, 2023
Reserve for life insurance liabilities	\$ 2,050,974,049	\$ 2,035,326,706	\$ 2,042,034,184
Unearned premium reserve	5,263,236	5,776,296	4,831,622
Premium deficiency reserve	1,400,082	1,493,153	1,885,689
Special reserve	8,037,184	7,284,162	8,299,521
Other reserve	<u>18,019,236</u>	<u>18,097,314</u>	<u>18,331,118</u>
Book value of insurance liabilities	<u>\$ 2,083,693,787</u>	<u>\$ 2,067,977,631</u>	<u>\$ 2,075,382,134</u>
Estimated present value of cash flows	<u>\$ 1,655,560,609</u>	<u>\$ 1,668,867,475</u>	<u>\$ 1,683,824,084</u>
Balance of liability adequacy reserve	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Liability adequacy testing methodology is as follows:

	March 31, 2024	December 31, 2023 and March 31, 2023
Test method	Gross premium valuation method (GPV)	Gross premium valuation method (GPV)
Groups	Integrated testing	Integrated testing
Assumptions	Adopt the best estimated scenario investment return on the most recent actuarial report (the actuarial report of 2023)	Adopt the best estimated scenario investment return on the most recent actuarial report (the actuarial report of 2022).

22. FOREIGN EXCHANGE VALUATION RESERVE

a. The hedge strategy and risk exposure

The Company consistently adjusts the hedge ratios to establish an adequate risk exposure planning based on the new foreign exchange valuation exposure principle by integrating the exchange rate and interest rate trends of domestic and foreign financial markets. However, changes in the hedge and risk exposure ratios should follow the internal risk control to alert and adjust hedge strategy in advance to meet the optimal hedge considerations.

b. Adjustment in foreign exchange valuation reserve:

	For the Three Months Ended March 31	
	2024	2023
Beginning balance	\$ 9,768,788	\$ 10,886,927
Reserve		
Compulsory reserve	576,225	611,385
Extra reserve	<u>4,628,501</u>	<u>439,664</u>
	5,204,726	1,051,049
Recover	<u>(1,077,456)</u>	<u>(2,403,493)</u>
Ending balance	<u>\$ 13,896,058</u>	<u>\$ 9,534,483</u>

c. Effects due to foreign exchange valuation reserve:

Item	For the Three Months Ended March 31, 2024		
	Inapplicable Amount	Applicable Amount	Effects
Net income	\$ 8,450,887	\$ 5,149,071	\$ (3,301,816)
Earnings per share (dollar)	1.72	1.05	(0.67)
Foreign exchange valuation reserve	-	13,896,058	13,896,058
Equity	180,573,039	170,799,255	(9,773,784)

Item	For the Three Months Ended March 31, 2023		
	Inapplicable Amount	Applicable Amount	Effects
Net income	\$ (760,866)	\$ 321,089	\$ 1,081,955
Earnings per share (dollar)	(0.15)	0.07	0.22
Foreign exchange valuation reserve	-	9,534,483	9,534,483
Equity	132,776,413	126,491,888	(6,284,525)

23. PROVISIONS

	March 31, 2024	December 31, 2023	March 31, 2023
Provisions for employee benefits	\$ 131,873	\$ 138,784	\$ 154,635
Litigation liabilities	<u>6,994</u>	<u>7,632</u>	<u>9,626</u>
Total	<u>\$ 138,867</u>	<u>\$ 146,416</u>	<u>\$ 164,261</u>

The Company has an official policy to control and manage litigations. When a professional advice has been made and the loss can be reasonably estimated, the Company will make adjustments to recognize losses and any negative effects arising out of any financial claims. As at March 31, 2024, the Company has 60 unresolved legal suits.

24. POST-EMPLOYMENT BENEFITS

Defined Contribution Plan

Expenses under the defined contribution plans for the three months ended March 31, 2024 and 2023 were \$71,440 thousand and \$71,953 thousand, respectively.

Defined Benefit Plans

Expenses under the defined benefit plans for the three months ended March 31, 2024 and 2023 were \$575 thousand and \$2,268 thousand, respectively.

25. COMMON STOCK

As of March 31, 2024, December 31, 2023 and March 31, 2023, the Company's authorized and issued capital were all \$49,206,531 thousand and divided into 4,920,653 common shares at \$10 per value.

26. CAPITAL SURPLUS

	March 31, 2024	December 31, 2023	March 31, 2023
Additional paid-in capital	\$ 7,179,692	\$ 7,179,692	\$ 7,179,692
Share-based payment	217,545	200,189	150,275
Treasury stock transactions	34,867	34,867	34,867
Changes in equity of associates and joint ventures accounted for using equity method	<u>1</u>	<u>1</u>	<u>(13)</u>
Total	<u>\$ 7,432,105</u>	<u>\$ 7,414,749</u>	<u>\$ 7,364,821</u>

Pursuant to the Company Act, the capital surplus shall not be used except for covering the deficit of the company. When a company incurs no loss, it may distribute the capital surplus related to the income derived from the issuance of new shares at a premium or income from endowments received by the company. The distribution could be made in cash to its shareholders in proportion to the number of shares being held by each of them. When distributing cash dividends, it shall comply with relevant requirements and apply for approval from the competent authority before the shareholders' meeting in accordance with the regulation of the Order No. Financial-Supervisory-Securities-Corporate-10202501991 issued by the FSC on February 8, 2013.

The capital surplus - share-based payment were given by the parent company to the employees of the Company.

27. RETAINED EARNINGS

a. Legal capital reserve

Pursuant to the Insurance Act and the Articles of Incorporation of the Company, during earning distribution, the Company should set aside 20% of the Company's after-tax net income in advance as legal capital reserve until the total amount of the legal capital reserve equals the issued share capital. According to the regulations of the Company Law, if the Company incurs no loss, the Company's board of directors may distribute the portion of its legal capital reserve which exceeds 25% of the issued share capital by issuing new shares or by cash to its original shareholders. In addition, according to the regulations of the Order No. Financial-Supervisory-Securities-Corporate-10202501991 issued by the FSC on February 8 2013, if an insurance company has no losses and intends to set aside legal reserve under Article 145-1 of the Insurance Act as cash dividends in proportion to the shareholders' original shareholding, it shall comply with relevant requirements and apply for approval from the competent authority before the shareholders' meeting in accordance with the Company Act.

b. Special capital reserve

	March 31, 2024	December 31, 2023	March 31, 2023
Special reserve from recovered fluctuation risk reserve	\$ 6,185,084	\$ 6,185,084	\$ 5,849,038
Catastrophe risk reserve and fluctuation risk reserve	7,030,337	7,030,337	7,181,113
Net decrease in other equity	11,218,230	11,218,230	-
Special reserve for the foreign exchange valuation reserve	20,560,786	20,560,786	17,459,891
Special reserve for investment properties at fair value model	8,881,585	8,881,585	9,012,150
Special reserve for gains or losses on derecognition of unexpired debt instrument	16,794,972	16,794,972	15,640,473
Other	<u>8,484,504</u>	<u>8,484,504</u>	<u>8,301,484</u>
Total	<u>\$ 79,155,498</u>	<u>\$ 79,155,498</u>	<u>\$ 63,444,149</u>

1) Special reserve from recovered contingency risk reserve

Pursuant to "Regulations Governing the Setting Aside of Various Reserves by Insurance Enterprises" established by the R.O.C. Financial Supervisory Commission, the recovered fluctuation risk reserve are appropriated as special capital reserve in accordance with Order No. Financial-Supervisory-Insurance-Corporate-0910074195, after obtaining approval at the stockholders' meeting in the following year.

2) Catastrophe risk reserve and fluctuation risk reserve

The Company set aside special reserves for catastrophe and fluctuation of risks for the retained businesses with policy period within 1 year in accordance with "Regulations Governing the Setting Aside of Various Reserves by Insurance Enterprises". Please refer to Note 4 (18) for the set-aside and release calculation. The after-tax amount of reserve and release for the special reserve is converted to special capital reserve at the end of current year.

3) Net decrease in other equity

In accordance with the Order No. Financial-Supervisory-Securities-Corporate-11004920441 issued by the FSC on June 11, 2021, when distributing distributable surplus, the Company makes a special surplus reserve of the same amount as the undistributed surplus of the previous period in respect of the net reduction of other equity incurred in the current year. The reversal surplus can be distributed when the balance of other equity is reversed.

4) Special reserve for the foreign exchange valuation reserve

The Company adopts foreign exchange reserve mechanism and hence be required by law to provide special capital reserve. Please refer to Note 4 (19).

5) Special reserve for investment properties at fair value model

The Company changed its accounting policy for subsequent measurement of investment property from cost to fair value starting from 2014. In order to ensure the soundness and stability of the financial structure, the Order No. Financial-Supervisory-Securities-Corporate-10402501001 issued by the FSC on January 23, 2015 requires insurance companies to set aside special capital reserve equal to the amount of the increase in retained earnings net of the increase in reserve for life insurance liabilities resulting from valid contracts' fair value approved by the authority. Hence, the amount set aside by the Company as special capital reserve was \$8,394,443 thousand. In accordance with the Order No. Financial-Supervisory-Securities-Corporate-1094917647, since 2020, insurance company should set aside special surpluses for "net after-tax impact of the first use of the fair value model in subsequent measurement" and "changes in after-tax accumulative net gain of fair value in subsequent periods" on investment property, the special reserve should not be distributed. The special capital reserve shall be used only to cover the insufficiency of life insurance liabilities resulting from valid contracts' fair value approved by the authority and to set aside additional liabilities for the soundness of financial structure when complying with IFRS 17 "Insurance Contracts" in the future implementation.

6) Special reserve for gains or losses on derecognition of unexpired debt

In accordance with the Order No. Financial-Supervisory-Securities-Corporate-10804501381 issued by the FSC on June 25, 2019, the Company set aside or withdraw special capital reserve based on gains or losses arising from derecognition of the unexpired bond investments since January 1, 2019. Except the one that the remaining maturity period cannot be determined, can be amortized in 10 years, the remaining should be amortized through maturity period and released as a distributable surplus on an annual basis.

7) Other

The Company set aside a special capital reserve, in accordance with the "Personal Insurance Industry's Matters Needing Attention in Handling Interest Rate Change Insurance Products".

In accordance with the Financial-Supervisory-Securities-Corporate-10302153881 dated February 10, 2015, the increase in retained earnings arising from the recognition of bargain purchase gains by insurance enterprises as a result of mergers and acquisitions shall be set aside as special surplus reserves of the same amount, and shall not be reversed within one year. After the expiration of one year, the special surplus reserve may be used to cover accumulated deficits. If the value of underlying asset of the merger and acquisition is similar to the value at the time of the merger and acquisition, and no unexpected significant impairment has occurred, the special surplus reserve may be capitalized.

In accordance with the Financial-Supervisory-Securities-Corporate-10904939031 dated October 29, 2020, from 2021 fiscal year, the Company shall, at end of each business year, set aside equal amount of special capital reserve for net income that is part of the accidental death and disability payment of personal travel insurance, according to the “Standard Rates of Accidental Death and Disability Payment of Personal Travel Insurance”.

In accordance with the Financial-Supervisory-Securities-Corporate-1100498861 dated March 26, 2021, the Company set aside special capital reserve for after-tax net profit of the current year that is part of the disability assistance insurance from the 2020 fiscal year. If the net profit after tax in the current year is not enough to be set aside, it shall be supplemented in subsequent years. If there is a loss in the disability assistance insurance in subsequent years, it may be reversed from the special capital reserve.

The Company set aside a special capital reserve in accordance with the Financial-Supervisory-Securities-Corporate-10302077080, Financial-Supervisory-Securities-Corporate-1090414517 and Financial-Supervisory-Securities-Corporate-1110416064, respectively.

- c. According to the Articles of Incorporation of the Company, the information about earnings distribution is as follows:

The Company adopts residual dividend policy in order to keep expanding the business scale, meet the demands for capital and long-term financial plan of the Company, and pursue sustainable and stable development.

Where the Company has surplus earnings after the settlement of account at the end of fiscal year, it shall first cover the losses in the previous fiscal years and pay the taxes by laws. After setting aside legal reserve and special reserve as provided in laws or reversing special reserve and may distribute preferred stock dividends thereafter, the balance, if applicable, shall be added to beginning retained earnings as the unappropriated retained earnings, thirty to one hundred percent of which shall be distributed as dividends for common shares. The proposal of surplus earnings distribution shall be submitted by the Board of Directors to the shareholders’ meeting for approval. In case the unappropriated retained earnings is less than NT \$0.5 each share, it may be reserved and not distributed on the basis of canon of economy.

According to the Company’s business plans, the surplus earnings distribution shall be based on the capital required and retained for distributing stock dividends, but it may reserve a proportion for distribution in the form of cash dividends. Where cash dividends are distributed in that year, the total amount of cash dividends shall not be less than ten percent of the total amount of dividends. The proportion of the preceding stock dividends and cash dividends may be adjusted appropriately, depending on that year’s actual profits and capital condition. The Board of Directors shall draw up the proposal and submit to the shareholders’ meeting for deciding the most appropriate dividend policy.

- d. Pursuant to the Order No. Financial-Supervisory-Securities-Corporate-10202501992 issued by the FSC on February 8, 2013, if the life insurance industry appropriates earnings by distributing cash dividends (not including preferred stocks in liability type), it should report to the FSC and the FSC will review the plan based on the soundness of individual company’s finance and business.

For related information about earnings appropriation approved and resolved by the Board of Directors’ meeting (the Board of Directors entitled to execute stockholders’ meeting functions), please refer to the “Market Observation Post System” website of the Taiwan Stock Exchange Corporation.

- e. Earnings appropriation for the year of 2023 was proposed by the Board of directors' meeting on May 9, 2024. Earnings appropriation for the year of 2022 was resolved by the Board of directors' meeting (the Board of Directors entitled to execute stockholders' meeting functions) on May 25, 2023, as follows:

	Appropriation of Earnings		Dividends Per Share (NT\$)	
	2023	2022	2023	2022
Set aside legal capital reserve	\$ 2,214,731	\$ 3,413,043	\$ -	\$ -
Set aside (reverse) special capital reserve	7,380,558	15,798,780	-	-
Stock dividend	1,478,365	-	0.30	-

Please refer to Note 33 for more details on employees' compensation and remuneration to directors.

28. COMPONENTS OF OTHER COMPREHENSIVE INCOME

	For the Three Month Ended March 31, 2024			
	Arising During the Period	Reclassification Adjustments During the Period	Income Tax Benefit (Expense)	Other Comprehensive Income (Loss), Net of Tax
Not to be reclassified to profit or loss in subsequent periods:				
Valuation gains (losses) on equity instrument investments at fair value through other comprehensive income	\$ 1,394,129	\$ -	\$ (266,513)	\$ 1,127,616
To be reclassified to profit or loss in subsequent periods:				
Gains (losses) on debt instrument investments at fair value through other comprehensive income	(1,488,137)	(150,404)	319,465	(1,319,076)
Other comprehensive profits (losses) reclassified using overlay approach	24,253,280	(5,688,835)	(1,077,348)	17,487,097
Share of other comprehensive income of associates and joint ventures accounted for using equity method, components of other comprehensive income that will be reclassified to profit or loss	136	-	-	136
Total	<u>\$ 24,159,408</u>	<u>\$ (5,839,239)</u>	<u>\$ (1,024,396)</u>	<u>\$ 17,295,773</u>

For the Three Month Ended March 31, 2023				
	Arising During the Period	Reclassification Adjustments During the Period	Income Tax Benefit (Expense)	Other Comprehensive Income (Loss), Net of Tax
Not to be reclassified to profit or loss in subsequent periods:				
Gain on property revaluation	\$ 288	\$ -	\$ (58)	\$ 230
Valuation gains (losses) on equity instrument investments at fair value through other comprehensive income	(248,427)	-	257,190	8,763
To be reclassified to profit or loss in subsequent periods:				
Gains (losses) on debt instrument investments at fair value through other comprehensive income	144,003	(182,401)	7,317	(31,081)
Other comprehensive profits (losses) reclassified using overlay approach	22,189,145	(1,811,217)	(850,015)	19,527,913
Share of other comprehensive income of associates and joint ventures accounted for using equity method, components of other comprehensive income that will be reclassified to profit or loss	426	-	-	426
Total	<u>\$ 22,085,435</u>	<u>\$ (1,993,618)</u>	<u>\$ (585,566)</u>	<u>\$ 19,506,251</u>

29. INTEREST INCOME

For the Three Months Ended March 31		
	2024	2023
Interest income		
Financial assets at fair value through other comprehensive income	\$ 524,227	\$ 210,116
Financial assets at amortized cost	15,076,948	14,491,513
Loans	423,625	413,786
Other	<u>210,366</u>	<u>266,020</u>
Total	<u>\$ 16,235,166</u>	<u>\$ 15,381,435</u>

30. EXPECTED CREDIT IMPAIRMENT LOSSES AND REVERSAL ON INVESTMENTS AND NON-INVESTMENTS

	For the Three Months Ended March 31	
	2024	2023
Operating revenue - expected credit impairment losses and reversal on investment		
Financial assets at fair value through other comprehensive income	\$ (404)	\$ 2,057
Financial assets at amortized cost	(1,087)	(25,306)
Other receivables	<u>616</u>	<u>570</u>
Subtotal	<u>(875)</u>	<u>(22,679)</u>
Operating expenses - expected credit impairment losses and reversal on non-investment		
Other receivables	<u>(438)</u>	<u>1,932</u>
Total	<u>\$ (1,313)</u>	<u>\$ (20,747)</u>

Please refer to Note 39 for more detail on credit risk management.

31. RETAINED EARNED PREMIUM

	For the Three Months Ended March 31, 2024		
	Insurance Contract	Investment Contracts with Discretionary Participation Feature	Total
Direct premium income	\$ 32,867,897	\$ 272,614	\$ 33,140,511
Reinsurance premium income	<u>-</u>	<u>-</u>	<u>-</u>
Premium income	<u>32,867,897</u>	<u>272,614</u>	<u>33,140,511</u>
Less:			
Reinsurance expenses	561,111	-	561,111
Net changes in unearned premium reserve	<u>(503,355)</u>	<u>-</u>	<u>(503,355)</u>
Subtotal	<u>57,756</u>	<u>-</u>	<u>57,756</u>
Retained earned premium	<u>\$ 32,810,141</u>	<u>\$ 272,614</u>	<u>\$ 33,082,755</u>

For the Three Months Ended March 31, 2023

	Insurance Contract	Investment Contracts with Discretionary Participation Feature	Total
Direct premium income	\$ 36,244,626	\$ 948,526	\$ 37,193,152
Reinsurance premium income	-	-	-
Premium income	<u>36,244,626</u>	<u>948,526</u>	<u>37,193,152</u>
Less:			
Reinsurance expenses	414,656	-	414,656
Net changes in unearned premium reserve	<u>(270,121)</u>	<u>(2)</u>	<u>(270,123)</u>
Subtotal	<u>144,535</u>	<u>(2)</u>	<u>144,533</u>
Retained earned premium	<u>\$ 36,100,091</u>	<u>\$ 948,528</u>	<u>\$ 37,048,619</u>

32. RETAINED CLAIM PAYMENTS

For the Three Months Ended March 31, 2024

	Insurance Contract	Investment Contracts with Discretionary Participation Feature	Total
Direct insurance claim payments	\$ 41,508,949	\$ 5,407,068	\$ 46,916,017
Reinsurance claim payments	<u>8</u>	<u>-</u>	<u>8</u>
Insurance claim payments	<u>41,508,957</u>	<u>5,407,068</u>	<u>46,916,025</u>
Less: Claims recovered from reinsures	<u>291,055</u>	<u>-</u>	<u>291,055</u>
Retained claim payments	<u>\$ 41,217,902</u>	<u>\$ 5,407,068</u>	<u>\$ 46,624,970</u>

For the Three Months Ended March 31, 2023

	Insurance Contract	Investment Contracts with Discretionary Participation Feature	Total
Direct insurance claim payments	\$ 37,755,479	\$ 6,543,985	\$ 44,299,464
Reinsurance claim payments	<u>-</u>	<u>-</u>	<u>-</u>
Insurance claim payments	<u>37,755,479</u>	<u>6,543,985</u>	<u>44,299,464</u>
Less: Claims recovered from reinsures	<u>209,235</u>	<u>-</u>	<u>209,235</u>
Retained claim payments	<u>\$ 37,546,244</u>	<u>\$ 6,543,985</u>	<u>\$ 44,090,229</u>

33. EMPLOYEE BENEFITS, DEPRECIATION AND AMORTIZATION

- a. Summary statement of employee benefits, depreciation and amortization expenses is as below:

	For the Three Months Ended March 31, 2024		
	Operating Costs	Operating Expenses	Total Amount
Employee benefits expense			
Payroll expense	\$ 1,204,118	\$ 937,174	\$ 2,141,292
Labor and health insurance	-	153,195	153,195
Pension	-	72,015	72,015
Remuneration to directors	-	53,611	53,611
Other employee benefits expense	-	56,347	56,347
Total	<u>\$ 1,204,118</u>	<u>\$ 1,272,342</u>	<u>\$ 2,476,460</u>
Depreciation	<u>\$ -</u>	<u>\$ 158,903</u>	<u>\$ 158,903</u>
Amortization	<u>\$ -</u>	<u>\$ 71,441</u>	<u>\$ 71,441</u>

	For the Three Months Ended March 31, 2023		
	Operating Costs	Operating Expenses	Total Amount
Employee benefits expense			
Payroll expense	\$ 803,659	\$ 661,413	\$ 1,465,072
Labor and health insurance	-	157,696	157,696
Pension	-	74,033	74,033
Remuneration to directors	-	13,206	13,206
Other employee benefits expense	-	57,379	57,379
Total	<u>\$ 803,659</u>	<u>\$ 963,727</u>	<u>\$ 1,767,386</u>
Depreciation	<u>\$ -</u>	<u>\$ 161,247</u>	<u>\$ 161,247</u>
Amortization	<u>\$ -</u>	<u>\$ 69,847</u>	<u>\$ 69,847</u>

Note1: Other employee benefits expenses consist of meals, group insurance, training and employee benefits, etc.

Note2: The average number of employees for the three months ended March 31, 2024 and 2023 were 6,169 and 6,615, respectively. The average number of directors who do not serve concurrently as employees was 8 and 7.

- b. The information regarding employees' compensation and remuneration to directors within the Articles of Incorporation of the Company is as follows:

Where the Company makes profits, it shall allocate no less than 0.5 percent of the profits to be the remuneration of employees, and no more than 3 percent to be the remuneration of directors. But the Company shall reserve the amount of money to be used to cover its losses if it still has accumulated losses, and later it shall allocate the remuneration in proportion for employees and directors. The preceding remuneration of employees may be given in the form of share certificates or cash. The remuneration of directors shall only be given to non-independent directors.

For related information on employees' compensation and remuneration to directors approved by the Board of Directors meeting, please refer to the "Market Observation Post System" website of the Taiwan Stock Exchange Corporation.

Based on profit for the three month ended March 31, 2023, the Company estimated the amounts of the employees' compensation to be \$60,955 thousand, and remuneration to directors to be \$48,174 thousand, recognized as operating expenses. The differences between the estimated amounts and the actual distributed amounts resolved by Board of Directors meeting will be recognized as profit or loss of the next year.

On February 23, 2024, the Board of Directors meeting resolved to distribute \$109,000 thousand of employees' compensation and \$84,000 thousand of remuneration to directors for the year ended December 31, 2023. No differences exist between the estimated amount on the 2023 financial statement and the actual amount were recognized as expense of 2023.

34. INCOME TAXES

- a. The major components of income tax expense (benefit) are as follows:

Income tax expense recognized in profit or loss

	For the Three Months Ended March 31	
	2024	2023
Current income tax expense (benefit):		
Current income tax payable	\$ (18,601)	\$ 289,267
Deferred income tax expense (benefit):		
Deferred tax expense (benefit) relating to origination and reversal of temporary differences	1,608,649	(2,280,910)
Deferred tax expense (benefit) relating to origination and reversal of tax loss and tax credit	(731,390)	1,376,496
Others	<u>(21,358)</u>	<u>46,447</u>
Total income tax expense (benefit)	<u>\$ 837,300</u>	<u>\$ (568,700)</u>

Income tax expense recognized in other comprehensive income

	For the Three Months Ended March 31	
	2024	2023
Deferred tax expense (benefit):		
Valuation gains (losses) of equity instrument investments at fair value through other comprehensive income	\$ 266,513	\$ (257,190)
Valuation gains (losses) of debt instrument investments at fair value through other comprehensive income	(319,465)	(7,317)
Other comprehensive profits (losses) reclassified using overlay approach	1,077,348	850,015
Gain on property revaluation	<u>-</u>	<u>58</u>
Income tax expense (benefit) relating to components of other comprehensive income	<u>\$ 1,024,396</u>	<u>\$ 585,566</u>

Income tax charged directly to equity

	For the Three Months Ended March 31	
	2024	2023
Current income tax expense (benefit):		
Derecognition of equity instrument investments at fair value through other comprehensive income	\$ -	\$ 53,205
Deferred tax expense (benefit):		
Valuation gains (losses) of equity instrument investments at fair value through other comprehensive income	-	(53,205)
Deferred tax expense (benefit) relating to origination and reversal of tax loss	<u>-</u>	<u>(4,893)</u>
Income tax charged directly to equity	<u>\$ -</u>	<u>\$ (4,893)</u>

b. The assessment of income tax returns

As of March 31, 2024, the income tax returns of the Company have been assessed and approved up to the year of 2022, but the year of 2021 has not yet been assessed and approved.

35. EARNINGS PER SHARE

Basic earnings per share amounts are calculated by dividing net income for the period by the weighted average number of shares outstanding during the period.

As the Company has not issued any potential common shares with dilutive effect, the Company would not need to adjust to basic earnings per share.

	For the Three Months Ended March 31	
	2024	2023
Basic earnings per share		
Profit attributable to ordinary equity holders of the Company	\$ 5,149,071	\$ 321,089
The weighted average number of (adjusted retrospectively) ordinary shares for basic earnings per share (in thousands)	4,920,653	4,920,653
Basic earnings per share (in dollars)	\$1.05	\$0.07

There were no transactions that significantly changed the number of common shares outstanding or potential common shares at the end of the period between the financial statement day and the day of approval.

36. SEPARATE ACCOUNT INSURANCE PRODUCTS

a. Separate account products-assets and liabilities

Items	Assets		
	March 31, 2024	December 31, 2023	March 31, 2023
Cash in bank	\$ 277,800	\$ 340,130	\$ 580,174
Financial assets at fair value through profit or loss	119,650,757	115,135,298	106,653,701
Other receivables	<u>33,343</u>	<u>50,311</u>	<u>33,255</u>
Total	<u>\$ 119,961,900</u>	<u>\$ 115,525,739</u>	<u>\$ 107,267,130</u>

Items	Liabilities		
	March 31, 2024	December 31, 2023	March 31, 2023
Reserve for separate account	\$ 119,950,966	\$ 115,516,533	\$ 107,254,582
Other payables	<u>10,934</u>	<u>9,206</u>	<u>12,548</u>
Total	<u>\$ 119,961,900</u>	<u>\$ 115,525,739</u>	<u>\$ 107,267,130</u>

b. Separate account products - revenues and expenses:

Items	Revenues	
	For the Three Months Ended March 31	
	2024	2023
Premium income	\$ 1,627,797	\$ 1,582,631
Gains (losses) from financial assets and liabilities at fair value through profit or loss	3,387,155	1,876,884
Interest income	311	266
Other revenues	42,646	43,129
Foreign exchange gains (losses)	<u>798,362</u>	<u>(147,943)</u>
Total	<u>\$ 5,856,271</u>	<u>\$ 3,354,967</u>

Items	Expenses	
	For the Three Months Ended March 31	
	2024	2023
Insurance claim payments	\$ 1,506,456	\$ 812,580
Net change in separate account reserve	3,842,388	2,093,590
Custodian fee	<u>507,427</u>	<u>448,797</u>
Total	<u>\$ 5,856,271</u>	<u>\$ 3,354,967</u>

- c. The rebate earned for engaging in investment-linked insurance business from counterparties for the three months ended March 31, 2024 and 2023 were \$80,717 thousand and \$65,699 thousand, respectively, recognized as fee income.

37. INFORMATION OF INSURANCE CONTRACTS

a. Objectives, policies, procedures and methods of insurance contracts risk management

1) Framework of risk management, organization structure and responsibilities:

The board of directors should ensure the effectiveness of risk management and bear the ultimate responsibility for risk management, responsible for formulating the company's overall risk appetite and risk tolerance, review and approve the Company's risk management objectives and strategies. "Risk Management Committee" is set under the board of directors. Various risk management report and related issues are first reported to risk management committee and finally approved by the board of directors. Besides the risk management committee, the Company set up an assets and liability management unit to strengthen the risk management organization and structure.

In addition, the Company establishes the risk management department independent to the business units, which is responsible for the implementation of various risk management measures and the fulfillment of each risk management mechanism, including monitoring the daily risks, measuring and evaluating related issues, assisting the board to develop Company's risk appetite, executing the risk management policies approved by the board of directors. Moreover, the business units should be responsible for the risks identification, report the risk exposure, measure the impact of risks, review the various risks and limits regularly, and make sure that the internal control procedures of each unit are implemented effectively in accordance with related regulations and the Company's risk management policy.

2) Risk management policies, procedures and methods:

According to risk management policies, the Company sets an effective mechanism to proceed identification, measurement, monitoring, reporting and response to risk, establishes clear objectives for risk management, controls approaches and attribution of responsibility to make sure that each operational risk is controlled under the tolerable range, making the largest surplus and profits for shareholders. The Company follows the principle of centralized management and specialization, and assigns responsible department to manage various risks. In addition, the Company develops management guidelines or management mechanism for various types of risk, and regularly issues risk reports to monitor the various risks.

3) Risk management policies, procedures and methods related to reserves:

Reserve-related risks refer to risks that various reserves are unable to deal with future obligations due to understatement of liability for premium business. The Company sets and implements the appropriate risk management system for the insurance business reserves and related risks.

4) Risk management policies, procedures and methods related to matching assets and liabilities:

Risks related to matching assets and liabilities indicate risks arising from inconsistent movement of assets and liabilities. The Company sets appropriate asset-liability management system based on the attributes and complexity of insurance liability risks. The system allows the Company to form, implement, monitor and correct related strategies within the tolerable range. The contents include the following items:

- a) Risk identification related to matching of assets and liabilities
- b) Risk measurement related to matching of assets and liabilities
- c) Risk responses related to matching of assets and liabilities

b. Information of insurance risks

1) Sensitivity of insurance risks-Insurance contracts and financial instruments with discretionary participation features:

Insurance companies set aside various reserves according to the legal requirements and regularly conduct adequacy test of liability to assess the adequacy of insurance liabilities of the company as a whole.

For the insurance contracts and financial instruments with discretionary participation features underwritten by the Company, the main risks include mortality, morbidity, surrender, expense and investment returns rate. When doing the liability adequacy test, various actuarial assumptions are made based on available information at assessment point for all insurance contracts and financial instruments with discretionary participation feature, to assess whether the insurance liability of the Company is adequate. If the test result indicates the insurance liability is not adequate, then set aside the insufficient amount as liability adequacy reserve according to the provision. The reserve will affect current profit and loss.

As at March 31, 2024, assuming a 5% change in mortality, morbidity, surrender and expenses, and a decrease in investment return of 0.1%, all insurance contracts and financial instruments with discretionary participation feature will not cause the Company's insurance liability inadequate.

2) Interpretation for concentration of insurance risks

- a) The Company's insurance business is mainly in Taiwan, Republic of China and there is no significant difference in insurance risk between each region. The Company had set tolerable cumulative risk limits for each risk unit and incident. Insurance risks that exceed the limits will be transferred through reinsurance. Please refer to Note 21 for concentration of risk before and after the reinsurance for the Company.
- b) Furthermore, according to "Regulations Governing the Setting Aside of Various Reserves by Insurance Enterprises", the annual increased special capital reserve, excluding taxes, for catastrophe and fluctuation of risks for abnormal changes in loss ratio and claims of each type of insurance needs to be recognized in special capital reserve under equity in accordance with IAS 12.

3) Claim development trend

a) Direct business loss development trend

Accident Year	Development Year																	Reserve Claims
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	
2008	\$ 2,170,100	\$ 2,736,556	\$ 2,776,542	\$ 2,781,989	\$ 2,786,399	\$ 2,792,187	\$ 2,798,032	\$ 2,798,807	\$ 2,799,546	\$ 2,800,435	\$ 2,802,449	\$ 2,803,020	\$ 2,803,856	\$ 2,804,061	\$ 2,805,453	\$ 2,805,535	\$ 2,805,897	
2009	2,243,111	2,870,648	2,924,110	2,934,461	2,936,046	2,939,451	2,940,095	2,940,209	2,940,748	2,941,322	2,941,824	2,941,957	2,941,970	2,942,857	2,942,909	2,942,987	-	
2010	2,574,879	3,071,401	3,132,443	3,137,874	3,143,299	3,143,963	3,144,299	3,144,902	3,145,167	3,145,541	3,145,762	3,146,132	3,146,191	3,146,199	3,146,230	-	-	
2011	2,610,108	3,276,928	3,328,279	3,342,075	3,346,106	3,350,438	3,351,824	3,354,243	3,354,835	3,355,901	3,356,774	3,357,014	3,357,047	3,357,164	-	-	-	
2012	2,345,575	2,953,776	3,029,335	3,045,381	3,048,828	3,051,256	3,054,748	3,056,337	3,057,879	3,058,682	3,059,236	3,059,611	3,059,611	-	-	-	-	
2013	2,267,213	2,964,954	3,028,400	3,040,442	3,045,355	3,053,040	3,054,855	3,055,997	3,057,193	3,058,524	3,059,470	3,059,479	-	-	-	-	-	
2014	3,448,229	4,203,186	4,284,682	4,298,217	4,303,753	4,317,090	4,321,020	4,323,776	4,325,954	4,328,274	4,329,362	-	-	-	-	-	-	
2015	3,530,488	4,420,482	4,498,438	4,510,113	4,516,573	4,518,832	4,521,127	4,521,956	4,523,231	4,523,782	-	-	-	-	-	-	-	
2016	3,721,820	4,648,280	4,743,133	4,757,525	4,763,372	4,765,519	4,769,820	4,772,620	4,772,866	-	-	-	-	-	-	-	-	
2017	4,320,234	5,400,952	5,537,543	5,552,592	5,557,933	5,563,170	5,565,627	5,565,979	-	-	-	-	-	-	-	-	-	
2018	4,775,948	5,950,536	6,060,673	6,078,878	6,086,102	6,095,198	6,095,980	-	-	-	-	-	-	-	-	-	-	
2019	5,257,484	6,776,954	6,904,733	6,935,395	6,946,476	6,949,226	-	-	-	-	-	-	-	-	-	-	-	
2020	5,208,589	6,557,028	6,720,337	6,751,342	6,756,830	-	-	-	-	-	-	-	-	-	-	-	-	
2021	5,729,794	7,330,220	7,532,048	7,544,914	-	-	-	-	-	-	-	-	-	-	-	-	-	
2022	8,258,280	10,368,910	10,464,403	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
2023	7,970,387	9,404,008	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
2024	1,081,982	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	\$ 3,331,506
Note: This table does not include long term life insurance																		
																		Add: Long term insurance claims
																		408,441
																		Claim reserve for discount on no claim
																		98,276
																		Reserve for claims balance
																		\$ 3,838,223

b) Retained business loss development trend

Accident Year	Development Year																	Reserve Claims
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	
2008	\$ 2,128,556	\$ 2,682,784	\$ 2,721,905	\$ 2,719,002	\$ 2,723,312	\$ 2,728,970	\$ 2,734,682	\$ 2,735,440	\$ 2,736,162	\$ 2,737,031	\$ 2,739,000	\$ 2,739,557	\$ 2,740,394	\$ 2,740,598	\$ 2,741,991	\$ 2,742,073	\$ 2,742,434	
2009	2,204,858	2,820,114	2,862,350	2,868,022	2,869,572	2,872,900	2,873,529	2,873,640	2,874,167	2,874,728	2,875,219	2,875,351	2,875,365	2,876,252	2,876,304	2,876,382	-	
2010	2,535,358	3,010,157	3,068,543	3,066,830	3,072,133	3,072,782	3,073,109	3,073,699	3,073,958	3,074,324	3,074,544	3,074,914	3,074,973	3,074,981	3,075,012	-	-	
2011	2,561,841	3,214,455	3,260,383	3,266,408	3,270,348	3,274,581	3,275,936	3,278,301	3,278,879	3,279,945	3,280,818	3,281,058	3,281,091	3,281,207	-	-	-	
2012	2,304,504	2,897,464	2,967,538	2,976,431	2,979,800	2,982,173	2,985,586	2,987,140	2,988,681	2,989,484	2,990,038	2,990,414	2,990,414	-	-	-	-	
2013	2,227,515	2,908,429	2,966,622	2,971,604	2,976,405	2,983,916	2,985,691	2,986,833	2,988,029	2,989,360	2,990,306	2,990,315	-	-	-	-	-	
2014	3,387,852	4,123,055	4,197,276	4,200,902	4,206,313	4,219,348	4,223,278	4,226,033	4,228,211	4,230,531	4,231,620	-	-	-	-	-	-	
2015	3,468,881	4,336,525	4,407,051	4,408,435	4,414,314	4,416,573	4,418,868	4,419,697	4,420,972	4,421,523	-	-	-	-	-	-	-	
2016	3,657,093	4,560,257	4,647,033	4,649,868	4,655,715	4,657,862	4,662,163	4,664,810	4,665,056	-	-	-	-	-	-	-	-	
2017	4,244,930	5,298,470	5,424,716	5,439,766	5,445,107	5,450,344	5,452,800	5,453,153	-	-	-	-	-	-	-	-	-	
2018	4,692,869	5,837,265	5,946,601	5,964,806	5,972,030	5,981,126	5,981,908	-	-	-	-	-	-	-	-	-	-	
2019	5,165,606	6,658,675	6,786,454	6,817,116	6,828,197	6,830,947	-	-	-	-	-	-	-	-	-	-	-	
2020	5,136,641	6,454,169	6,616,159	6,647,164	6,652,652	-	-	-	-	-	-	-	-	-	-	-	-	
2021	5,640,880	7,192,041	7,393,867	7,406,734	-	-	-	-	-	-	-	-	-	-	-	-	-	
2022	8,190,602	10,249,283	10,342,800	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
2023	7,845,303	9,261,176	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
2024	1,069,994	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	\$ 3,317,719
Note: This table does not include long term life insurance																		
																		Add: Long term insurance claims
																		380,550
																		Claim reserve for discount on no claim
																		98,276
																		Reserve for claims balance
																		\$ 3,796,545

The Company recognizes claim reserve for reported claims (reported but not paid) and unreported claims (incurred but not reported). Due to uncertainty, estimation, and judgment involved in recognition, there is a high degree of complexity in claim reserves. Any changes of the estimation or judgment are treated as the changes of the accounting estimates and can be recognized as profit and loss in current year. The Company was not notified of some claims in time. Also, the expected payment for unreported claims involves major subjective judgment and estimation on the past experience. Thus, it is uncertain that the estimated claim reserve on the balance sheet date will be equal to the final settled amount of claim payments. The claim reserve recorded on the book is estimated based on the current available information. However, the final amount probably will differ from the original estimates because of the follow-up development of the claim events.

The charts above show the development trend of claim payments (not including cases whose payment and time will be confirmed within a year). The accident year is the actual year for the occurrence of the insurance claim events; the x-axis is the year of the development for the settlement cases. Each slash represents the cumulative amount of compensation for each accident event at the end of the year. The occurred claims include decided and undecided claims which represent the accumulated estimated dollar amounts need to be paid for each accident year as time passes. It is possible that the circumstances and trends affecting dollar amount of recognition for claim reserve in the current year will be different from those in the future. Thus, the expected future payment amount for the settlement cases cannot be determined by the charts above.

4) Credit risk

For insurance contracts undertaken by the Company, the credit risk comes from reinsurers who fail to fulfill their obligation of reinsurance contracts, causing the Company to be exposed to the risk of financial loss. If the Company disputes with the reinsurers, then it may lead to impairment of reinsurance assets. In addition, the account receivables of insurance brokers and agents also have credit risk.

The Company's highest risk exposure for the reinsurance contracts are the carrying amount of reinsurance assets. In order to manage that risk and avoid credit losses, the Company decides to deal with reinsurance companies that have good credits. The Company sets related selection standard, makes regular assessment and monitors the reinsurers' financial business condition, credit status and rating. Also, it will adjust the business scope and scale based on the circumstances to prevent from over concentration of credit risk.

5) Liquidity risk

As at March 31, 2024, December 31, 2023 and March 31, 2023, the maturity analysis of liquidity risk for insurance contract liabilities are as follows:

March 31, 2024	Within 1 Year	1 to 3 Years	3 to 5 Years	5 to 15 Years	Over 15 Years
Insurance liabilities of investment contracts with discretionary participation features	\$ 23,847,328	\$ 72,535,123	\$ 109,679,700	\$ 638,530,774	\$ 4,576,113,617
Reserve for insurance contracts with feature of financial instruments	-	-	-	-	-
December 31, 2023	Within 1 Year	1 to 3 Years	3 to 5 Years	5 to 15 Years	Over 15 Years
Insurance liabilities of investment contracts with discretionary participation features	\$ 30,139,007	\$ 85,667,869	\$ 113,631,199	\$ 649,337,923	\$ 4,129,317,824
Reserve for insurance contracts with feature of financial instruments	-	-	-	-	-

March 31, 2023	Within 1 Year	1 to 3 Years	3 to 5 Years	5 to 15 Years	Over 15 Years
Insurance liabilities of investment contracts with discretionary participation features	\$ 39,407,497	\$ 103,608,813	\$ 115,657,492	\$ 640,517,391	\$ 4,105,573,118
Reserve for insurance contracts with feature of financial instruments	-	-	-	-	-

- Note:
1. This table estimates net cash flow of all related insurance liabilities at its starting point.
 2. The actual maturity date will change according to the exercise of termination right by the policyholders.
 3. The table cannot match with the liabilities of balance sheet because the above contracts use the undiscounted contractual cash flow analysis. In addition, it includes the cash inflows of future renewal premiums.
 4. In addition to the analysis of the above table, the Company uses both the estimated of the expected less and more than 12 months to analyze assets and liabilities. Please refer to Note 40.

6) Market risk

Pursuant to the “Regulations Governing the Setting Aside of Various Reserves by Insurance Enterprises”, when the Company measures insurance liabilities, it sets aside the reserve by using the discount rate required by the authorities. Since the discount rate assumption does not move in the same direction with the interest rate, changes in market risks have no significant influence on the Company’s profit or loss and equity for insurance contracts. However, changes in market risks may have influence on liability adequacy test evaluated based on available information. But, it has little influence on the adequacy of current recognized insurance liabilities.

38. FINANCIAL INSTRUMENTS

a. Categories of financial instruments

Financial assets

	March 31, 2024	December 31, 2023	March 31, 2023
Financial assets at fair value through profit or loss:			
Mandatorily measured at fair value through profit and loss	\$ 418,576,854	\$ 403,552,413	\$ 385,475,438
Financial assets at fair value through other comprehensive income	69,558,232	71,658,283	51,874,924
Financial assets at amortized cost:			
Cash and cash equivalents (exclude cash on hand and revolving funds)	35,434,026	49,201,709	60,959,381
Financial assets at amortized cost	1,636,604,280	1,594,184,323	1,583,128,273

(Continued)

	March 31, 2024	December 31, 2023	March 31, 2023
Receivables	\$ 21,436,173	\$ 22,786,016	\$ 23,894,849
Loans	34,025,798	33,964,918	32,861,007
Refundable deposits	<u>15,166,160</u>	<u>7,513,808</u>	<u>9,265,281</u>
Subtotal	<u>1,742,666,437</u>	<u>1,707,650,774</u>	<u>1,710,108,791</u>
Total	<u>\$ 2,230,801,523</u>	<u>\$ 2,182,861,470</u>	<u>\$ 2,147,459,153</u> (Concluded)

Financial liabilities

	March 31, 2024	December 31, 2023	March 31, 2023
Financial liabilities at fair value through profit or loss:			
Held for trading	\$ 17,227,297	\$ 5,612,137	\$ 5,628,772
Financial liabilities measured at amortized cost:			
Payables	13,637,156	14,306,200	11,366,103
Bonds payables	20,000,000	20,000,000	10,000,000
Lease liabilities	1,990,722	1,959,693	2,027,526
Guarantee deposits received	<u>344,507</u>	<u>7,772,637</u>	<u>887,150</u>
Subtotal	<u>35,972,385</u>	<u>44,038,530</u>	<u>24,280,779</u>
Total	<u>\$ 53,199,682</u>	<u>\$ 49,650,667</u>	<u>\$ 29,909,551</u>

b. Fair value of financial instruments

- 1) Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The methods and assumptions used by the Company to measure and disclose fair value of the financial assets and liabilities are as follows:
 - a) Fair value of cash and cash equivalents, receivables and payables are approximately equal to the carrying amount due to their short maturity.
 - b) For financial assets and liabilities traded in an active market with standard terms and conditions, their fair value are determined based on market quotation price. (Including listed stocks and beneficiary certificates, etc.)
 - c) Fair value of financial instruments with no active market is estimated based on the valuation methods. The estimates and assumptions used are consistent with those made by market participants during the pricing of financial instruments.
 - d) The assessment bases for swap and forward exchange are exchange rates on the Reuters. Fair value of each forward exchange contract is calculated based on the exchange rate on each maturity date.
 - e) Fair value of other financial assets and liabilities are determined based on discounted cash flow analysis. The interest rates and discount rates assumptions mainly refer to related information of similar instruments and yield curve for the duration, etc.

- f) The adjustments of credit risk valuation for the derivative instrument contracts traded over-the-counter are classified as Credit value adjustments (CVA) and Debit value adjustments (DVA), to reflect the probability of default of the counterparty (CVA) and the Company (DVA).

Under the assumption that the Company will not default, the Company determines its credit value adjustment (CVA) by multiplying three factors, probability of default (PD), loss given default (LGD), and exposure at default (EAD) of the counterparty. On the other hand, under the assumption that the counterparty will not default, the Company calculates its debit value adjustment by multiplying three factors, probability of default, loss given default, and exposure at default of the Company. The Company estimates probability of default through internal rating, estimates loss given default by considering suggestions by scholars and foreign financial institutions, and estimates exposure at default through market approach for derivative instruments, to reflect credit risk of the counterparty and the credit quality of the Company.

2) Fair value of financial instruments measured at amortized cost

Other than cash and cash equivalents, receivables, loans, payables, bond payables, lease liabilities and guarantee deposits received whose carrying amount approximates their fair value, the fair value of financial assets and financial liabilities measured at amortized cost is as follows:

	Carrying Amount		
	March 31, 2024	December 31, 2023	March 31, 2023
Financial assets			
Financial assets measured at amortized cost	\$ 1,636,604,280	\$ 1,594,184,323	\$ 1,583,128,273
Refundable deposits - bonds	15,099,913	7,498,119	8,863,820
	Fair Value		
	March 31, 2024	December 31, 2023	March 31, 2023
Financial assets			
Financial assets measured at amortized cost	\$ 1,279,600,176	\$ 1,272,988,010	\$ 1,287,272,720
Refundable deposits - bonds	11,335,230	6,424,025	7,265,176

c. Fair value measurement hierarchy

1) Fair value measurement hierarchy

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, based on the lowest level input that is significant to the fair value measurement as a whole. Levels 1, 2 and 3 inputs are described as follows:

Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities that the entity can access at the measurement date.

Level 2 - Inputs other than quoted prices included within Level 1 that are observable for assets or liabilities, either directly or indirectly.

Level 3 - Unobservable inputs for assets or liabilities.

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization at the end of each reporting period.

2) Fair value measurement hierarchy of the Company's assets and liabilities

The Company does not have assets that are measured at fair value on a non-recurring basis. Fair value hierarchy of the Company's assets and liabilities measured at fair value on a recurring basis is as follows:

March 31, 2024				
	Total	Level 1	Level 2	Level 3
<u>Assets measured at fair value</u>				
Financial assets at fair value through profit or loss				
Stocks	\$ 187,032,095	\$ 185,221,097	\$ 28,115	\$ 1,782,883
Bonds	47,466,644	10,925,097	36,541,547	-
Swaps and forward foreign exchange contracts	1,491,239	-	1,491,239	-
Others	182,586,876	148,042,454	-	34,544,422
Financial assets at fair value through other comprehensive income				
Stocks	26,923,651	14,705,482	-	12,218,169
Bonds	42,634,581	40,636,298	1,998,283	-
Investment property	67,125,914	-	-	67,125,914
<u>Liabilities measured at fair value</u>				
Financial liabilities at fair value through profit and loss				
Swaps and forward foreign exchange contracts	17,227,297	-	17,227,297	-
December 31, 2023				
	Total	Level 1	Level 2	Level 3
<u>Assets measured at fair value</u>				
Financial assets at fair value through profit or loss				
Stocks	\$ 165,384,115	\$ 163,689,756	\$ 36,699	\$ 1,657,660
Bonds	46,691,629	10,223,510	36,468,119	-
Swaps and forward foreign exchange contracts	19,422,920	-	19,422,920	-
Others	172,053,749	139,736,478	-	32,317,271
Financial assets at fair value through other comprehensive income				
Stocks	25,529,522	14,666,821	-	10,862,701
Bonds	46,128,761	44,088,329	2,040,432	-
Investment property	67,317,887	-	-	67,317,887

(Continued)

December 31, 2023				
	Total	Level 1	Level 2	Level 3
<u>Liabilities measured at fair value</u>				
Financial liabilities at fair value through profit and loss				
Swaps and forward foreign exchange contracts	\$ 5,612,137	\$ -	\$ 5,612,137	\$ -
				(Concluded)
March 31, 2023				
	Total	Level 1	Level 2	Level 3
<u>Assets measured at fair value</u>				
Financial assets at fair value through profit or loss				
Stocks	\$ 153,455,292	\$ 152,004,543	\$ 121,426	\$ 1,329,323
Bonds	45,944,022	10,093,286	35,850,736	-
Swaps and forward foreign exchange contracts	4,785,605	-	4,785,605	-
Others	181,290,519	145,043,716	-	36,246,803
Financial assets at fair value through other comprehensive income				
Stocks	28,766,783	15,908,583	-	12,858,200
Bonds	23,108,141	21,069,570	2,038,571	-
Investment property	65,299,710	-	-	65,299,710
<u>Liabilities measured at fair value</u>				
Financial liabilities at fair value through profit and loss				
Swaps and forward foreign exchange contracts	5,628,772	-	5,628,772	-

a) Transfers between Level 1 and Level 2 during the period: None.

b) Reconciliation for Level 3 of the fair value hierarchy

Reconciliation for recurring fair value measurements categorized within Level 3 of the fair value hierarchy for movements during the period is as follows:

For the three month ended March 31, 2024

	Beginning Balance	Total Gains and Losses Recognized Recognized in Profit or Loss (Note 1)	Recognized in OCI (Note 2)	Acquisition or Issue	Disposal, Settlement or Forced Conversion	Transfer In (Out) of Level 3 (Note 3)	Ending Balance
<u>Assets</u>							
Financial assets at fair value through profit or loss							
Stock	\$ 1,657,660	\$ -	\$ (73,155)	\$ 252,479	\$ (54,101)	\$ -	\$ 1,782,883
Others	32,317,271	(2,542)	1,144,289	1,235,907	(150,503)	-	34,544,422
Financial assets at fair value through other comprehensive income							
Stock	10,862,701	-	1,355,468	-	-	-	12,218,169
Investment property	67,317,887	(127,945)	-	47,417	(111,445)	-	67,125,914

For the three month ended March 31, 2023

	Beginning Balance	Total Gains and Losses Recognized Recognized in Profit or Loss (Note 1)	Recognized in OCI (Note 2)	Acquisition or Issue	Disposal, Settlement or Forced Conversion	Transfer In (Out) of Level 3 (Note 3)	Ending Balance
<u>Assets</u>							
Financial assets at fair value through profit or loss							
Stock	\$ 1,047,138	\$ -	\$ 66,880	\$ 220,456	\$ (5,151)	\$ -	\$ 1,329,323
Others	35,078,220	-	(167,591)	2,161,744	(825,570)	-	36,246,803
Financial assets at fair value through other comprehensive income							
Stock	14,390,399	-	(1,532,199)	-	-	-	12,858,200
Investment property	66,166,134	37,786	-	3,080	(166,805)	(740,485)	65,299,710

Note 1: Presented in “Gains (losses) on financial assets and liabilities at fair value through profit or loss/Gains (losses) on reclassification using overlay approach/Gains (losses) on investment property” in the comprehensive income statement.

Note2: Presented in “Gains (losses) on reclassification using overlay approach/valuation gains (losses) on equity instruments at fair value through other comprehensive income/property revaluation surplus” in the comprehensive income statement.

Note3: The amount of investment property is related to transfer between property and equipment, no transfer in (out) for fair value level.

Total gains (losses) recognized in profit or loss above contains gains (losses) related to assets on hand for the three months ended March 31, 2024 and 2023 is as follows:

	<u>For the Three Months Ended March 31</u>	
	2024	2023
Total gains and losses		
Recognized in profit or loss	\$ (137,853)	\$ 12,402
Recognized in other comprehensive income	2,426,602	(1,632,910)

c) Information on significant unobservable inputs to valuation

Description of significant unobservable inputs to valuation of recurring fair value measurements categorized within Level 3 of the fair value hierarchy is as follows:

March 31, 2024				
Item	Valuation Techniques	Significant Unobservable Inputs	Quantification Information	Relationship Between Inputs and Fair Value
Financial assets at fair value through profit or loss	Asset approach	Discount for liquidity and minor interests	0%-10%	The higher the discount for liquidity and minor interests, the lower the estimated fair value
Financial assets at fair value through other comprehensive income	Market approach	Discount for liquidity	10%-30%	The higher the discount for liquidity, the lower the estimated fair value
		Control premium	10%	The higher the control premium, the higher the estimated fair value
	Income approach	Cost of capital	6.48%	The higher the cost of capital, the lower the estimated fair value
		Discount for liquidity	10%	The higher the discount for liquidity, the lower the estimated fair value
	Asset approach	Discount for liquidity and minor interests	0%-30%	The higher the discount for liquidity and minor interests, the lower the estimated fair value
Investment property	Please refer to Note 13			
December 31, 2023				
Item	Valuation Techniques	Significant Unobservable Inputs	Quantification Information	Relationship Between Inputs and Fair Value
Financial assets at fair value through profit or loss	Asset approach	Discount for liquidity and minor interests	0%-11.45%	The higher the discount for liquidity and minor interests, the lower the estimated fair value
Financial assets at fair value through other comprehensive income	Market approach	Discount for liquidity	10%-30%	The higher the discount for liquidity, the lower the estimated fair value
		Control premium	10%	The higher the control premium, the higher the estimated fair value
	Income approach	Cost of capital	6.31%	The higher the cost of capital, the lower the estimated fair value
		Discount for liquidity	10%	The higher the discount for liquidity, the lower the estimated fair value
	Asset approach	Discount for liquidity and minor interests	0%-30%	The higher the discount for liquidity and minor interests, the lower the estimated fair value
Investment property	Please refer to Note 13			

March 31, 2023				
Item	Valuation Techniques	Significant Unobservable Inputs	Quantification Information	Relationship Between Inputs and Fair Value
Financial assets at fair value through profit or loss	Asset approach	Discount for liquidity and minor interests	0%-10%	The higher the discount for liquidity and minor interests, the lower the estimated fair value
Financial assets at fair value through other comprehensive income	Market approach	Discount for liquidity	10%-30%	The higher the discount for liquidity, the lower the estimated fair value
		Control premium	0%-10%	The higher the control premium, the higher the estimated fair value
	Income approach	Cost of capital	6.23%	The higher the cost of capital, the lower the estimated fair value
		Discount for liquidity	0%-10%	The higher the discount for liquidity, the lower the estimated fair value
	Asset approach	Discount for liquidity and minor interests	0%-30%	The higher the discount for liquidity and minor interests, the lower the estimated fair value
Investment property	Please refer to Note 13			

d) Valuation process used for fair value measurements categorized within Level 3 of the fair value hierarchy

The Company is responsible for validating the fair value measurements and ensuring that the results of the valuation are in line with market conditions and the sources are independent, reliable, based on independent and reliable inputs which are consistent with other information, and represent exercisable prices. The Company analyses the movements in the values of assets and liabilities which are required to be re-measured or re-assessed according to the Company's accounting policies at each reporting date. Also, assessment of fair value for investment property are outsourced to appraisers from professional agencies every half year and they evaluates the effectiveness of fair value on the balance sheet date quarterly and decides whether to re-issue reports or issue review report. The Company's real estate department will review the legality, the rationality and correctness of valuation parameters important to the results from external reports case-by-case.

3) Fair value hierarchy of assets and liabilities not measured at fair value but for which the fair value is disclosed.

	March 31, 2024			
	Level 1	Level 2	Level 3	Total
<u>Financial assets not measured at fair value but for which the fair value is disclosed:</u>				
Financial assets at measured amortized cost				
Bonds	\$ 589,362,677	\$ 690,237,499	\$ -	\$ 1,279,600,176
Investment property	-	-	2,472,846	2,472,846
Refundable deposits				
Bonds	5,124,254	6,210,976	-	11,335,230
	December 31, 2023			
	Level 1	Level 2	Level 3	Total
<u>Financial assets not measured at fair value but for which the fair value is disclosed:</u>				
Financial assets at measured amortized cost				
Bonds	\$ 579,184,450	\$ 693,803,560	\$ -	\$ 1,272,988,010
Investment property	-	-	2,472,846	2,472,846
Refundable deposits				
Bonds	110,116	6,313,909	-	6,424,025

March 31, 2023				
	Level 1	Level 2	Level 3	Total
Financial assets not measured at fair value but for which the fair value is disclosed:				
Financial assets at measured amortized cost				
Bonds	\$ 553,326,606	\$ 733,946,114	\$ -	\$ 1,287,272,720
Investment property	-	-	2,502,745	2,502,745
Refundable deposits				
Bonds	1,029,556	6,235,620	-	7,265,176

d. Offsetting financial assets and financial liabilities

The Company holds financial instruments in accordance with paragraph 42 of IAS 32 recognized by the FSC and the related assets and liabilities are offset on the balance sheet.

The Company may perform transactions not meeting the requirements of offsetting, but has enforceable master netting arrangement or other similar agreements with the counterparties. When both parties agree to settle in net amount, financial assets and financial liabilities could be offset and settled in net amount, and if not, in total amount. However, if any party in the transaction defaults, the other party can choose net settlement.

Related information about above offsetting financial assets and financial liabilities are as follows:

March 31, 2024						
Financial Assets Ruled by Offsetting, Enforceable Master Netting Arrangement or Similar Agreement						
	Gross Amount of Recognized Financial Assets (a)	Gross Amount of Offset Financial Liabilities Recognized on Balance Sheet (b)	Net Financial Assets Recognized on Balance Sheet (c)=(a)-(b)	Relevant Amount That Has Not Been Offset on Balance Sheet (d)		Net Amount (e)=(c)-(d)
				Financial Instruments	Cash Collateral Received	
Derivative financial instrument	\$ 1,491,239	\$ -	\$ 1,491,239	\$ 1,205,548	\$ -	\$ 285,691

March 31, 2024						
Financial Liabilities Ruled by Offsetting, Enforceable Master Netting Arrangement or Similar Agreement						
	Gross Amount of Recognized Financial Liabilities (a)	Gross Amount of Offset Financial Assets Recognized on Balance Sheet (b)	Net Financial Liabilities Recognized on Balance Sheet (c)=(a)-(b)	Relevant Amount That Has Not Been Offset on Balance Sheet (d)		Net Amount (e)=(c)-(d)
				Financial Instruments	Cash Collateral Pledged	
Derivative financial instrument	\$ 17,227,297	\$ -	\$ 17,227,297	\$ 1,205,548	\$ 7,769,892	\$ 8,251,857

December 31, 2023						
Financial Assets Ruled by Offsetting, Enforceable Master Netting Arrangement or Similar Agreement						
	Gross Amount of Recognized Financial Assets (a)	Gross Amount of Offset Financial Liabilities Recognized on Balance Sheet (b)	Net Financial Assets Recognized on Balance Sheet (c)=(a)-(b)	Relevant Amount That Has Not Been Offset on Balance Sheet (d)		Net Amount (e)=(c)-(d)
				Financial Instruments	Cash Collateral Received	
Derivative financial instrument	\$ 19,422,920	\$ -	\$ 19,422,920	\$ 3,770,093	\$ 8,383,839	\$ 7,268,988

December 31, 2023						
Financial Liabilities Ruled by Offsetting, Enforceable Master Netting Arrangement or Similar Agreement						
	Gross Amount of Recognized Financial Liabilities (a)	Gross Amount of Offset Financial Assets Recognized on Balance Sheet (b)	Net Financial Liabilities Recognized on Balance Sheet (c)=(a)-(b)	Relevant Amount That Has Not Been Offset on Balance Sheet (d)		Net Amount (e)=(c)-(d)
				Financial Instruments	Cash Collateral Pledged	
Derivative financial instrument	\$ 5,612,137	\$ -	\$ 5,612,137	\$ 3,770,093	\$ 159,346	\$ 1,682,697

March 31, 2023						
Financial Assets Ruled by Offsetting, Enforceable Master Netting Arrangement or Similar Agreement						
	Gross Amount of Recognized Financial Assets (a)	Gross Amount of Offset Financial Liabilities Recognized on Balance Sheet (b)	Net Financial Assets Recognized on Balance Sheet (c)=(a)-(b)	Relevant Amount That Has Not Been Offset on Balance Sheet (d)		Net Amount (e)=(c)-(d)
				Financial Instruments	Cash Collateral Received	
Derivative financial instrument	\$ 4,785,605	\$ -	\$ 4,785,605	\$ 3,122,533	\$ 343,461	\$ 1,319,611

March 31, 2023						
Financial Liabilities Ruled by Offsetting, Enforceable Master Netting Arrangement or Similar Agreement						
	Gross Amount of Recognized Financial Liabilities (a)	Gross Amount of Offset Financial Assets Recognized on Balance Sheet (b)	Net Financial Liabilities Recognized on Balance Sheet (c)=(a)-(b)	Relevant Amount That Has Not Been Offset on Balance Sheet (d)		Net Amount (e)=(c)-(d)
				Financial Instruments	Cash Collateral Pledged	
Derivative financial instrument	\$ 5,628,772	\$ -	\$ 5,628,772	\$ 3,122,533	\$ 1,910,473	\$ 595,766

39. FINANCIAL RISK MANAGEMENT

The Company's financial risk management objectives are primarily managing risks arising from holding financial assets. According to the Company's risk management policies, the main financial risks is market risk, credit risk and liquidity risk. The Company has established guidelines related to the management of the financial risk. The following is the definition, source, management procedures of the risk and methods used to measure the risk:

a. Credit risk analysis

- 1) Credit risk is the risk that an issuer or a counterparty will not meet its obligations under a contract, leading to a financial loss. The Company is exposed to credit risk from operating activities and financing activities (primarily loans, financial instrument investments and receivables).

Credit risk is managed by each business unit subject to the Company's established policy, procedures and control relating to credit risk management. Credit limits are established for all issuers or counter parties based on their financial position, rating from credit rating agencies, historical experience, prevailing economic condition and the Company's internal rating criteria, etc. To lower certain issuers' or counter parties' credit risk, credit enhancing instruments will be taken at the appropriate time.

For financial instrument investments, low credit risk is the premise of initial purchase, and at each reporting date, the Company shall assess if the financial instrument investments still qualify for conditions of low credit risk in order to determine the measurement method for allowance for losses. The Company disposes investments at the appropriate time (e.g., when credit risk significantly increases) to lower credit loss. In addition, the Company has built a credit risk model to assess the maximum possible loss on credit positions resulting from changes of credit rating or default. Moreover, based on issuer's region, industry and credit ratings within portfolios, the Company evaluates credit risk and concentration risk, respectively.

The Company determines risk-influencing factors based on 5P Principles for loans, and according to the extent of influence, each P is given different weight to calculate each borrower's credit rating. Credit rating evaluates the reasonableness of loan purpose, the region of collateral, loan-to-value, the customer's credit report, the interest-paying history records, financial conditions and debt-paying ability, etc. and the Company approves the credit rating through multiple layers to control loan risk. Once delay of payment occurs, the Company will actively collect as stated in procedure manual to avoid financial loss.

The Company evaluates expected credit loss in accordance with IFRS 9. Except for those receivables whose allowance for loss is measured at lifetime expected credit loss, the Company shall assess whether the credit risk has increased significantly since initial recognition at each reporting date for other debt instrument investments not measured at fair value through profit or loss whose premise of initial purchase is low credit risk and grouped under different classes of credit risk in order to determine the measurement method of allowance for loss. The primary consideration to determine whether the credit risk increases significantly includes objective evidence such as external credit rating, changes in class interval or other market information, etc. The consideration of credit impairment includes the occurrence of default, overdue payment of interest or principal of debt instrument for more than 90 days, major financial difficulties or bankruptcy or financial reorganization of issuer or the combination of matters that may turn financial assets into credit impairment, etc. If it is determined that the credit risk of a financial asset at reporting date is low, it can be assumed that the credit risk has not increased significantly. The Company measures the allowance based on the 12-month expected credit loss amount; for financial assets with a significant increase in credit risk or impairment already happened, the allowance for loss is measured by the amount of expected credit losses during the duration.

Besides, the measurement of expected credit losses is to the future 12-month or the lifetime Probability of default (PD), Loss given default (LGD), Exposure at default (EAD) of the issuer or the counterparty and the effect of the value of money, and to calculate 12-month expected credit losses or the lifetime expected credit losses respectively.

Default rate is the rate that a default occurs on issuers or counter parties. Loss given default is the loss rate resulted from the default of issuers or counter parties. The Company used the default rate and loss given default published by external credit assessment institutions, and calculated based on adjustments of forward-looking macroeconomics or of market conditions factors.

Exposure at default is measured at the amortized cost of financial assets with accrued interests and receivables. For loans, exposure at default is the total of debtor's outstanding balance at the time of calculation, interest and accrued expense.

Allowance for losses for certain receivables is recognized at lifetime expected credit losses. Past default records and prevailing information are taken into consideration for lifetime expected credit losses. The expected credit loss rate is calculated based on the overdue days of receivables.

2) Financial assets credit risk concentration analysis

- a) The largest credit risk exposure of the financial debt instrument investments held by the Company or deposit in the bank is listed in accordance with the regional distribution as follows:

March 31, 2024

Financial Assets	Taiwan	Asia	Europe	America	Global	Total
Cash and cash equivalents	\$ 32,255,406	\$ 2,626,922	\$ 551,697	\$ -	\$ -	\$ 35,434,025
Financial assets at fair value through profit or loss	27,270,173	7,902,170	9,775,856	2,518,445	-	47,466,644
Financial assets at fair value through other comprehensive income	1,998,283	3,187,227	7,518,355	29,930,716	-	42,634,581
Financial assets measured at amortized cost	139,603,478	447,680,790	377,184,774	667,577,970	4,557,268	1,636,604,280
Refundable deposits - bonds	<u>7,338,978</u>	<u>-</u>	<u>-</u>	<u>7,760,935</u>	<u>-</u>	<u>15,099,913</u>
Total	<u>\$ 208,466,318</u>	<u>\$ 461,397,109</u>	<u>\$ 395,030,682</u>	<u>\$ 707,788,066</u>	<u>\$ 4,557,268</u>	<u>\$ 1,777,239,443</u>
Proportion	<u>11.73%</u>	<u>25.96%</u>	<u>22.23%</u>	<u>39.82%</u>	<u>0.26%</u>	<u>100.00%</u>

December 31, 2023

Financial Assets	Taiwan	Asia	Europe	America	Global	Total
Cash and cash equivalents	\$ 38,086,633	\$ 2,553,958	\$ 8,561,118	\$ -	\$ -	\$ 49,201,709
Financial assets at fair value through profit or loss	27,278,093	7,482,077	9,520,667	2,410,792	-	46,691,629
Financial assets measured at amortized cost	2,040,432	5,553,064	9,141,914	29,393,351	-	46,128,761
Refundable deposits - bonds	143,666,302	432,965,972	365,207,805	648,007,796	4,336,448	1,594,184,323
	<u>7,338,773</u>	<u>-</u>	<u>-</u>	<u>159,346</u>	<u>-</u>	<u>7,498,119</u>
Total	<u>\$ 218,410,233</u>	<u>\$ 448,555,071</u>	<u>\$ 392,431,504</u>	<u>\$ 679,971,285</u>	<u>\$ 4,336,448</u>	<u>\$ 1,743,704,541</u>
Proportion	<u>12.53%</u>	<u>25.72%</u>	<u>22.50%</u>	<u>39.00%</u>	<u>0.25%</u>	<u>100.00%</u>

March 31, 2023

Financial Assets	Taiwan	Asia	Europe	America	Global	Total
Cash and cash equivalents	\$ 44,331,832	\$ 4,413,004	\$ 12,214,545	\$ -	\$ -	\$ 60,959,381
Financial assets at fair value through profit or loss	26,866,593	7,626,813	9,102,917	2,347,699	-	45,944,022
Financial assets at fair value through other comprehensive income	2,038,571	4,563,270	6,019,273	10,487,027	-	23,108,141
Financial assets measured at amortized cost	156,239,529	426,249,907	358,791,375	636,613,268	5,234,194	1,583,128,273
Refundable deposits - bonds	<u>7,337,646</u>	<u>-</u>	<u>-</u>	<u>1,526,174</u>	<u>-</u>	<u>8,863,820</u>
Total	<u>\$ 236,814,171</u>	<u>\$ 442,852,994</u>	<u>\$ 386,128,110</u>	<u>\$ 650,974,168</u>	<u>\$ 5,234,194</u>	<u>\$ 1,722,003,637</u>
Proportion	<u>13.75%</u>	<u>25.72%</u>	<u>22.42%</u>	<u>37.80%</u>	<u>0.31%</u>	<u>100.00%</u>

- b) Regional distribution of the largest credit risk exposure for secured loans (excluding policy loan and automatic premium loan) is as follows:

March 31, 2024

Location	Northern Areas: Taipei and Eastern Counties	Central Area: Taichung to Changhua and Nantou	Southern Area: Counties Below Tainan	Total
Secured loans	\$ 79,507	\$ 33,194	\$ 42,310	\$ 155,011
Overdue receivables	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 79,507</u>	<u>\$ 33,194</u>	<u>\$ 42,310</u>	<u>\$ 155,011</u>
Proportion	<u>51.29%</u>	<u>21.41%</u>	<u>27.30%</u>	<u>100.00%</u>

December 31, 2023

Location	Northern Areas: Taipei and Eastern Counties	Central Area: Taichung to Changhua and Nantou	Southern Area: Counties Below Tainan	Total
Secured loans	\$ 86,383	\$ 38,249	\$ 47,836	\$ 172,468
Overdue receivables	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 86,383</u>	<u>\$ 38,249</u>	<u>\$ 47,836</u>	<u>\$ 172,468</u>
Proportion	<u>50.09%</u>	<u>22.18%</u>	<u>27.73%</u>	<u>100.00%</u>

March 31, 2023

Location	Northern Areas: Taipei and Eastern Counties	Central Area: Taichung to Changhua and Nantou	Southern Area: Counties Below Tainan	Total
Secured loans	\$ 126,234	\$ 48,874	\$ 67,361	\$ 242,469
Overdue receivables	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 126,234</u>	<u>\$ 48,874</u>	<u>\$ 67,361</u>	<u>\$ 242,469</u>
Proportion	<u>52.06%</u>	<u>20.16%</u>	<u>27.78%</u>	<u>100.00%</u>

3) Changes in the loss allowance

The reconciliations in loss allowance of financial assets measured at fair value through other comprehensive income are as follows:

	12-month ECLs	Lifetime ECLs (Credit Risk Has Increased Significantly)	Lifetime ECLs (Credit Risk Has Been Reduced)	The Loss Allowances Measured in Accordance with IFRS 9
Balance as of January 1, 2024	\$ 4,278	\$ -	\$ -	\$ 4,278
Changes due to financial instruments recognized as at beginning				
Transfer to 12-month ECLs	-	-	-	-
Transfer to lifetime ECLs	-	-	-	-
Transfer to credit-impaired financial assets	-	-	-	-

(Continued)

	12-month ECLs	Lifetime ECLs (Credit Risk Has Increased Significantly)	Lifetime ECLs (Credit Risk Has Been Reduced)	The Loss Allowances Measured in Accordance with IFRS 9
Derecognition of financial assets at current period	\$ (622)	\$ -	\$ -	\$ (622)
Originated or purchased new financial assets	280	-	-	280
Changes in models/risk parameters	(160)	-	-	(160)
Effects of exchange rate changes and others	<u>138</u>	<u>-</u>	<u>-</u>	<u>138</u>
Balance as of March 31, 2024	<u>\$ 3,874</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,874</u>
Balance as of January 1, 2023	\$ -	\$ -	\$ -	\$ -
Changes due to financial instruments recognized as at beginning				
Transfer to 12-month ECLs	-	-	-	-
Transfer to lifetime ECLs	-	-	-	-
Transfer to credit-impaired financial assets	-	-	-	-
Derecognition of financial assets at current period	-	-	-	-
Originated or purchased new financial assets	2,057	-	-	2,057
Changes in models/risk parameters	-	-	-	-
Effects of exchange rate changes and others	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Balance as of March 31, 2023	<u>\$ 2,057</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,057</u> (Concluded)

The reconciliations in loss allowance of financial assets measured at amortized cost are as follows:

	12-month ECLs	Lifetime ECLs (Credit Risk Has Increased Significantly)	Lifetime ECLs (Credit Risk Has Been Reduced)	The Loss Allowances Measured in Accordance with IFRS 9
Balance as of January 1, 2024	\$ 223,423	\$ 64,130	\$ 1,175,793	\$ 1,463,346
Changes due to financial instruments recognized as at beginning				
Transfer to 12-month ECLs	-	-	-	-
Transfer to lifetime ECLs	-	-	-	-
Transfer to credit-impaired financial assets	-	-	-	-
Derecognition of financial assets at current period	(751)	(1)	(1,316)	(2,068)
Originated or purchased new financial assets	510	-	7	517
Changes in models/risk parameters	(8,176)	(2,631)	(170,039)	(180,846)
Effects of exchange rate changes and others	<u>7,450</u>	<u>2,511</u>	<u>41,014</u>	<u>50,975</u>
Balance as of March 31, 2024	<u>\$ 222,456</u>	<u>\$ 64,009</u>	<u>\$ 1,045,459</u>	<u>\$ 1,331,924</u>
Balance as of January 1, 2023	\$ 222,287	\$ 75,661	\$ 1,130,258	\$ 1,428,206
Changes due to financial instruments recognized as at beginning				
Transfer to 12-month ECLs	-	-	-	-
Transfer to lifetime ECLs	-	-	-	-
Transfer to credit-impaired financial assets	-	-	-	-
Derecognition of financial assets at current period	(2,265)	(1)	(1,216)	(3,482)
Originated or purchased new financial assets	1,811	-	5	1,816
Changes in models/risk parameters	(17,839)	(4,731)	(170,464)	(193,034)
Effects of exchange rate changes and others	<u>(1,694)</u>	<u>(587)</u>	<u>(7,929)</u>	<u>(10,210)</u>
Balance as of March 31, 2023	<u>\$ 202,300</u>	<u>\$ 70,342</u>	<u>\$ 950,654</u>	<u>\$ 1,223,296</u>

The reconciliations in loss allowance of other receivables related to financial assets measured at fair value through other comprehensive income and measured at amortized costs are as follows:

	12-month ECLs	Lifetime ECLs (Credit Risk Has Increased Significantly)	Lifetime ECLs (Credit Risk Has Been Reduced)	The Loss Allowances Measured in Accordance with IFRS 9
Balance as of January 1, 2024	\$ 2,227	\$ 539	\$ 1,407,955	\$ 1,410,721
Changes due to financial instruments recognized as at beginning				
Transfer to 12-month ECLs	-	-	-	-
Transfer to lifetime ECLs	-	-	-	-
Transfer to credit-impaired financial assets	-	-	-	-
Derecognition of financial assets at current period	(1,063)	-	-	(1,063)
Originated or purchased new financial assets	849	833	192,090	193,772
Changes in models/risk parameters	(37)	(22)	-	(59)
Effects of exchange rate changes and others	<u>35</u>	<u>21</u>	<u>57,491</u>	<u>57,547</u>
Balance as of March 31, 2024	<u>\$ 2,011</u>	<u>\$ 1,371</u>	<u>\$ 1,657,536</u>	<u>\$ 1,660,918</u>
Balance as of January 1, 2023	\$ 2,108	\$ 636	\$ 669,151	\$ 671,895
Changes due to financial instruments recognized as at beginning				
Transfer to 12-month ECLs	-	-	-	-
Transfer to lifetime ECLs	-	-	-	-
Transfer to credit-impaired financial assets	-	-	-	-
Derecognition of financial assets at current period	(1,011)	-	-	(1,011)
Originated or purchased new financial assets	816	915	182,867	184,598
Changes in models/risk parameters	(97)	(40)	-	(137)
Effects of exchange rate changes and others	<u>(9)</u>	<u>(5)</u>	<u>(5,535)</u>	<u>(5,549)</u>
Balance as of March 31, 2023	<u>\$ 1,807</u>	<u>\$ 1,506</u>	<u>\$ 846,483</u>	<u>\$ 849,796</u>

For the three months ended March 31, 2024 and 2023, the change in loss allowance for the debt instrument investments measured at fair value through other comprehensive income and measured at amortized cost mostly came from the impact of recent financial environment, forward-looking factors used for estimation, the derecognition and acquisition of investments.

The expected loss rate for the investment in the debt instruments of the above-mentioned financial assets and the loss allowance for other receivables is as follows:

March 31, 2024

	12-month ECLs	Lifetime ECLs (Credit Risk Has Increased Significantly)	Lifetime ECLs (Credit Risk Has Been Reduced)
Financial asset measured at fair value through other comprehensive income	0.00%-0.03%	-	-
Financial assets measured at amortized cost	0.00%-0.21%	2.17%-2.31%	4.31%-7.97%
Other receivables	0.00%-0.21%	2.17%-2.31%	100%

December 31, 2023

	12-month ECLs	Lifetime ECLs (Credit Risk Has Increased Significantly)	Lifetime ECLs (Credit Risk Has Been Reduced)
Financial asset measured at fair value through other comprehensive income	0.00%-0.03%	-	-
Financial assets measured at amortized cost	0.00%-0.22%	2.26%-2.41%	5.57%-9.02%
Other receivables	0.00%-0.22%	2.26%-2.41%	100%

March 31, 2023

	12-month ECLs	Lifetime ECLs (Credit Risk Has Increased Significantly)	Lifetime ECLs (Credit Risk Has Been Reduced)
Financial asset measured at fair value through other comprehensive income	0.00%-0.01%	-	-
Financial assets measured at amortized cost	0.00%-0.08%	2.50%-2.67%	4.01%-7.61%
Other receivables	0.00%-0.08%	2.50%-2.67%	100%

The Company has taken into account the relevant impact of war between Russia and Ukraine and had recognized appropriate provision for impairment. In the future, the Company will closely monitor the situation in Russia and Ukraine, and review the possible impacts on the Company's investment positions.

The reconciliations in loss allowance of loans are as follows:

	12-month ECLs	Lifetime ECLs (Collectively Assessed)	Lifetime ECLs (Individually Assessed)	The Loss Allowances Measured in Accordance with IFRS 9	Impairment Difference Recognized in Accordance with “Regulations Governing the Procedures for Institutions to Evaluate Assets and Deal with Nonperforming /Nonaccrual Loans”	Total
Balance as of January 1, 2024	\$ 2	\$ 101	\$ 53	\$ 156	\$ 2,573	\$ 2,729
Changes due to financial instruments recognized as at beginning:						
Transfer to lifetime ECLs	-	-	-	-	-	-
Transfer to 12-month ECLs	-	-	-	-	-	-
Derecognition of financial assets at current period	-	-	-	-	-	-
Impairment difference recognized in accordance with “Regulations Governing the Procedures for Institutions to Evaluate Assets and Deal with Nonperforming/ Nonaccrual Loans”	-	-	-	-	(260)	(260)
Effects of exchange rate changes and others	-	262	(2)	260	-	260
Balance as of March 31, 2024	<u>\$ 2</u>	<u>\$ 363</u>	<u>\$ 51</u>	<u>\$ 416</u>	<u>\$ 2,313</u>	<u>\$ 2,729</u>
Balance as of January 1, 2023	\$ 4	\$ 146	\$ 328	\$ 478	\$ 3,793	\$ 4,271
Changes due to financial instruments recognized as at beginning:						
Transfer to lifetime ECLs	-	-	-	-	-	-
Transfer to 12-month ECLs	-	-	-	-	-	-

(Continued)

	12-month ECLs	Lifetime ECLs (Collectively Assessed)	Lifetime ECLs (Individually Assessed)	The Loss Allowances Measured in Accordance with IFRS 9	Impairment Difference Recognized in Accordance with “Regulations Governing the Procedures for Institutions to Evaluate Assets and Deal with Nonperforming /Nonaccrual Loans”	Total
Derecognition of financial assets at current period	\$ -	\$ -	\$ (26)	\$ (26)	\$ -	\$ (26)
Impairment difference recognized in accordance with “Regulations Governing the Procedures for Institutions to Evaluate Assets and Deal with Nonperforming/ Nonaccrual Loans”	-	-	-	-	(380)	(380)
Effects of exchange rate changes and others	-	420	(14)	406	-	406
Balance as of March 31, 2023	<u>\$ 4</u>	<u>\$ 566</u>	<u>\$ 288</u>	<u>\$ 858</u>	<u>\$ 3,413</u>	<u>\$ 4,271</u> (Concluded)

For account receivables arising from other transactions, the Company measures the loss allowance at an amount equal to lifetime expected credit losses. The movement of loss allowance of receivables is as follows:

	For the Three Months Ended March 31	
	2024	2023
Beginning balance	\$ 6,287	\$ 5,004
Increase (reverse) in the amount for the current period	<u>(438)</u>	<u>1,932</u>
Ending balance	<u>\$ 5,849</u>	<u>\$ 6,936</u>

4) The total book value of each financial instrument and categories for credit quality

- a) Financial asset measured at fair value through other comprehensive income, financial assets measured at amortized cost and other receivables

March 31, 2024

	12-month ECLs	Lifetime ECLs (Credit Risk Has Increased Significantly)	Lifetime ECLs (Credit Risk Has Been Reduced)	Total
<u>Investment grade</u>				
Financial asset measured at fair value through other comprehensive income	\$ 44,415,359	\$ -	\$ -	\$ 44,415,359
Financial assets measured at amortized cost	1,626,362,182	2,855,719	-	1,629,217,901
Other receivables	13,128,170	61,325	-	13,189,495

Non-investment grade

Financial asset measured at fair value through other comprehensive income	-	-	-	-
Financial assets measured at amortized cost	7,151,175	-	16,667,041	23,818,216
Other receivables	54,505	-	1,657,537	1,712,042

December 31, 2023

	12-month ECLs	Lifetime ECLs (Credit Risk Has Increased Significantly)	Lifetime ECLs (Credit Risk Has Been Reduced)	Total
<u>Investment grade</u>				
Financial asset measured at fair value through other comprehensive income	\$ 46,271,401	\$ -	\$ -	\$ 46,271,401
Financial assets measured at amortized cost	1,577,491,606	2,743,733	-	1,580,235,339
Other receivables	13,799,110	23,167	-	13,822,277

Non-investment grade

Financial asset measured at fair value through other comprehensive income	-	-	-	-
Financial assets measured at amortized cost	6,879,509	-	16,030,940	22,910,449
Other receivables	138,213	-	1,407,956	1,546,169

March 31, 2023

	12-month ECLs	Lifetime ECLs (Credit Risk Has Increased Significantly)	Lifetime ECLs (Credit Risk Has Been Reduced)	Total
<u>Investment grade</u>				
Financial asset measured at fair value through other comprehensive income	\$ 23,148,596	\$ -	\$ -	\$ 23,148,596
Financial assets measured at amortized cost	1,567,938,943	2,718,785	-	1,570,657,728
Other receivables	13,956,055	58,381	-	14,014,436

Non-investment grade

Financial asset measured at fair value through other comprehensive income	-	-	-	-
Financial assets measured at amortized cost	6,621,486	-	15,936,174	22,557,660
Other receivables	49,424	-	846,483	895,907

Note 1: Including those serving as refundable deposits.

Note 2: The Company is graded by referencing the rating of credit rating agencies, and its credit rating is classified as an investment grade if above BBB-, a credit rating below BBB- or no-rated are listed as a non-investment grade.

b) Secured loans and other receivables

March 31, 2024

Credit Risk Rating Grades	The Measure of ECLs	Secured Loans	Other Receivables
Low credit risk	12-month ECLs	\$ 156,935	\$ 190
Credit risk has increased significantly	Lifetime ECL	-	-
Credit risk has been reduced	Lifetime ECL	<u>805</u>	<u>-</u>
Total		<u>\$ 157,740</u>	<u>\$ 190</u>

December 31, 2023

Credit Risk Rating Grades	The Measure of ECLs	Secured Loans	Other Receivables
Low credit risk	12-month ECLs	\$ 174,363	\$ 211
Credit risk has increased significantly	Lifetime ECL	-	-
Credit risk has been reduced	Lifetime ECL	<u>834</u>	<u>-</u>
Total		<u>\$ 175,197</u>	<u>\$ 211</u>

March 31, 2023

Credit Risk Rating Grades	The Measure of ECLs	Secured Loans	Other Receivables
Low credit risk	12-month ECLs	\$ 241,677	\$ 277
Credit risk has increased significantly	Lifetime ECL	527	3
Credit risk has been reduced	Lifetime ECL	<u>4,536</u>	<u>5</u>
Total		<u>\$ 246,740</u>	<u>\$ 285</u>

b. Liquidity risk analysis

- 1) Liquidity risks are classified into “funding liquidity risk” and “market liquidity risk.” “Funding liquidity risk” represents that the Company is not able to obtain sufficient funds at a reasonable funding cost to meet the demands within reasonable time. “Market liquidity risk” represents the risk that the Company sells at loss to meet the demand for cash.

The Company assesses the characteristics of business, monitors short-term cash flows, and constructs the completed mechanism of liquidity risk management. Furthermore, the Company manages market liquidity risk cautiously by considering market trading volumes and adequacy of holding positions with symmetric. To decentralize market risk when investment and to maintain investment each aspect (such as asset category, maturity, region, currency and tools) diversification. Planning emergency financing plan in order to assess how the Company in the long term illiquid environment still regularly operate to pay emergency and major funding requirements.

The Company regularly monitors market liquidity and formulates plans to use the funds depending on market conditions and funding demand arrangements for liquidity assets portfolio. To deal with possible liquidity risk early, the company reports duration of assets and liabilities quarterly, creates cash flow model and reviews cash flow status regularly.

- 2) Financial assets held for managing liquidity risk and maturity analysis of non-derivative financial liabilities

a) Financial assets held for managing liquidity risk

The Company holds cash, highly liquid and superior assets to deal with payment obligation and the potential urgent funds needs to dispatch in the market environment, financial assets for managing liquidity risk are cash and cash equivalents, financial assets at fair value through profit or loss, financial assets at fair value through other comprehensive income, financial assets at amortized cost.

b) Maturity analysis of non-derivative financial liabilities

The analysis of cash outflows to the Company is listed below and based on the residual term from the date of balance sheet to the maturity. The disclosed amount is in accordance with cash flows on contracts, so the partial disclosed items are not the same as related items in the balance sheet.

Non-derivative financial instruments

	In 1 Year	1 to 5 Years	Over 5 Years	Total
<u>March 31, 2024</u>				
Payables	\$ 13,614,075	\$ 23,081	\$ -	\$ 13,637,156
Bonds payable	-	-	20,000,000	20,000,000
Lease liabilities	146,595	391,439	3,719,103	4,257,137
<u>December 31, 2023</u>				
Payables	14,285,297	20,903	-	14,306,200
Bonds payable	-	-	20,000,000	20,000,000
Lease liabilities	147,991	396,225	3,627,254	4,171,470
<u>March 31, 2023</u>				
Payables	11,296,895	69,208	-	11,366,103
Bonds payable	-	-	10,000,000	10,000,000
Lease liabilities	151,707	441,312	3,689,594	4,282,613

c) Maturity analysis of derivative financial liabilities

The Company operates derivatives including foreign exchange derivative instruments (such as swap contracts, foreign exchange forward).

The Company has enough operating capital, including cash and cash equivalents, and highly liquid securities, such as government bonds to pay the investment and liabilities at maturity. Therefore, the risk of liquidity is extremely low. The Company enters into forward contracts and swap contracts derivative financial instruments, whose currencies are highly liquid, so the possibility of selling out and the risk of market liquidity are low. The forward contracts and swap contracts will be operated continually, and the capital is enough to pay for settlement, so the risk of capital liquidity is low.

Maturity structure of derivative financial liabilities is as follows:

	March 31, 2024				
	In 90 Days	91-180 Days	181 Days- 1 Year	Over 1 Year	Total
Financial liabilities at fair value through profit or loss	\$ 9,836,586	\$ 3,665,293	\$ 3,725,418	\$ -	\$ 17,227,297

December 31, 2023					
	In 90 Days	91-180 Days	181 Days- 1 Year	Over 1 Year	Total
Financial liabilities at fair value through profit or loss	\$ 5,424,429	\$ 141,855	\$ 45,853	\$ -	\$ 5,612,137
March 31, 2023					
	In 90 Days	91-180 Days	181 Days- 1 Year	Over 1 Year	Total
Financial liabilities at fair value through profit or loss	\$ 3,612,596	\$ 1,683,876	\$ 332,300	\$ -	\$ 5,628,772

c. Market risk analysis

- 1) Market risk is the risk of losses on financial assets and liabilities caused by adverse movements in market risk factors.

The Company has built Value at Risk (VaR) model. The risk management system monitors all financial assets involving market risks and calculates VaR regularly. Risk control indices are notional amount and VaR. The Company will issue risk management reports weekly and execute routine control and plan risk responses when over limit. We also report VaR, the utilization of risk limits and the results of backtesting regularly to the board of directors or risk management committee.

- 2) Exchange rate risk

The Company's exchange rate risk is mainly from assets and liabilities denominated in foreign currency. Except for assets and liabilities in the same currency which can have natural hedging effect, other foreign currency positions can be effect by foreign exchange risk. The Company adopts foreign exchange swap and forward to avoid exchange rate risk, and is in accordance with relevant laws and internal control mechanism.

- 3) Interest rate risk

Interest rate risk refers to the risk resulting from changes in interest rates which causes fluctuations in the fair value of financial instruments. The Company manages interest rate risk by combinations of fixed and floating interest rate products. Because they do not meet the requirements for hedge accounting, hedge accounting is not adopted.

- 4) Equity price risk

The Company holds equity securities of listed and unlisted companies. The price of such equity securities will be affected by uncertainties about the future value of the underlying investment. The Company diversified its investment and set investment limits for a single equity security to manage price risk of equity securities. Portfolio information of equity securities is required to be regularly reported to senior executives of the Company. The board of directors should authorize the senior executives to review and approve all equity investment decisions.

- 5) Value at Risk

Value at Risk is the maximum loss on the portfolio with a given probability defined as the confidence level, over a given period of time. The Company uses 99% VaR to measure the market risk over the next ten days.

VaR model must be able to reasonably and appropriately measure the maximum potential risk of financial instruments and investment portfolio. VaR model must be validated and backtested to show that the model can reasonably and effectively measure the maximum potential risks of the financial instruments or investment portfolio.

6) Stress testing

The Company measures and evaluates potential risks of the occurrence of extreme and abnormal events regularly in addition to VaR model. Stress testing measures the potential impact on the value of the investment portfolio when extreme fluctuations of financial variables occur.

The Company performs stress testing regularly by using “Simple Sensitivity” and “Scenario Analysis” methods. The test is capable of representing the position loss resulted from the movement of a specific risk factor under different kinds of historical scenarios:

a) Simple Sensitivity

Simple Sensitivity measures the dollar amount change of the portfolio value from the movement of specific risk factors.

b) Scenario Analysis

Scenario Analysis measures the dollar amount changes of the total value of investment positions if stress scenarios occur. The types of scenario include:

i Historical scenario:

Applying the volatilities of risk factors in a specific historical event, the Company can estimate the losses of the current investment portfolio in the same period of time.

ii Hypothetical scenario:

The Company makes hypothesis with rational expectations from the extreme market movements to assess the dollar amount of losses of the investment position by taking into consideration the movement of relevant risk factors.

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

Summarization of Simple Sensitivity

March 31, 2024

Risk Factors	Changes (+/-)	Changes in Income	Changes in Equity
Equity risk (stock index)	+1%	\$ -	\$ 1,925,532
Interest rate risk (yield curve)	+1BP	-	(263,364)
Exchange risk (Foreign exchange rate)	+1% (NTD appreciates 1% against each foreign currency)	(3,626,158)	(1,000,050)

December 31, 2023

Risk Factors	Changes (+/-)	Changes in Income	Changes in Equity
Equity risk (stock index)	+1%	\$ -	\$ 1,729,025
Interest rate risk (yield curve)	+1BP	-	(252,065)
Exchange risk (Foreign exchange rate)	+1% (NTD appreciates 1% against each foreign currency)	(2,948,656)	(918,611)

March 31, 2023

Risk Factors	Changes (+/-)	Changes in Income	Changes in Equity
Equity risk (stock index)	+1%	\$ -	\$ 2,547,106
Interest rate risk (yield curve)	+1BP	-	(69,704)
Exchange risk (Foreign exchange rate)	+1% (NTD appreciates 1% against each foreign currency)	(1,734,763)	(1,646,285)

40. ASSETS AND LIABILITIES ARE CLASSIFIED BASED ON EXPECTED RECOVERY OR SETTLEMENT WITHIN 12 MONTHS AFTER THE REPORTING DATE AND MORE THAN 12 MONTHS AFTER THE REPORTING DATE

Item	March 31, 2024		
	Recovery or Settlement within 12 Months	Recovery or Settlement More than 12 Months	Total
<u>Assets</u>			
Cash and cash equivalents	\$ 35,434,908	\$ -	\$ 35,434,908
Receivables	21,436,173	-	21,436,173
Current tax assets	2,683,885	608,061	3,291,946
Financial assets at fair value through profit or loss	334,754,791	83,822,063	418,576,854
Financial assets at fair value through other comprehensive income	796,751	68,761,481	69,558,232
Financial assets measured at amortized cost	9,255,874	1,627,348,406	1,636,604,280
Investments accounted for using equity method	-	2,323,168	2,323,168
Investment property	-	69,560,801	69,560,801
Loans	2,912	34,022,886	34,025,798
Reinsurance assets	1,093,395	-	1,093,395
Property and equipment	-	10,523,214	10,523,214
Right of use assets	-	4,876,806	4,876,806
Intangible assets	-	500,531	500,531
Deferred tax assets	3,506,971	16,591,540	20,098,511
Other assets	62,995	15,386,203	15,449,198
Separate account product assets	<u>119,961,900</u>	<u>-</u>	<u>119,961,900</u>
Total assets	<u>\$ 528,990,555</u>	<u>\$ 1,934,325,160</u>	<u>\$ 2,463,315,715</u>

(Continued)

March 31, 2024			
Item	Recovery or Settlement within 12 Months	Recovery or Settlement More than 12 Months	Total
<u>Liabilities</u>			
Payables	\$ 13,614,075	\$ 23,081	\$ 13,637,156
Current tax liabilities	-	6,895	6,895
Financial liabilities at fair value through profit or loss	17,227,297	-	17,227,297
Bonds payable	-	20,000,000	20,000,000
Lease liabilities	87,114	1,903,608	1,990,722
Insurance liabilities	20,711,183	2,067,018,213	2,087,729,396
Foreign exchange valuation reserve	-	13,896,058	13,896,058
Provision	-	138,867	138,867
Deferred tax liabilities	14,904,016	1,829,132	16,733,148
Other liabilities	292,031	902,990	1,195,021
Separate account product liabilities	<u>119,961,900</u>	<u>-</u>	<u>119,961,900</u>
Total liabilities	<u>\$ 186,797,616</u>	<u>\$ 2,105,718,844</u>	<u>\$ 2,292,516,460</u>
			(Concluded)

December 31, 2023			
Item	Recovery or Settlement within 12 Months	Recovery or Settlement More than 12 Months	Total
<u>Assets</u>			
Cash and cash equivalents	\$ 49,203,474	\$ -	\$ 49,203,474
Receivables	22,786,016	-	22,786,016
Current tax assets	2,683,885	6,226	2,690,111
Financial assets at fair value through profit or loss	322,849,154	80,703,259	403,552,413
Financial assets at fair value through other comprehensive income	499,930	71,158,353	71,658,283
Financial assets measured at amortized cost	11,182,142	1,583,002,181	1,594,184,323
Investments accounted for using equity method	-	2,118,503	2,118,503
Investment property	-	69,752,774	69,752,774
Loans	2,323	33,962,595	33,964,918
Reinsurance assets	1,011,096	-	1,011,096
Property and equipment	-	10,606,865	10,606,865
Right of use assets	-	4,899,638	4,899,638
Intangible assets	-	461,140	461,140
Deferred tax assets	1,444,667	16,328,877	17,773,544
Other assets	112,957	7,773,409	7,886,366
Separate account product assets	<u>115,525,739</u>	<u>-</u>	<u>115,525,739</u>
Total assets	<u>\$ 527,301,383</u>	<u>\$ 1,880,773,820</u>	<u>\$ 2,408,075,203</u>
			(Continued)

December 31, 2023			
Item	Recovery or Settlement within 12 Months	Recovery or Settlement More than 12 Months	Total
<u>Liabilities</u>			
Payables	\$ 14,285,297	\$ 20,903	\$ 14,306,200
Current tax liabilities	-	6,895	6,895
Financial liabilities at fair value through profit or loss	5,612,137	-	5,612,137
Bonds payable	-	20,000,000	20,000,000
Lease liabilities	88,948	1,870,745	1,959,693
Insurance liabilities	20,547,741	2,050,886,623	2,071,434,364
Foreign exchange valuation reserve	-	9,768,788	9,768,788
Provision	-	146,416	146,416
Deferred tax liabilities	10,165,581	1,814,576	11,980,157
Other liabilities	7,747,904	1,249,855	8,997,759
Separate account product liabilities	<u>115,525,739</u>	<u>-</u>	<u>115,525,739</u>
Total liabilities	<u>\$ 173,973,347</u>	<u>\$ 2,085,764,801</u>	<u>\$ 2,259,738,148</u>
			(Concluded)

March 31, 2023			
Item	Recovery or Settlement within 12 Months	Recovery or Settlement More than 12 Months	Total
<u>Assets</u>			
Cash and cash equivalents	\$ 60,961,525	\$ -	\$ 60,961,525
Receivables	23,894,849	-	23,894,849
Current tax assets	2,093,162	9,313	2,102,475
Financial assets at fair value through profit or loss	301,833,865	83,641,573	385,475,438
Financial assets at fair value through other comprehensive income	997,451	50,877,473	51,874,924
Financial assets measured at amortized cost	9,250,324	1,573,877,949	1,583,128,273
Investments accounted for using equity method	-	2,210,048	2,210,048
Investment property	-	67,736,263	67,736,263
Loans	5,037	32,855,970	32,861,007
Reinsurance assets	915,587	-	915,587
Property and equipment	-	11,548,345	11,548,345
Right of use assets	-	5,025,123	5,025,123
Intangible assets	-	483,405	483,405
Deferred tax assets	1,890,268	13,101,133	14,991,401
Other assets	552,018	9,220,442	9,772,460
Separate account product assets	<u>-</u>	<u>-</u>	<u>107,267,130</u>
Total assets	<u>\$ 402,439,386</u>	<u>\$ 1,850,541,737</u>	<u>\$ 2,360,248,253</u>
			(Continued)

Item	March 31, 2023		
	Recovery or Settlement within 12 Months	Recovery or Settlement More than 12 Months	Total
<u>Liabilities</u>			
Payables	\$ 11,296,895	\$ 69,208	\$ 11,366,103
Current tax liabilities	-	288,601	288,601
Financial liabilities at fair value through profit or loss	5,628,772	-	5,628,772
Bonds payable	-	10,000,000	10,000,000
Lease liabilities	93,241	1,934,285	2,027,526
Insurance liabilities	20,821,401	2,057,535,378	2,078,356,779
Foreign exchange valuation reserve	-	9,534,483	9,534,483
Provision	-	164,261	164,261
Deferred tax liabilities	5,245,144	1,608,275	6,853,419
Other liabilities	886,113	1,383,178	2,269,291
Separate account product liabilities	-	-	107,267,130
Total liabilities	<u>\$ 43,971,566</u>	<u>\$ 2,082,517,669</u>	<u>\$ 2,233,756,365</u>
			(Concluded)

41. CAPITAL MANAGEMENT

The Company's main objective of capital management is to make sure the risk-based capital (RBC) ratio and the company's equity divided by total assets excluding the separate accounts product assets calculated in accordance with "Regulations Governing Capital Adequacy of Insurance Companies" meets the ratio provided by the Insurance Act, to maintain a sound capital structure to protect rights and interests of customers and shareholders.

The Company implements capital management mainly by monitoring the results of RBC report to ensure its solvency.

42. RELATED PARTY TRANSACTION

Information of the related parties that had transactions with the company during the financial reporting period is as follows:

a. Name and nature of relationship of the related parties

Name of the Related Parties	Nature of Relationship of the Related Parties
China Development Financial Holding Corp. (CDF)	Parent company/juristic-person director of the Company (parent company)
CDIB Capital Group	Brother company (other related party)
KGI Securities Co., Ltd.	Brother company (other related party)
China Development Asset Management Corp.	Brother company (other related party)

(Continued)

Name of the Related Parties	Nature of Relationship of the Related Parties
KGI Bank	Brother company (other related party)
KGI Securities Investment Trust Co., Ltd.	Brother company (other related party) (Note 1)
CDIB Capital Management Inc.	Equity method investee of subsidiary of parent company (other related party)
CDIB & Partners Investment Holding Corporation	Equity method investee of subsidiary of parent company (other related party)
CDIB Innovation Advisors Corporation Limited	Equity method investee of subsidiary of parent company (other related party)
CDIB Capital Growth Partners L.P.	Equity method investee of subsidiary of parent company (other related party)
CDIB Capital Healthcare Ventures II Limited Partnership	Equity method investee of subsidiary of parent company (other related party)
CDIB CME Fund Ltd.	Equity method investee of subsidiary of parent company (other related party)
KGI Venture Capital Co., Ltd.	Equity method investee of subsidiary of parent company (other related party)
Funds managed by KGI Securities Investment Trust Co., Ltd.	Funds and designated accounts managed by equity method investee of subsidiary of parent company (other related party)
KGI Insurance Brokers Co., Ltd.	Equity method investee of subsidiary of parent company (other related party)
KGI Futures Co., Ltd.	Equity method investee of subsidiary of parent company (other related party)
CDC Finance & Leasing Corp.	Equity method investee of subsidiary of parent company (other related party)
KGI Securities Investment Advisory Co., Ltd.	Equity method investee of subsidiary of parent company (other related party)
CDIB-Innolux II Limited Partnership	Equity method investee of subsidiary of parent company (other related party) (Note 2)
CDIB Capital Asia Partners L.P.	Equity method investee of subsidiary of parent company (other related party)
CDIB Capital International Corporation	Equity method investee of subsidiary of parent company (other related party)
CDIB Capital Global Opportunities Fund L.P.	Equity method investee of subsidiary of parent company (other related party)
CDIB Pearl Holding Limited	Equity method investee of subsidiary of parent company (other related party)
China Development Foundation	Substantial related party
Chao-Hsing Social Welfare Foundation	Substantial related party
GPPC Development Corp.	Equity method investee of subsidiary of parent company (other related party)
GPPC Chemical Corporation	Juristic-person director of parent company (other related party)
Others	Directors, the key management personnel with their spouse, the relationship within second degree by consanguinity and CDF's affiliates or substantial related parties (other related party) (Note 3)

(Concluded)

Note 1: Since July 1, 2023, KGI Securities Investment Trust Co., Ltd. has become brother company of the Company.

Note 2: Since March 19, 2024, CDIB-Innolux II Limited Partnership has become the investee held by equity method by the subsidiary of the Company's parent company.

Note 3: Related parties such as parent company, brother company, equity method investee of subsidiary of parent company, juristic-person directors of parent company become related parties of the Company as the result of the tender offer by CDF.

b. Significant transactions with the related parties are as follows:

1) Cash in banks

Name	March 31, 2024	December 31, 2023	March 31, 2023
KGI Bank	<u>\$ 5,690,943</u>	<u>\$ 6,777,032</u>	<u>\$ 2,079,497</u>

2) Receivables

Name	March 31, 2024	December 31, 2023	March 31, 2023
Other receivables:			
Parent company	\$ 51,506	\$ 51,969	\$ 53,361
KGI Bank	115,416	1,292,134	619,307
Other related parties	<u>485,756</u>	<u>378,460</u>	<u>278,474</u>
Total	<u>\$ 652,678</u>	<u>\$ 1,722,563</u>	<u>\$ 951,142</u>

3) Derivative financial instruments

Name	Contract Type	Period	Notional Amount (In Thousands of USD Dollars)	Balance Sheets (March 31, 2024)	
				Items	Balance
Other related parties	Swap contracts	2023/10/13-2024/11/20	US\$ 1,080,000	financial liability at fair value through profit or loss	\$ 605,234

Name	Contract Type	Period	Notional Amount (In Thousands of USD Dollars)	Balance Sheets (December 31, 2023)	
				Items	Balance
Other related parties	Swap contracts	2023/10/13-2024/04/17	US\$ 120,000	financial asset at fair value through profit or loss	\$ 126,775
Other related parties	Forward foreign exchange contracts	2023/11/22-2024/01/19	US\$ 441,000	financial asset at fair value through profit or loss	303,762
Other related parties	Swap contracts	2023/05/19-2024/03/22	US\$ 370,000	financial liability at fair value through profit or loss	248,376

Name	Contract Type	Period	Notional Amount (In Thousands of USD Dollars)	Balance Sheets (March 31, 2023)	
				Items	Balance
Other related parties	Swap contracts	2022/11/24-2023/05/30	US\$ 120,000	financial asset at fair value through profit or loss	\$ 28,737
Other related parties	Swap contracts	2022/12/15-2023/10/17	US\$ 340,000	financial liability at fair value through profit or loss	57,083

4) Financial assets at fair value through profit and loss

Name	March 31, 2024	December 31, 2023	March 31, 2023
Stocks:			
Other related parties	\$ 1,192,416	\$ 1,038,595	\$ 1,009,682
Beneficiary certificates:			
Other related parties	<u>16,364,515</u>	<u>9,732,599</u>	<u>6,680,508</u>
Total	<u>\$ 17,556,931</u>	<u>\$ 10,771,194</u>	<u>\$ 7,690,190</u>

5) Financial assets at fair value through other comprehensive income

Name	March 31, 2024	December 31, 2023	March 31, 2023
Stocks:			
Other related parties	<u>\$ 30,596</u>	<u>\$ 29,881</u>	<u>\$ 35,938</u>

6) Policy loans

Name	March 31, 2024	December 31, 2023	March 31, 2023
Other related parties	<u>\$ 14,374</u>	<u>\$ 14,270</u>	<u>\$ 1,719</u>

7) Current tax assets

Name	March 31, 2024	December 31, 2023	March 31, 2023
Parent company	<u>\$ 3,285,720</u>	<u>\$ 2,683,885</u>	<u>\$ 2,093,162</u>

It is the tax that shall be collected from the parent company arising from the consolidated tax return of income tax between the Company and the parent company and its subsidiaries by the policy jointly declaration of tax.

8) Prepayments

Name	March 31, 2024	December 31, 2023	March 31, 2023
Other related parties	<u>\$ -</u>	<u>\$ 197</u>	<u>\$ 173</u>

9) Payables

Name	March 31, 2024	December 31, 2023	March 31, 2023
Commissions payable:			
Other related parties	\$ 58,447	\$ 35,672	\$ 35,583
Other payables:			
Other related parties	<u>122,486</u>	<u>665,170</u>	<u>139,875</u>
Total	<u>\$ 180,933</u>	<u>\$ 700,842</u>	<u>\$ 175,458</u>

10) The Company entrusted the parent company to collect and transfer the prepayments for equipment and prepayments expense to non-related parties. As of March 31, 2024, December 31, 2023 and March 31, 2023, the transaction amount of the prepayments for equipment and prepayments expense. Total prepayments was \$15,858 thousand, \$30,619 thousand and \$14,090 thousand, respectively. As of March 31, 2024, December 31, 2023 and March 31, 2023, there was no payable arising from the aforementioned transaction.

11) As of March 31, 2024, December 31, 2023 and March 31, 2023, the Company has paid other related parties for renovation work on its behalf. Total payment was \$137,567 thousand, \$127,445 thousand and \$0 (accounting for prepayments for equipment - investment property).

12) Bonds payable

Name	March 31, 2024	December 31, 2023	March 31, 2023
KGI Securities Co., Ltd.	<u>\$ 4,850,000</u>	<u>\$ 4,850,000</u>	<u>\$ 4,850,000</u>

As of March 31, 2024, December 31, 2023 and March 31, 2023, KGI Securities Co., Ltd. held a total face value of \$4,850,000 thousand of corporate bonds issued by the Company, and the interest payable generated amounted to \$33,990 thousand, \$1,431 thousand and \$33,724 thousand. The interest expenses in the above transactions attributable to KGI Securities Co., Ltd. amounted to \$32,559 thousand and \$32,289 thousand, for the three months ended March 31, 2024 and 2023, respectively.

13) Other liabilities

Name	March 31, 2024	December 31, 2023	March 31, 2023
Unearned receipts			
Parent company	\$ 5,703	\$ 5,703	\$ 5,703
Other related parties	<u>4,744</u>	<u>4,744</u>	<u>4,744</u>
Total	<u>\$ 10,447</u>	<u>\$ 10,447</u>	<u>\$ 10,447</u>

14) Guarantee deposits received

Name	March 31, 2024	December 31, 2023	March 31, 2023
Parent company	\$ 16,452	\$ 16,452	\$ 16,452
Other related parties	<u>68,328</u>	<u>68,328</u>	<u>68,310</u>
Total	<u>\$ 84,780</u>	<u>\$ 84,780</u>	<u>\$ 84,762</u>

15) Current tax liabilities

Name	March 31, 2024	December 31, 2023	March 31, 2023
Parent company	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 288,601</u>

It is the tax that shall be paid to the parent company arising from the consolidated tax return of income tax between the Company and the parent company and its subsidiaries by the policy jointly declaration of tax.

16) Premium income

Name	For the Three Months Ended March 31	
	2024	2023
Parent company	\$ 222	\$ 213
Other related parties	<u>31,557</u>	<u>45,942</u>
Total	<u>\$ 31,779</u>	<u>\$ 46,155</u>

17) Fee income

Name	For the Three Months Ended March 31	
	2024	2023
Other related parties	<u>\$ 4,146</u>	<u>\$ 4,294</u>

18) Interest income

Name	For the Three Months Ended March 31	
	2024	2023
Other related parties	<u>\$ 7,672</u>	<u>\$ -</u>

19) Financial assets measured at fair value through profit or loss - dividend income

Name	For the Three Months Ended March 31	
	2024	2023
Other related parties	<u>\$ 179,735</u>	<u>\$ 65,234</u>

20) Gains on Investment property - rental income

Name	For the Three Months Ended March 31	
	2024	2023
Parent company	\$ 16,674	\$ 16,669
KGI Bank	45,272	45,226
GPPC Development Corp.	47,138	47,138
Other related parties	<u>22,720</u>	<u>22,667</u>
Total	<u>\$ 131,804</u>	<u>\$ 131,700</u>

According to contracts, leasing periods are generally 3 to 20 years, and rentals are usually paid on a monthly.

21) Insurance claim payments

Name	For the Three Months Ended March 31	
	2024	2023
Other related parties	<u>\$ 1,509</u>	<u>\$ 1,979</u>

22) Commission expenses

Name	For the Three Months Ended March 31	
	2024	2023
Other related parties	<u>\$ 190,051</u>	<u>\$ 111,909</u>

23) Professional service fees (recognized in operating expenses)

Name	For the Three Months Ended March 31	
	2024	2023
Other related parties	<u>\$ 4,314</u>	<u>\$ 6,717</u>

24) Handling fees (recognized in net investment incomes (losses) or in adjustment for investment cost)

Name	For the Three Months Ended March 31	
	2024	2023
Other related parties	<u>\$ 33,988</u>	<u>\$ 10,341</u>

Other handling fees (recognized in operating expenses)

Name	For the Three Months Ended March 31	
	2024	2023
Other related parties	\$ <u>6,889</u>	\$ <u>6,610</u>

25) Donation expense (recognized in operating expenses)

On March 30, 2023, the company's board of directors approved a donation of 13,500 thousand to other related parties and paid in April 2023.

26) Finance costs

Name	For the Three Months Ended March 31	
	2024	2023
Parent company	\$ 31	\$ 26
KGI Securities Co., Ltd.	32,572	32,301
Other related parties	<u>150</u>	<u>130</u>
Total	\$ <u>32,753</u>	\$ <u>32,457</u>

27) Non-operating income and expenses

Name	For the Three Months Ended March 31	
	2024	2023
Parent company	\$ 898	\$ -
KGI Bank	2,582	356
Other related parties	<u>623</u>	<u>-</u>
Total	\$ <u>4,103</u>	\$ <u>356</u>

The abovementioned transaction terms with related parties do not differ from that with non-related parties.

c. Key management personnel remuneration

Item	For the Three Months Ended March 31	
	2024	2023
Short-term employee benefits	\$ 96,387	\$ 64,642
Post-employment benefits	1,512	4,578
Share-based payment	<u>14,852</u>	<u>18,095</u>
Total	\$ <u>112,751</u>	\$ <u>87,315</u>

43. PLEDGED ASSETS

Details of pledged and guaranteed assets are as follows:

Item	March 31, 2024	December 31, 2023	March 31, 2023
Government bonds (recognized as refundable deposits)	\$ 15,099,913	\$ 7,498,119	\$ 8,863,820
Cash in bank (recognized as refundable deposits)	<u>66,247</u>	<u>15,689</u>	<u>401,461</u>
Total	<u>\$ 15,166,160</u>	<u>\$ 7,513,808</u>	<u>\$ 9,265,281</u>

44. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

Investment commitment not yet contributed

As of March 31, 2024, among the investment contracts signed, the upper limit of the amount not yet contributed were NT\$2,555,746 thousand, US\$451,188 thousand and EUR14,179 thousand.

45. SIGNIFICANT LOSSES FROM DISASTER

None.

46. SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD

None.

47. OTHER MATTERS

- a. Foreign currency financial assets and liabilities with significant influence as of March 31, 2024, December 31, 2023 and March 31, 2023 are as follows:

		March 31, 2024	
	Foreign Currency	Exchange Rate (In Dollar)	NTD
<u>Financial assets</u>			
Monetary items			
USD	\$ 45,862,344	31.9900	\$ 1,467,136,370
AUD	5,786,421	20.8127	120,431,036
Non-monetary items			
USD	2,058,467	31.9900	65,850,357
<u>Financial liabilities</u>			
Monetary items			
USD	4,914	31.9900	157,208

December 31, 2023			
	Foreign Currency	Exchange Rate (In Dollar)	NTD
<u>Financial assets</u>			
Monetary items			
USD	\$ 46,360,071	30.7350	\$ 1,424,876,796
AUD	5,851,455	20.9982	122,870,020
Non-monetary items			
USD	1,933,365	30.7350	59,421,973
<u>Financial liabilities</u>			
Monetary items			
USD	237,747	30.7350	7,307,158
March 31, 2023			
	Foreign Currency	Exchange Rate (In Dollar)	NTD
<u>Financial assets</u>			
Monetary items			
USD	\$ 45,537,377	30.4540	\$ 1,386,795,280
AUD	5,760,600	20.3341	117,136,611
Non-monetary items			
USD	2,644,126	30.4540	80,524,218
<u>Financial liabilities</u>			
Monetary items			
USD	19,984	30.4540	608,600

The above information is disclosed based on the carrying amount of the foreign currencies, which has been translated to the functional currency.

b. Participation of unconsolidated structured entities

As of March 31, 2024, December 31, 2023 and March 31, 2023, interests in unconsolidated structured entities the Company holds are as follows. The Company does not provide any financial or other support for these structured entities. The estimated maximum exposure amount is the interests the Company holds.

March 31, 2024

	Private Equity Fund	Asset Securitization Product	Total
Assets held by the Company			
Financial assets at fair value through profit and loss	\$ 34,544,422	\$ 4,403,868	\$ 38,948,290
Financial assets measured at amortized cost	-	6,836,596	6,836,596
The maximum exposure amount	34,544,422	11,240,464	45,784,886
Financial or other support provided	None	None	

December 31, 2023

	Private Equity Fund	Asset Securitization Product	Total
Assets held by the Company			
Financial assets at fair value through profit and loss	\$ 32,317,271	\$ 4,614,382	\$ 36,931,653
Financial assets measured at amortized cost	-	6,593,502	6,593,502
The maximum exposure amount	32,317,271	11,207,884	43,525,155
Financial or other support provided	None	None	

March 31, 2023

	Private Equity Fund	Asset Securitization Product	Total
Assets held by the Company			
Financial assets at fair value through profit and loss	\$ 36,246,803	\$ 5,421,631	\$ 41,668,434
Financial assets measured at amortized cost	-	6,588,498	6,588,498
The maximum exposure amount	36,246,803	12,010,129	48,256,932
Financial or other support provided	None	None	

c. Discretionary account management

- 1) The Company contracts with securities investment trust business for discretionary investments management. The investment details are disclosed as follows:

Items	March 31, 2024		December 31, 2023		March 31, 2023	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Cash and cash equivalents	\$ -	\$ -	\$ 4,290,450	\$ 4,290,450	\$ 1,058,653	\$ 1,058,653
Overseas listed stocks	-	-	-	-	3,049,558	3,049,558
Total	\$ -	\$ -	\$ 4,290,450	\$ 4,290,450	\$ 4,108,211	\$ 4,108,211

- 2) As of March 31, 2024 and December 31, 2023 and March 31, 2023, the Company's discretionary investments were as follows:

	March 31, 2024	December 31, 2023	March 31, 2023
USD	\$ -	\$ 135,071	\$ 135,071

- d. Revenue, cost, expense and profit (loss) sharing between the insurance enterprise and the financial holding company and other subsidiaries in terms of business or trading activities, joint business promotions, sharing of information, and sharing of facilities or premises shall be apportioned to the relative trading companies by direct attribution or other reasonable methods according to the nature of the business.
- 1) Conduct business or transaction activities. Please refer to Note 42 related party transactions.
 - 2) The method and amount of income, cost, expense and profit and loss apportionment. According to the nature of the business, it is apportioned to each counterpart trading company in the form of direct attribution or other reasonable methods (for example: Headcount, etc.).
- e. As of March 31, 2024, December 31, 2023 and March 31, 2023, the Company's equity divided by total assets excluding the separate accounts product assets was 7.29%, 6.47% and 5.61%.
- f. The Company had taken the economic influence caused by Covid-19 epidemic into significant accounting estimation considerations when preparing financial statements. After careful assessment, the Company concluded that the epidemic had no material impact on the financial condition of the Company, its ability to operate as a going concern, and impairment of assets for the three month ended March 31, 2024

48. ADDITIONAL DISCLOSURE

- a. Information on significant transactions:

- 1) Acquisition of real estate reaching NT\$100 million or 20% of paid-in capital or more: None.
- 2) Disposal of real estate reaching NT\$100 million or 20% of paid-in capital or more: None.
- 3) Transactions with related parties involving main business items reaching NT\$100 million or 20% of paid-in capital or more: please refer to Note 42.
- 4) Accounts receivable from related parties reaching NT\$100 million or 20% of paid-in or more: Please refer to Table 1.
- 5) Trading in derivative instruments:

As of March 31, 2024, December 31, 2023 and March 31, 2023, the amount (notional amount) that the Company engaged in the contract of derivative instruments transactions is as follows: (Unit: US dollar in thousand)

- Type of derivative instrument held:

	March 31, 2024	December 31, 2023	March 31, 2023
Swap and forward exchange contracts	\$ 26,832,148	\$ 28,109,725	\$ 30,183,874

b. Information on investees:

- 1) Information on investee company that the Company exercises significant influence over: Please refer to Table 2.
- 2) If the Company directly or indirectly exercises significant influence over the investee, it shall disclose information on significant transaction with the investee:
 - a) Loans made to others: Please refer to Table 3.
 - b) Endorsements/guarantees for others: Please refer to Table 4.
 - c) Securities held at the end of the period: Please refer to Table 5.
 - d) Transactions where the aggregate purchases or sales of the same security reaching NT\$100 million or 20% of paid-in capital or more: None.
 - e) Acquisition of real estate reaching NT\$100 million or 20% of paid-in capital or more: None.
 - f) Disposal of real estate reaching NT\$100 million or 20% of paid-in capital or more: None.
 - g) Transactions with related parties involving main business items reaching NT\$100 million or 20% of paid-in capital or more: None.
 - h) Accounts receivable from related parties reaching NT\$100 million or 20% of paid-in capital or more: None.
 - i) Trading in derivative instruments: None.

c. Information regarding investment in Mainland China

- 1) The Company set up China Life Insurance Co., Ltd. (Taiwan) Beijing Representative Office in Mainland China, which was approved by FSC on November 2004 and was approved by the China Insurance Regulatory Commission in July 2005. The Beijing representative office was officially established in August 2005.

The original name China Life Insurance Co., Ltd. (Taiwan) Beijing Representative Office was approved by the Beijing Municipal Bureau of Market Supervision and Administration on February 9, 2024, to be renamed KGI Life Insurance Co., Ltd. Beijing Representative Office.

- 2) The Company participated in the equity investment of Pacific-Antna Life Insurance Company Ltd. in Mainland China authorized by FSC on December 30, 2010, and by the Investment Commission of the Ministry of Economic Affairs (MOEAIC) on January 28, 2011, and by the China Insurance Regulatory Commission on April 6, 2011. The Company remitted US\$58,775 thousand on June 24, 2011, completed settlement on June 29, 2011 and obtained 19.9% ownership. The Company shared 100% equity of Pacific-Antna Life Insurance Company Ltd. with China Construction Bank and other financial investors and used the channel and customer resources of China Construction Bank to develop bank insurance business which is to ensure the Company successfully enters the mainland market and increases the Company's long-term value and shareholders' interests. Pacific-Antna Life Insurance Company Ltd. was renamed to CCB Life Insurance Company Ltd. authorized by the China Insurance Regulatory Commission on June 7, 2011. And CCB Life Insurance Company Ltd. made an announcement to change into a company limited by shares from a limited company on December 20, 2016.

The Investment Commission of the Ministry of Economic Affairs (MOEAIC) authorized the Company to increase capital of US\$216,000 thousand CCB Life Insurance Company Ltd. on August 29, 2011 and to remit US\$11,844 thousand on August 30, 2011. The increased share capital case was approved by China Insurance Regulatory Commission on September 28, 2011 and by Shanghai Administration for Industry and Commerce on December 13, 2011. Moreover, the Company remitted US\$179,070 thousand to increase share capital in June 2012, and this increased share capital case was approved by China Insurance Regulatory Commission on July 27, 2012 and by Shanghai Administration for Industry and Commerce on November 5, 2012. MOEAIC authorized the Company to revoke the approved case on August 29, 2011 of US\$25,086 thousand not implemented on October 2, 2017.

On December 29, 2016, the Board has resolved to participate CCB Life Insurance Co., Ltd.'s capital raising plan in exact proportion to its current shareholding. The MOEAIC approved the Company's plan to increase capital investment in CCB Life Insurance Company Ltd. on March 29, 2017 and the Company remitted RMB1,194,000 thousand in April 2019. The capital raising plan was approved by the China Insurance Regulatory Commission on July 21, 2020 and the Shanghai Administration for Industry and Commerce as of October 28, 2020.

- 3) Information on the investee company, showing the name, principal business activities, paid-in capital, method of investment, inward and outward remittance of funds, shareholding ratio, profit or loss for the period and recognized investment gain or loss, carrying amount of the investment at the end of the period, repatriated investment gains, and limit on the amount of investment in the Mainland Area: Please refer to Table 6.

d. Information of major shareholders:

For all shareholders with ownership of 5% or greater, the name of the shareholder, the number of shares owned, and percentage of ownership of each shareholder should be disclosed: N/A.

49. SEGMENT INFORMATION

a. Information on products and services

The Company engaged in life insurance business in accordance with Insurance Act. According to IFRS 8 "Operating Segments", the Company offers only insurance contract products. The operating executives assign resources on a basis of entire company, therefore the entire company is a single operating segment.

b. Information on the geographical areas

The Company does not have foreign operating segment, therefore no information shall be disclosed.

c. Information on major customer

The Company does not have any one customer whose revenue constitute 10% or more on the income statement, therefore no information shall be disclosed.

TABLE 1

KGI LIFE INSURANCE CO., LTD.

RECEIVABLES FROM RELATED PARTIES AMOUNTING TO AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL
MARCH 31, 2024
(In Thousands of New Taiwan Dollars)

Company Name	Related Party	Relationship	Ending Balance (Note 1)	Turnover Rate	Overdue		Amount Received in Subsequent Period	Allowance for Impairment Loss
					Amount	Actions Taken		
The Company	KGI Bank GPPC Development Corp. China Development Financial Holding Corp.	Brother company Other related parties Parent company	Other receivables \$ 115,416	Note 1	\$ -	-	\$ 9,714	\$ -
			Other receivables 210,013	Note 2	-	-	-	-
			Tax receivables 3,285,720	Note 3	-	-	-	-
			Other receivables 51,506	Note 2	-	-	-	-

Note 1: No turnover rate is available as the receivables were caused by Automated Clearing House (ACH) and the rent receivable of the leased house.

Note 2: No turnover rate is available as the receivables were caused by the rent receivable of the leased office.

Note 3: No turnover rate is available as the receivables were caused by the policy jointly declaration of tax

TABLE 2

KGI LIFE INSURANCE CO., LTD.

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

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		As of March 31, 2024			Net Income (Loss) of the Investee	Recognized Investment Gain (Loss) for the Period	Note
				March 31, 2024	December 31, 2023	Shares	%	Carrying Amount			
The Company	Shenhe Energy Co., Ltd.	Taiwan	Self-usage power generation equipment utilizing renewable energy industry	\$ 199,000	\$ 199,000	19,900,000	19.90	\$ 207,067	\$ (2,745)	\$ (547)	Investments accounted for using equity method
	Fu Bao Yi Hao Energy Co., Ltd.	Taiwan	Energy technology service industry	500,000	500,000	50,000,000	39.68	533,463	9,133	3,624	Investments accounted for using equity method
	Taipan Solar Co., Ltd.	Taiwan	Self-usage power generation equipment utilizing renewable energy industry	421,200	421,200	42,120,000	30.00	429,341	1,608	482	Investments accounted for using equity method
	ThrivEnergy Co., Ltd.	Taiwan	Energy technology service industry	216,000	216,000	21,600,000	30.00	224,192	(5,218)	(3,162)	Investments accounted for using equity method
	CDIB Capital Healthcare Ventures Limited	Taiwan	Venture capital	97,885	97,885	7,900,000	20.00	456,407	365,451	73,090	Investments accounted for using equity method
	Guang Bei Company Limited	Taiwan	Energy technology service industry	264,269	264,269	26,426,925	42.50	263,773	1,970	802	Investments accounted for using equity method
	Perpetual New Energy Co., Ltd.	Taiwan	Self-usage power generation equipment utilizing renewable energy industry	160,000	80,000	16,000,000	40.00	156,915	(3,340)	(1,770)	Investments accounted for using equity method
	Chi He Low Carbon Co., Ltd.	Taiwan	Self-usage power generation equipment utilizing renewable energy industry	52,000	-	5,200,000	40.00	52,010	25	10	Investments accounted for using equity method

TABLE 3

KGI LIFE INSURANCE CO., LTD.

LOANS MADE TO OTHERS
FOR THE THREE MONTHS ENDED MARCH 31, 2024
(In Thousands of New Taiwan Dollars)

Lender	Borrower	Financial Statement Account	Related Party	Highest Balance for the Period	Ending Balance	Actual Amount Borrowed	Interest Rate (%)	Nature of Financing	Business Transaction Amount	Reasons for Short-term Financing	Allowance for Impairment Loss	Collateral		Financing Limit for Each Borrower	Aggregate Financing Limit
												Item	Value		
Taipan Solar Co., Ltd.	Crimson Solar Co., Ltd.	Long-term receivables - related party	Yes	\$ 226,394	\$ 226,394	\$ 226,394	Three months TAIBOR+0.7%	Necessary for short-term financing	\$ -	Operating	\$ -	-	\$ -	\$ 572,257	\$ 572,257
Fu Bao Yi Hao Energy Co., Ltd.	Enfinite Capital Taiwan Solar I Co., Ltd.	Other receivables - related party	Yes	40,000	-	-	2.765	Necessary for short-term financing	-	Operating	-	-	-	-	-

TABLE 4

KGI LIFE INSURANCE CO., LTD.

ENDORSEMENTS/GUARANTEES FOR OTHERS
FOR THE THREE MONTHS ENDED MARCH 31, 2024
(In Thousands of New Taiwan Dollars)

Endorser/Guarantor	Endorsee/Guarantee		Limit on Endorsement/ Guarantee Given on Behalf of Each Party	Maximum Amount Endorsed/ Guaranteed During the Period	Outstanding Endorsement/ Guarantee at the End of the Period	Actual Amount Borrowed	Amount Endorsed/ Guaranteed by Collateral	Ratio of Accumulated Endorsement/ Guarantee to Net Equity in Latest Financial Statements (%)	Aggregate Endorsement/ Guarantee Limit	Endorsement/ Guarantee Given by Parent on Behalf of Subsidiaries	Endorsement/ Guarantee Given by Subsidiaries on Behalf of Parent	Endorsement/ Guarantee Given on Behalf of Companies in Mainland China
	Name	Relationship										
Shenhe Energy Co., Ltd.	Dehe Energy Co., Ltd.	Parent and Subsidiary	None	\$ 3,858,540	\$ 3,858,540	\$ 1,903,594	\$ -	371	None	Yes	No	No
	Dehe 1 Energy Co., Ltd.	Parent and Subsidiary	None	17,260	17,260	16,692	-	2	None	Yes	No	No
	Dehe 2 Energy Co., Ltd.	Parent and Subsidiary	None	38,200	38,200	32,589	-	4	None	Yes	No	No
Fu Bao Yi Hao Energy Co., Ltd.	Enfinite Capital Taiwan Solar Co., Ltd.	Parent and Subsidiary	None	6,972,000	6,972,000	6,972,000	-	517	None	Yes	No	No

Note 1: For the endorsement guarantee provided by Shenhe Energy Co., Ltd., \$2,000,000 thousand is provided by the bank to Dehe Energy Co., Ltd., Dehe 1 Energy Co., Ltd. and Dehe 2 Energy Co., Ltd. as shared quota.

Note 2: Investee Company’s net value of the most recent financial statement is the book balance of the investee company, unreviewed by the CPA.

TABLE 5

KGI LIFE INSURANCE CO., LTD.

SECURITIES HELD AT THE END OF THE PERIOD
MARCH 31, 2024
(In Thousands of New Taiwan Dollars)

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	March 31, 2024				Note
				Shares/Capital	Carrying Amount (Note 2)	Percentage of Ownership (%)	Fair Value	
CDIB Capital Healthcare Ventures Limited	<u>Stocks</u>							
	Powder Pharmaceuticals, Inc.	None	Financial assets at fair value through profit or loss - non-current	7,192	\$ 4,799	4.99	\$ 4,799	
	Paonan Biotech Co., Ltd.	None	Financial assets at fair value through profit or loss - non-current	3,375,000	46,575	16.07	46,575	
	APrevent Medical Inc.	None	Financial assets at fair value through profit or loss - non-current	1,907,917	56,028	5.98	56,028	
	Handa Pharmaceuticals, Inc.	None	Financial assets at fair value through profit or loss - non-current	403,000	65,689	0.29	65,689	
	Prenetics Global Limited	None	Financial assets at fair value through profit or loss - non-current	26,667	3,325	0.22	3,325	
	Steminent Biotherapeutics Inc.	None	Financial assets at fair value through profit or loss - non-current	2,600,000	86,294	4.66	86,294	
	Trust Bio-sonics Inc.	None	Financial assets at fair value through profit or loss - non-current	2,675,690	48,162	8.83	48,162	
	AmMax Bio, Inc.	None	Financial assets at fair value through profit or loss - non-current	602,154	23,308	1.61	23,308	
	Immune-Onc Therapeutics, Inc.	None	Financial assets at fair value through profit or loss - non-current	1,262,442	58,624	1.17	58,624	
	Alar Pharmaceuticals Inc.	None	Financial assets at fair value through profit or loss - non-current	6,888,000	1,849,213	10.31	1,849,213	
	TWI Biotechnology Inc.	None	Financial assets at fair value through profit or loss - non-current	1,100,000	14,135	1.26	14,135	
	TOT BIOPHARM International Co., Ltd.	None	Financial assets at fair value through profit or loss - non-current	3,156,200	21,289	0.41	21,289	
	CellMax, Limited	None	Financial assets at fair value through profit or loss - non-current	995,322	5,400	0.43	5,400	

Note: Unreviewed by the CPA.

TABLE 6

KGI LIFE INSURANCE CO., LTD.

INFORMATION ON INVESTMENTS IN MAINLAND CHINA
FOR THE THREE MONTHS ENDED MARCH 31, 2024
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Investee Company	Main Businesses and Products	Paid-in Capital	Method of Investment	Accumulated Outward Remittance for Investment from Taiwan at the Beginning of the Period	Remittance for Investment for the Period		Accumulated Outward Remittance for Investment from Taiwan at the End of the Period	Net Income (Loss) of the Investee	% Ownership of Direct or Indirect Investment	Investment Gain (Loss)	Carrying Amount as of March 31, 2024	Accumulated Repatriation of Investment Income as of March 31, 2024	Note
					Outward	Inward							
CCB Life Insurance Ltd. (Note 1)	Life insurance	\$ 32,212,967 (CNY 7,120,461 thousand)	Direct investment in Mainland China	\$ 12,880,969	\$ -	\$ -	\$ 12,880,969	\$ (5,139,368) (Note 3)	19.90	\$ - (Note 4)	\$ 10,679,273 (Note 2)	\$ 229,387 (Note 4)	

Accumulated Outward Remittance for Investments in Mainland China as of March 31, 2024	Investment Amount Authorized by the Investment Commission, MOEA	Upper Limit on the Amount of Investments Stipulated by the Investment Commission, MOEA
\$12,880,969	\$12,880,969	\$102,479,553

- Note 1: The investee company was originally named as Pacific-Antna Life Insurance Company Ltd. On June 7, 2011, the investee company was approved to change the name to CCB Life Insurance Ltd. by China Insurance Regulatory Commission. On December 20, 2016, the investee company announced to restructure as incorporation.
- Note 2: The Company classified the investment in the financial assets at fair value through other comprehensive income. The ending carrying amount includes unrealized gains or losses.
- Note 3: Investee Company’s profit or loss for the period is the book balance of the investee company, unreviewed by the CPA.
- Note 4: Accumulated cash dividends distributed in previous years.