Cathay Century Insurance Co., Ltd. and Subsidiaries

Consolidated Financial Statements for the Six Months Ended June 30, 2023 and 2022 and Independent Auditors' Report

INDEPENDENT AUDITORS' REPORT

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

Opinion

We have audited the accompanying consolidated financial statements of Cathay Century Insurance Co., Ltd. (the "Company") and its subsidiaries (collectively referred to as the "Group"), which comprise the consolidated balance sheets as of June 30, 2023, December 31, 2022 and June 30, 2022, and the consolidated statements of comprehensive income for the three months ended June 30, 2023 and 2022 and for the six months ended June 30, 2023 and 2022, the consolidated statements of changes in equity and cash flows for the six months ended June 30, 2023 and 2022, and the notes to the consolidated financial statements, including a summary of significant accounting policies (collectively referred to as the "consolidated financial statements").

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of June 30, 2023, December 31, 2022 and June 30, 2022, and its consolidated financial performance for the three months ended June 30, 2023 and 2022 and for the six months ended June 30, 2023 and 2022, and its consolidated cash flows for the six months ended June 30, 2023 and 2022, in accordance with the Regulations Governing the Preparation of Financial Reports by Insurance Enterprise and International Accounting Standard 34 "Interim Financial Reporting" endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and the Standards on Auditing of the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with The Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the Group for the six months ended June 30, 2023. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter for the Group's consolidated financial statements for the six months ended June 30, 2023 is as follows:

Adequacy of Loss Reserves

Loss reserve is a significant liability to the Company, representing 28% of the Group's total assets as of June 30, 2023.

Loss reserves is provided for claims filed but not yet paid and claims not yet filed. The reserve for claims filed but not yet paid is assessed by the claim department based on the relevant information from each received claim. The reserve for claims not yet filed is comprised of the provision calculated by the actuary department according to the claim development methods (accident year basis) or past claim experiences that complied with actuarial principle, along with a reserve for the unallocated loss adjustment expenses; such accrual principle is also applied to ceded loss reserve under reinsurance contract assets. The claims not yet filed that estimated by abovementioned claim development methods or past experiences with the actuarial principles were calculated by considering the weighted results of the claim development and expected loss rates. The actuary department exercises its professional judgment in determining the appropriate models, assumptions and parameters. Therefore, we identified adequacy of loss reserves as a key audit matter. For the accounting policies and relevant disclosure information, refer to Notes 4, 5 and 20.

By performing control testing, we obtained an understanding of the valuation of loss reserves and the design and implementation of relevant internal controls. Moreover, we also performed the following audit procedures:

1. We obtained the actuarial report prepared by the contracted actuary and determined that the loss reserves were properly accrued, evaluated the contracted actuary's professional competence and capability were compliant with the regulations issued by the Financial Supervisory Commission of the Republic of China.

2. Our internal actuarial specialists evaluated the accuracy and completeness of the relevant data, as well as the reasonableness of the reserve for claims not yet filed by actuarial method.

Other Matter

We have also audited the parent company only financial statements of Cathay Century Insurance Co., Ltd. as of and for the six months ended June 30, 2023 and 2022 on which we have issued an unmodified opinion.

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

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Insurance Enterprises, and International Accounting Standards 34 "Interim Financial Reporting" endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

Those charged with governance, including the audit committee or supervisors, are responsible for overseeing the Group’s financial reporting process.

Auditors’ Responsibilities for the Audit of the Consolidated Financial Statements

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

As part of an audit in accordance with the Standards on Auditing of the Republic of China, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

1. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group’s internal control.

3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

4. Conclude on the appropriateness of management’s use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group’s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors’ report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors’ report. However, future events or conditions may cause the Group to cease to continue as a going concern.

5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

6. Obtain sufficient and appropriate audit evidence regarding the financial information of entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision, and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements for the six months ended June 30, 2023, and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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

Deloitte & Touche
Taipei, Taiwan
Republic of China

August 16, 2023

Notice to Readers

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

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

CATHAY CENTURY INSURANCE CO., LTD. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS
(In Thousands of New Taiwan Dollars)

	June 30, 2023		December 31, 2022		June 30, 2022	
ASSETS	**Amount**	**%**	**Amount**	**%**	**Amount**	**%**
CASH AND CASH EQUIVALENTS (Notes 4, 6 and 27)	$ 9,838,881	18	$ 17,758,712	29	$ 20,484,801	33
RECEIVABLES (Notes 4, 11, 27 and 34)	3,546,579	6	3,153,166	5	3,576,944	6
INVESTMENTS						
Financial assets at fair value through profit or loss (Notes 4, 7 and 27)	8,475,721	16	7,556,797	13	10,500,740	17
Financial assets at fair value through other comprehensive income (Notes 4 and 8)	685,967	1	685,847	1	694,203	1
Financial assets at amortized cost (Notes 4, 5 and 9)	8,814,976	16	8,853,285	15	8,342,620	13
Investments accounted for using the equity method, net (Notes 4 and 14)	2,423,875	5	2,370,722	4	2,392,746	4
Loans (Notes 4, 10 and 27)	114,681	-	137,944	-	175,951	-
REINSURANCE CONTRACT ASSETS (Notes 4, 12, 20 and 34)	14,177,948	26	13,542,121	22	14,149,934	23
PROPERTY AND EQUIPMENT (Notes 4 and 15)	349,142	1	346,411	1	306,823	-
RIGHT-OF-USE ASSETS (Notes 4, 16 and 27)	56,798	-	115,031	-	184,681	-
INTANGIBLE ASSETS (Notes 4 and 17)	121,295	-	138,427	-	104,368	-
DEFERRED TAX ASSETS (Note 4)	4,517,542	8	4,581,004	8	949,748	1
OTHER ASSETS (Notes 18, 27 and 29)	1,469,811	3	1,356,193	2	992,047	2
TOTAL	$ 54,593,216	100	$ 60,595,660	100	$ 62,855,606	100
LIABILITIES AND EQUITY						
PAYABLES (Notes 4, 19, 27 and 34)	$ 4,878,215	9	$ 3,308,293	5	$ 4,146,022	7
FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS (Notes 4, 7 and 27)	172,215	-	178,805	-	230,326	-
LEASE LIABILITIES (Notes 4, 16 and 27)	54,516	-	114,717	-	183,496	-
INSURANCE LIABILITIES (Notes 4, 5 and 20)	33,631,503	61	42,245,962	70	36,645,299	58
OTHER LIABILITIES	1,527,555	3	1,210,912	2	1,209,646	2
PROVISIONS (Notes 4 and 21)	429,852	1	429,975	1	464,214	1
DEFERRED TAX LIABILITIES (Note 4)	331,805	1	307,270	1	271,046	1
Total liabilities	41,025,661	75	47,795,934	79	43,150,049	69
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY (Notes 4 and 22)						
Share capital						
Ordinary shares	2,000,000	4	7,057,052	12	5,057,052	8
Capital surplus	7,861,133	14	16,557,271	27	8,518,326	13
Retained earnings						
Legal reserve	-	-	3,995,920	7	3,995,920	6
Special reserve	3,967,696	7	3,968,168	6	3,400,736	6
Unappropriated earnings (deficit to be offset)	181,490	1	(17,749,628)	(29)	150,186	-
Total retained earnings	4,149,186	8	(9,785,540)	(16)	7,546,842	12
Other equity	(442,764)	(1)	(1,029,057)	(2)	(1,416,663)	(2)
Total equity attributable to owners of the Company	13,567,555	25	12,799,726	21	19,705,557	31
Total equity	13,567,555	25	12,799,726	21	19,705,557	31
TOTAL	$ 54,593,216	100	$ 60,595,660	100	$ 62,855,606	100

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

CATHAY CENTURY INSURANCE CO., LTD. AND SUBSIDIARIES

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

	For the Three Months Ended June 30				For the Six Months Ended June 30			
	2023		2022		2023		2022	
	Amount	%	Amount	%	Amount	%	Amount	%
OPERATING REVENUES								
Retained earned premium (Note 34)								
Written premium (Notes 4 and 27)	$ 8,666,684	134	$ 7,883,552	134	$ 16,097,927	128	$ 14,499,198	122
Reinsurance premium	261,507	4	411,695	7	595,334	5	732,415	6
Premium income	8,928,191	138	8,295,247	141	16,693,261	133	15,231,613	128
Less: Reinsurance expenses (Notes 4 and 34)	3,100,076	48	2,751,798	47	5,333,267	42	4,543,477	38
Less: Net change in unearned premium reserves (Notes 4, 20 and 34)	23,601	-	193,107	3	(50,266)	-	117,155	1
Total retained earned premium	5,804,514	90	5,350,342	91	11,410,260	91	10,570,981	89
Reinsurance commission income (Note 34)	284,891	5	242,952	4	518,134	4	452,931	4
Fee income	12,809	-	12,271	-	26,613	-	25,668	-
Net gains on investments								
Interest income (Notes 23 and 27)	166,553	3	146,941	3	329,588	2	300,079	3
Foreign exchange gains (Note 4)	142,741	2	225,171	4	93,102	1	410,509	3
Gains (losses) on of financial assets and liabilities at fair value through profit or loss (Note 4)	230,511	4	(1,326,396)	(23)	726,104	6	(1,921,776)	(16)
Net gain on derecognition of financial assets at amortized cost (Notes 4 and 9)	64	-	116	-	128	-	367	-
Share of profit of associates and joint ventures accounted for using equity method (Notes 4 and 14)	92,883	1	20,491	-	115,496	1	69,135	1
Expected credit impairment losses on investment (Note 4)	(88)	-	(1,015)	-	(311)	-	(1,532)	-
(Loss) gain on reclassification using overlay approach (Notes 4 and 7)	(320,522)	(5)	1,174,312	20	(648,738)	(5)	1,925,856	16
Total net gains on investments	312,142	5	239,620	4	615,369	5	782,638	7
Other operating income	25,907	-	33,406	1	25,907	-	67,287	-
Total operating revenues	6,440,263	100	5,878,591	100	12,596,283	100	11,899,505	100
OPERATING COSTS								
Retained claims payments (Notes 4, 27 and 34)								
Insurance claims payments	4,705,944	73	5,762,051	98	18,641,569	148	8,999,893	76
Less: Claims and payments recovered from reinsurers (Note 34)	914,935	14	1,865,692	32	2,010,086	16	2,581,764	22
Total retained claims payments	3,791,009	59	3,896,359	66	16,631,483	132	6,418,129	54

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CATHAY CENTURY INSURANCE CO., LTD. AND SUBSIDIARIES

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

	For the Three Months Ended June 30				For the Six Months Ended June 30			
	2023		2022		2023		2022	
	Amount	%	Amount	%	Amount	%	Amount	%
Net changes in other insurance liabilities (Note 20)	$ (718,456)	(11)	$ 3,779,020	65	$ (8,856,986)	(70)	$ 4,193,090	35
Commission expenses (Notes 4, 23, 27 and 34)	1,048,295	16	995,270	17	2,065,438	16	1,868,128	16
Other operating costs	5,480	-	15,346	-	15,777	-	28,412	-
Total operating costs	4,126,328	64	8,685,995	148	9,855,712	78	12,507,759	105
GROSS PROFIT (LOSS)	2,313,935	36	(2,807,404)	(48)	2,740,571	22	(608,254)	(5)
OPERATING EXPENSES (Notes 23 and 27)								
General expenses	1,044,304	16	881,474	15	1,986,367	16	1,905,520	16
Administrative expenses	250,967	4	177,063	3	497,875	4	389,478	3
Employee training expenses	4,601	-	2,280	-	6,130	-	2,990	-
Total operating expenses	1,299,872	20	1,060,817	18	2,490,372	20	2,297,988	19
OPERATING INCOME (LOSS)	1,014,063	16	(3,868,221)	(66)	250,199	2	(2,906,242)	(24)
NON-OPERATING INCOME AND EXPENSES (Note 27)	(140)	-	(886)	-	745	-	(2,496)	-
PROFIT (LOSS) BEFORE INCOME TAX	1,013,923	16	(3,869,107)	(66)	250,944	2	(2,908,738)	(24)
INCOME TAX (EXPENSE) BENEFIT (Notes 4 and 24)	(257,065)	(4)	744,157	13	(69,454)	(1)	619,589	5
NET PROFIT (LOSS)	756,858	12	(3,124,950)	(53)	181,490	1	(2,289,149)	(19)
OTHER COMPREHENSIVE INCOME (LOSS)								
Items that may be reclassified subsequently to profit or loss:								
Exchange differences on translation of the financial statements of foreign operations (Notes 4 and 22)	12,654	-	12,533	-	10,030	-	33,434	-
Share of the other comprehensive income (loss) of associates and joint ventures accounted for using the equity method (Notes 4 and 14)	(105,043)	(2)	(5,550)	-	(62,343)	-	19,267	-
Unrealized gain (loss) on investments in debt instruments at fair value through other comprehensive income (Notes 4 and 22)	1,242	-	(17,034)	(1)	3,654	-	(31,155)	-

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CATHAY CENTURY INSURANCE CO., LTD. AND SUBSIDIARIES

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

	For the Three Months Ended June 30				For the Six Months Ended June 30			
	2023		2022		2023		2022	
	Amount	%	Amount	%	Amount	%	Amount	%
Other comprehensive income (loss) reclassified under overlay approach (Notes 4, 7 and 22)	$ 320,522	5	$ (1,174,312)	(20)	$ 648,738	5	$ (1,925,856)	(16)
Income tax relating to items that may be reclassified subsequently to profit or loss (Notes 4 and 24)	(8,655)	-	42,967	1	(13,786)	-	53,071	-
Other comprehensive income (loss), net of income tax	220,720	3	(1,141,396)	(20)	586,293	5	(1,851,239)	(16)
TOTAL COMPREHENSIVE INCOME (LOSS)	$ 977,578	15	$ (4,266,346)	(73)	$ 767,783	6	$ (4,140,388)	(35)
NET PROFIT (LOSS) ATTRIBUTABLE TO:								
Owner of the Company	$ 756,858	12	$ (3,124,950)	(53)	$ 181,490	1	$ (2,289,149)	(19)
Non-controlling interests	-	-	-	-	-	-	-	-
	$ 756,858	12	$ (3,124,950)	(53)	$ 181,490	1	$ (2,289,149)	(19)
TOTAL COMPREHENSIVE INCOME (LOSS) ATTRIBUTABLE TO:								
Owner of the Company	$ 977,578	15	$ (4,266,346)	(73)	$ 767,783	6	$ (4,140,388)	(35)
Non-controlling interests	-	-	-	-	-	-	-	-
	$ 977,578	15	$ (4,266,346)	(73)	$ 767,783	6	$ (4,140,388)	(35)
EARNINGS (LOSS) PER SHARE (Note 25)								
Basic	$ 3.78		$ (34.58)		$ 0.91		$ (25.86)	

The accompanying notes are an integral part of the consolidated financial statements. (Concluded)

CATHAY CENTURY INSURANCE CO., LTD. AND SUBSIDIARIES

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

	Equity Attributable to Owners of the Company										
				Retained Earnings			Other Equity				
	Shares (In Thousands)	Share Capital	Capital Surplus	Legal Reserve	Special Reserve	Unappropriated Earnings (Deficit to Be Offset)	Exchange Differences on Translating the Financial Statements of Foreign Operations	Unrealized Gain (Loss) on Financial Assets at Fair Value through Other Comprehensive Income	Remeasurement of Defined Benefit Plans	Other Comprehensive Income Reclassified Under Overlay Approach	Total Equity
BALANCE AT JANUARY 1, 2022	305,705	$ 3,057,052	$ 518,326	$ 3,567,601	$ 5,363,818	$ 1,505,940	$ (351,498)	$ 58,131	$ (183,711)	$ 911,654	$ 14,447,313
Appropriation of 2021 earnings											
Legal reserve	-	-	-	428,319	-	(428,319)	-	-	-	-	-
Special reserve	-	-	-	-	(125,114)	125,114	-	-	-	-	-
Cash dividends distributed by the Company	-	-	-	-	-	(601,368)	-	-	-	-	(601,368)
The newly reversed of special reserve for catastrophic event and the special reserve for fluctuation of risk	-	-	-	-	(1,837,968)	1,837,968	-	-	-	-	-
Issuance of ordinary shares for cash	200,000	2,000,000	8,000,000	-	-	-	-	-	-	-	10,000,000
Net profit for the six months ended June 30, 2022	-	-	-	-	-	(2,289,149)	-	-	-	-	(2,289,149)
Other comprehensive income (loss) for the six months ended June 30, 2022, net of income tax	-	-	-	-	-	-	86,581	(65,035)	-	(1,872,785)	(1,851,239)
Total comprehensive (loss) income for the six months ended June 30, 2022	-	-	-	-	-	(2,289,149)	86,581	(65,035)	-	(1,872,785)	(4,140,388)
BALANCE AT JUNE 30, 2022	505,705	$ 5,057,052	$ 8,518,326	$ 3,995,920	$ 3,400,736	$ 150,186	$ (264,917)	$ (6,904)	$ (183,711)	$ (961,131)	$ 19,705,557
BALANCE AT JANUARY 1, 2023	705,705	$ 7,057,052	$ 16,557,271	$ 3,995,920	$ 3,968,168	$(17,749,628)	$ (263,645)	$ (67,975)	$ (156,319)	$ (541,118)	$ 12,799,726
Appropriation of 2022 earnings											
Special reserve	-	-	-	-	(472)	472	-	-	-	-	-
Recognition of share-based payments granted by the parent company	-	-	46	-	-	-	-	-	-	-	46
Capital reduction to offset accumulated losses	(505,705)	(5,057,052)	(8,696,184)	(3,995,920)	-	17,749,156	-	-	-	-	-
Net profit for the six months ended June 30, 2023	-	-	-	-	-	181,490	-	-	-	-	181,490
Other comprehensive (loss) income for the six months ended June 30, 2023, net of income tax	-	-	-	-	-	-	(65,650)	16,991	-	634,952	586,293
Total comprehensive income (loss) for the six months ended June 30, 2023	-	-	-	-	-	181,490	(65,650)	16,991	-	634,952	767,783
BALANCE AT JUNE 30, 2023	200,000	$ 2,000,000	$ 7,861,133	$ -	$ 3,967,696	$ 181,490	$ (329,295)	$ (50,984)	$ (156,319)	$ 93,834	$ 13,567,555

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

CATHAY CENTURY INSURANCE CO., LTD. AND SUBSIDIARIES

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

	For the Six Months Ended June 30	
	2023	**2022**
CASH FLOWS FROM OPERATING ACTIVITIES		
Income (loss) before income tax	$ 250,944	$ (2,908,738)
Depreciation expense	132,062	114,262
Amortization expense	37,634	29,714
Recognition of share-based payments granted by the parent company	46	-
Net (gain) loss on financial assets and liabilities at fair value through profit or loss	(726,104)	1,921,776
Interest expense	1,117	2,641
Net gain on derecognition of financial assets measured at amortized cost	(128)	(367)
Interest income	(329,588)	(300,079)
Net change in insurance liabilities	(8,614,459)	6,914,402
Expected credit impairment losses on investments	311	1,532
Share of profit of associates and joint ventures accounted for using the equity method	(115,496)	(69,135)
Loss (gain) on reclassification using the overlay approach	648,738	(1,925,856)
Loss on disposal of property and equipment	3	-
Changes in operating assets and liabilities		
Decrease in notes receivable	9,256	29,045
Increase in premiums receivable	(1,026,928)	(965,086)
Decrease in other receivables	93,974	638,971
(Increase) decrease in financial instruments at fair value through profit or loss	(231,583)	627,869
Decrease in financial assets at fair value through other comprehensive income	3,521	3,460
Decrease (increase) in financial assets at amortized cost	38,154	(1,281,300)
Increase in reinsurance contract assets	(635,827)	(4,268,447)
Increase in other assets	(113,633)	(114,915)
Increase in claims outstanding	-	1,040
Increase in commissions payable and fees	31,158	50,518
Increase due to reinsurers and ceding companies	1,572,268	932,398
Decrease in other payables	(59,564)	(545,723)
Decrease in provisions	(123)	(57)
Increase in other liabilities	316,643	373,470
Cash used in operations	(8,717,604)	(738,605)
Interest received	300,808	274,461
Dividends received	10,933	4,704
Interest paid	(1,117)	(2,641)
Income tax received (paid)	611,120	(242,422)
Net cash used in operating activities	(7,795,860)	(704,503)

(Continued)

CATHAY CENTURY INSURANCE CO., LTD. AND SUBSIDIARIES

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

	For the Six Months Ended June 30	
	2023	**2022**
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of property and equipment	$ (60,274)	$ (124,558)
Acquisition of intangible assets	(18,010)	(20,898)
Decrease in loans	23,263	10,512
Net cash used in investing activities	(55,021)	(134,944)
CASH FLOWS FROM FINANCING ACTIVITIES		
Payment of the principal portion of lease liabilities	(78,491)	(79,858)
Cash dividends paid	-	(601,368)
Proceeds from issuance of ordinary shares	-	10,000,000
Net cash (used in) generated from financing activities	(78,491)	9,318,774
EFFECTS OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	9,541	32,187
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(7,919,831)	8,511,514
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	17,758,712	11,973,287
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	$ 9,838,881	$ 20,484,801

The accompanying notes are an integral part of the consolidated financial statements. (Concluded)

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

1. GENERAL INFORMATION

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

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

2. APPROVAL OF FINANCIAL STATEMENTS

The consolidated financial statements were approved by the Company's board of directors on August 16, 2023.

3. APPLICATION OF NEW AMENDED AND REVISED STANDARDS AND INTERPRETATIONS

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

   The initial application of the IFRSs endorsed and issued into effect by the FSC did not have any material impact on the Group's accounting policies.

b. The IFRSs 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
Amendments to IAS 21 "Lack of Exchangeability"	January 1, 2025 (Note 2)

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

Note 2: An entity shall apply those amendments for annual reporting periods beginning on or after January 1, 2025. Upon initial application of the amendments, the entity recognizes any effect as an adjustment to the opening balance of retained earnings. When the entity uses a presentation currency other than its functional currency, it shall, at the date of initial application, recognize any effect as an adjustment to the cumulative amount of translation differences in equity.

IFRS 17 “Insurance Contracts” and its amendments

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

Level of aggregation

IFRS 17 requires the Group to identify portfolios of insurance contracts, A portfolio comprises contracts subject to similar risks and managed together. Contracts within a product line would be expected to have similar risks and hence would be expected to be in the same portfolio if they are managed together. The Group should divide a portfolio of insurance contracts issued into a minimum of:

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

2) A group of contracts that at initial recognition have no significant possibility of becoming onerous subsequently; and

3) A group of the remaining contracts in the portfolio.

The Group should not include contracts issued more than one year apart in the same group, and the recognition and measurements of IFRS 17 should be applied to all identified groups of contracts.

Recognition

The Group should recognize a group of insurance contracts it issues from the earliest of the following:

1) The beginning of the coverage period of the group of contracts;

2) The date when the first payment from a policyholder in the group becomes due; and

3) For a group of onerous contracts, when the group becomes onerous.

Measurement on initial recognition

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

1) The initial recognition of an amount for the fulfilment cash flows;

2) Any cash flows arising from the contracts in the group at that date; and

3) The derecognition at the date of initial derecognition of:

    a) Any assets for insurance acquisition cash flows;

    b) Any other asset or liability previously recognized for cash flows related to the group of contracts.

Subsequent measurement

The carrying amount of a group of insurance contracts at the end of each reporting period should be the sum of the liability for remaining coverage and the liability for incurred claims. The liability for remaining coverage comprises the fulfilment cash flows related to future services and the contractual service margin; the liability for incurred claims comprises the fulfilment cash flows related to past services. If a group of insurance contracts becomes onerous (or more onerous) on subsequent measurement, the Group should recognize a loss immediately in profit or loss.

Onerous contracts

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

Premium Allocation Approach (PAA)

The Group may simplify the measurement of a group of insurance contracts using the PAA if, and only if, at the inception of the group:

1) The Group reasonably expects that such simplification would produce a measurement of the liability for remaining coverage for the group that would not differ materially from the one that would be produced by applying the general measurement model; or

2) The coverage period of each contract in the group is one year or less.

At the inception of the Group, if the Group expects significant variability in the fulfilment cash flows that would affect the measurement of the liability for remaining coverage during the period before a claim is incurred, the above-mentioned criterion 1) is not met.

Using the PAA, the liability for remaining coverage on initial recognition should be:

1) The premiums received at initial recognition;

2) Minus any insurance acquisition cash flows at that date; and

3) Plus or minus any amount arising from the derecognition at that date of:

    a) Any asset for insurance acquisition cash flows; and

    b) Any other asset or liability previously recognized for cash flows related to the group of insurance contracts.

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

Investment contracts with discretionary participation features

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

Modification and derecognition

If the terms of an insurance contract are modified and any of the specific conditions is met, resulting in a substantive modification, the Group should derecognize the original contract and recognize the modified contract as a new contract.

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

Transition

The Group shall apply IFRS 17 retrospectively unless it is impracticable, in which case the Group may choose to adopt the modified retrospective approach or the fair value approach.

Under the modified retrospective approach, the Group should use reasonable and supportable information and maximize the use of information that would have been used to apply a full retrospective approach, but only need to use information available without undue cost or effort. If such reasonable and supportable information is unavailable, the Group should apply fair value approach.

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

Redesignation of financial assets

At the date of initial application of IFRS 17, an entity which had applied IFRS 9 may redesignate the classification of an eligible asset that meets the condition in paragraph C29 of IFRS 17. The entity is not required to restate the comparative information to reflect changes in the classifications of these assets, and any difference between the previous carrying amount and the carrying amount at the date of initial application of these financial assets should be recognized in the opening retained earnings (or other component of equity, as appropriate) at the date of initial application. If an entity restates the comparative information, the restated financial statements must reflect all the requirements of IFRS 9 for those affected financial assets.

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

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

4. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION

a. Statement of compliance

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

b. Basis of preparation

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

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

1) Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities;

2) Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for an asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and

3) Level 3 inputs are unobservable inputs for an asset or liability.

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

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

d. Basis of consolidation

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

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

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

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

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

e. Foreign currencies

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

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

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

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

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

f. Investments in associates

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

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

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

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

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

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

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

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

g. Property and equipment

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

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

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

h. Intangible assets

1) Intangible assets acquired separately

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

2) Derecognition of intangible assets

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

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

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

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

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

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

j. Financial instruments

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

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

1) Financial assets

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

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

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

i. Financial assets at FVTPL

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

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

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

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

ii) The financial assets are measured at FVTPL applying IFRS 9 but would not have been measured at FVTPL in its entirely applying under IAS 39.

iii) The financial assets designated to apply overlay approach at initial recognition when an entity first applies IFRS 9 or when a new financial asset is initially recognized or when a financial asset newly meets the criteria having previously not met.

ii. Financial assets at amortized cost

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

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

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

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

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

i) Purchased or originated credit-impaired financial assets, for which interest income is calculated by applying the credit-adjusted effective interest rate to the amortized cost of such financial assets; and

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

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

i) Significant financial difficulty of the issuer or the borrower;

ii) Breach of contract, such as a default;

iii) It is becoming probable that the borrower will enter bankruptcy or undergo a financial reorganization; or

iv) The disappearance of an active market for that financial asset because of financial difficulties.

iii. Investments in debt instruments at FVTOCI

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

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

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

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

b) Impairment of financial assets

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

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

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

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

i. Internal or external information shows that the debtor is unlikely to pay its creditors.

ii. Financial asset is more than 90 days past due unless the Group has reasonable and corroborative information to support a more lagged default criterion.

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

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

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

ii. 1% of the sum of all the five categories of loan assets excluding life insurance loans, automatic premium loans and loans to government agencies.

iii. Total unsecured portion of non-performing loans and non-accrual loans.

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

c) Derecognition of financial assets

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

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

2) Equity instruments

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

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

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

3) Financial liabilities

a) Subsequent measurement

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

Financial liabilities at FVTPL

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

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

b) Derecognition of financial liabilities

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

4) Derivative financial instruments

The Group enters into a variety of derivative financial instruments to manage its exposure to foreign exchange rate risks, including foreign exchange forward contracts, interest rate swaps, foreign exchange swaps, cross currency swaps contract, options and futures.

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

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

k. Reinsurance business

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

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

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

l. Reserves for liabilities

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

The descriptions of these reserves are as follows:

1) Unearned premium reserve

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

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

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

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

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

2) Loss reserve

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

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

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

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

3) Special reserve

Special reserves are comprised of special reserves for catastrophic event, special reserves for fluctuation of risk and special reserves for other special purpose.

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

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

a) Special reserves for catastrophic event

Special reserves for catastrophic event is provided at the rates for each insurance type required by the authorities.

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

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

b) Special reserves for fluctuation of risk

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

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

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

4) Premium deficiency reserve

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

5) Policy reserve

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

6) Liability adequacy reserve

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

m. Classification of insurance products

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

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

n. Revenues and acquisition costs of insurance business

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

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

o. Insurance claims and payments

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

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

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

Provision for loss reserve is undiscounted.

p. Liability adequacy test

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

Liability adequacy test is calculated on the undiscounted basis.

q. Salvage and subrogation

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

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

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

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

s. Leases

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

<u>The Group as lessee</u>

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

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

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

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

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

t. Employee benefits

1) Short-term employee benefits

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

2) Retirement benefits

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

Defined benefit costs (including service cost, net interest and remeasurement) under defined benefit retirement benefit plans are determined using the projected unit credit method. Service cost (including current service cost and past service cost) and net interest on the net defined benefit liabilities are recognized as employee benefits expense in the period in which they occur. Remeasurement, comprising actuarial gains and losses and the return on plan assets (excluding interest), is recognized in other comprehensive income in the period in which it occurs. Remeasurement recognized in other comprehensive income is reflected immediately in other equity and will not be reclassified to profit or loss.

Net defined benefit liabilities represent the actual deficit in the Group’s defined benefit plans. Any surplus resulting from this calculation is limited to the present value of any refunds from the plans or reductions in future contributions to the plans.

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

3) Termination benefits

A liability for a termination benefit is recognized at the earlier of when the Group can no longer withdraw the offer of the termination benefit and when the Group recognizes any related restructuring costs.

u. Share-based payment arrangements

Employee share options granted to employees and others providing similar services.

The fair value at the grant date of the employee share options is expensed on a straight-line basis over the vesting period, based on the Group’s best estimates of the number of shares or options that are expected to ultimately vest, with a corresponding increase in capital surplus - employee share options. It is recognized as an expense in full at the grant date if vested immediately. The grant date of the parent company’s issued ordinary shares for cash which are reserved for employees is the date on which the board of directors approves the transaction.

v. Income tax expense

Income tax expense represents the sum of the tax currently payable and deferred tax. Interim period income taxes are assessed on an annual basis and calculated by applying to an interim period’s pre-tax income the tax rate that would be applicable to expected total annual earnings.

1) Current tax

Income tax payable (recoverable) is based on taxable profit (loss) for the year determined according to the applicable tax laws of each tax jurisdiction.

According to the Income Tax Act in the R.O.C, an additional tax of unappropriated earnings is provided for in the year the shareholders approve to retain earnings.

Adjustments of prior years' tax liabilities are added to or deducted from the current year's tax provision.

2) Deferred tax

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit.

Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized.

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries and associates and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are recognized only to the extent that it is probable that there will be sufficient taxable profits against which to utilize the benefits of the temporary differences and such temporary differences are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the assets to be recovered. A previously unrecognized deferred tax asset is also reviewed at the end of each reporting period and recognized to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liabilities are settled or the assets are realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

3) Current and deferred tax for the year

Current and deferred tax are recognized in profit or loss, except when they relate to items that are recognized in other comprehensive income, in which case, the current and deferred tax are also recognized in other comprehensive income.

5. MATERIAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's material accounting policies, management is required to make judgments, estimates and assumptions on the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised if the revisions affect only that period or in the period of the revisions and future periods if the revisions affect both current and future periods.

Key Sources of Estimation Uncertainty

a. Estimated impairment of investments in debt instruments

The provision for impairment of investments in debt instruments is estimated based on expected credit loss. The Group estimates and compares contractual cash flows receivable (carrying amount) and expected cash flows receivable (after forward looking estimates considered) and recognizes the difference as credit losses. The Group uses judgment in making these assumptions and in selecting the inputs to the impairment calculation, based on the Group's historical experience, current market conditions as well as forward looking estimates as of the end of each reporting period. Where the actual future cash inflows are less than expected, a material impairment loss may arise.

b. Adequacy test on loss reserve

Loss reserves are estimated for possible claims of both filed but not yet paid and not yet filed of all insurance contracts. Such estimates are made based on historical data, actuarial analysis, financing modeling and other analytical techniques and are adjusted when necessary; however, the actual results may differ from these estimates.

6. CASH AND CASH EQUIVALENTS

	June 30, 2023	December 31, 2022	June 30, 2022
Cash on hand	$ 39,239	$ 33,233	$ 43,138
Checking accounts and demand deposits	3,668,695	4,420,500	3,537,555
Cash equivalents (investments with original maturities of less than 3 months)			
Time deposits	3,665,317	7,628,697	10,520,828
Short-term notes	2,465,630	5,676,282	6,383,280
	$ 9,838,881	$ 17,758,712	$ 20,484,801

7. FINANCIAL INSTRUMENTS AT FVTPL

	June 30, 2023	December 31, 2022	June 30, 2022
Financial assets mandatorily classified as at FVTPL			
Derivative financial assets (not under hedge accounting)			
Currency swaps contract	$ 2,811	$ 41,646	$ 1,860
Non-derivative financial assets			
Listed shares	5,425,700	4,482,184	5,410,507
Beneficiary certificates	2,785,915	2,769,775	4,824,216
Financial bonds	261,295	263,192	264,157
	$ 8,475,721	$ 7,556,797	$ 10,500,740
Financial liabilities held for trading			
Derivative financial liabilities (not under hedge accounting)			
Currency swaps contract	$ 172,215	$ 178,805	$ 230,326

a. At the end of the reporting period, outstanding foreign exchange swaps not under hedge accounting were as follows:

	Currency	Maturity Date	Notional Amount (In Thousands)
June 30, 2023			
Currency swaps contract	USD/NTD	2023.07.17-2024.06.27	USD 176,100
December 31, 2022			
Currency swaps contract	USD/NTD	2022.01.13-2023.12.21	USD 169,600
	EUR/NTD	2023.02.24-2023.06.06	EUR 1,750
June 30, 2022			
Currency swaps contract	USD/NTD	2022.07.22-2023.05.31	USD 181,900
	EUR/NTD	2023.03.24-2023.06.06	EUR 750

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

b. The financial assets at FVTPL were not pledged.

c. The Group elects to present the profit or loss of the designated financial assets in the overlay approach under IFRS 4. Financial assets designated to apply overlay approach by the Group for investing activities relating to insurance contracts issued by the Group are as follows:

	June 30, 2023	December 31, 2022	June 30, 2022
Financial assets at FVTPL			
Listed shares	$ 5,425,700	$ 4,482,184	$ 5,410,507
Beneficiary certificates	2,785,915	2,769,775	4,824,216
Financial bonds	261,295	263,192	264,157

Reclassification from profit or loss to other comprehensive income of the financial assets designated to apply overlay approach for the three months ended June 30, 2023 and 2022 and for the six months ended June 30, 2023 and 2022 is as follows:

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2023	2022	2023	2022
(Gain) loss due to application of IFRS 9 to profit or loss	$ (391,292)	$ 1,128,030	$ (895,115)	$ 1,559,118
Gain if applying IAS 39 to profit or loss	70,770	46,282	246,377	366,738
(Loss) gain from reclassification using the overlay approach	$ (320,522)	$ 1,174,312	$ (648,738)	$ 1,925,856

Due to application of overlay approach, the amount of gain and loss on financial assets and liabilities at FVTPL decreased from gain of $230,511 thousand to loss of $90,011 thousand and increased from loss of $1,326,396 thousand to loss of $152,084 thousand for the three months ended June 30, 2023 and 2022, respectively, and gain and loss on financial assets and liabilities at FVTPL decreased from gain of $726,104 thousand to gain of $77,366 thousand and increased from loss of $1,921,776 thousand to gain of $4,080 thousand for the six months ended June 30, 2023 and 2022, respectively.

8. FINANCIAL ASSETS AT FVTOCI

	June 30, 2023	December 31, 2022	June 30, 2022
Investments in debt instruments at FVTOCI			
Domestic investments			
Government bonds	$ 685,967	$ 685,847	$ 694,203

a. Refer to Note 26 for information relating to the credit risk management and impairment of investments in debt instruments at FVTOCI.

b. The financial assets at FVTOCI were not pledged as collateral.

9. FINANCIAL ASSETS AT AMORTIZED COST

	June 30, 2023	December 31, 2022	June 30, 2022
Domestic investments			
Financial bonds	$ 100,000	$ 100,000	$ 100,000
Corporate bonds	1,599,968	1,599,988	1,599,968
Government bonds	1,099,642	1,099,504	784,728
Foreign bonds investments	7,118,968	7,156,974	6,646,431
	9,918,578	9,956,466	9,131,127
Less: Loss allowance	(4,013)	(3,715)	(3,802)
Less: Deposits in the Central Bank	(1,099,589)	(1,099,466)	(784,705)
	$ 8,814,976	$ 8,853,285	$ 8,342,620

a. The Group's gains on disposal of bonds resulted from repayments at maturities for the six months ended June 30, 2023 and 2022 were $128 thousand and $367 thousand, respectively.

b. Refer to Note 26 for information relating to their credit risk management and impairment.

c. The financial assets at amortized cost were not pledged.

10. LOANS

	June 30, 2023	December 31, 2022	June 30, 2022
Secured loans	$ 116,245	$ 139,828	$ 178,291
Less: Loss allowance	(1,564)	(1,884)	(2,340)
	$ 114,681	$ 137,944	$ 175,951

Secured loans are secured by property and equipment. The Group applied IFRS 9 and assessed impairment in accordance with the regulation of "Guidelines for Handling Assessment of Assets, Loans Overdue, Receivable on Demand and Bad Debts by Insurance Enterprises". Refer to Note 26 for information relating to the credit risk management and impairment for the six months ended June 30, 2023 and 2022.

11. RECEIVABLES

	June 30, 2023	December 31, 2022	June 30, 2022
Notes receivable	$ 169,391	$ 178,754	$ 160,181
Premiums receivables	3,072,550	2,063,718	3,106,643
Integrated income tax receivable	32,397	612,702	-
Other receivables	325,330	368,131	359,593
	3,599,668	3,223,305	3,626,417
Less: Loss allowance	(53,089)	(70,139)	(49,473)
	$ 3,546,579	$ 3,153,166	$ 3,576,944

The allowance for impairment loss was reconciled as follows:

	For the Six Months Ended June 30	
	2023	**2022**
Beginning balance	$ 70,139	$ 37,913
Impairment losses (reversed) recognized	(17,050)	11,560
Ending balance	$ 53,089	$ 49,473

12. REINSURANCE ASSETS

	June 30, 2023	**December 31, 2022**	**June 30, 2022**
Claims and payments recoverable from reinsurers, net	$ 556,705	$ 671,462	$ 1,642,493
Due from reinsurers and ceding companies, net	2,483,393	1,998,020	1,451,325
Reinsurance reserve assets			
Ceded unearned premium reserve	5,398,464	4,482,083	5,037,013
Ceded loss reserve	5,739,386	6,390,556	6,019,103
	$ 14,177,948	$ 13,542,121	$ 14,149,934

a. Claims and payments recoverable from reinsurers

	June 30, 2023	**December 31, 2022**	**June 30, 2022**
Gross carrying amount	$ 562,329	$ 678,244	$ 1,659,084
Less: Loss allowance	(5,624)	(6,782)	(16,591)
	$ 556,705	$ 671,462	$ 1,642,493

The allowance for impairment loss was reconciled as follows:

	For the Six Months Ended June 30	
	2023	**2022**
Beginning balance	$ 6,782	$ 4,665
Impairment losses (reversed) recognized	(1,158)	11,926
Ending balance	$ 5,624	$ 16,591

b. Due from reinsurers and ceding companies

	June 30, 2023	**December 31, 2022**	**June 30, 2022**
Gross carrying amount	$ 2,526,453	$ 2,022,535	$ 1,486,771
Less: Loss allowance	(43,060)	(24,515)	(35,446)
	$ 2,483,393	$ 1,998,020	$ 1,451,325

The allowance for impairment loss was reconciled as follows:

	For the Six Months Ended June 30	
	2023	2022
Beginning balance	$ 24,515	$ 58,751
Impairment losses recognized (reversed)	18,545	(23,305)
Ending balance	$ 43,060	$ 35,446

13. SUBSIDIARIES

Subsidiaries included in the consolidated financial statements:

			Proportion of Ownership (%)		
Investor	Investee	Nature of Activities	June 30, 2023	December 31, 2022	June 30, 2022
Cathay Century Insurance Co., Ltd.	Cathay Insurance Co., Ltd. (Vietnam)	Operating non-life insurance business	100	100	100

14. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

	June 30, 2023	December 31, 2022	June 30, 2022
Investments in associates	$ 2,423,875	$ 2,370,722	$ 2,392,746

Aggregate information of associates that are not individually material:

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2023	2022	2023	2022
The Group's share of:				
Profit from continuing operations	$ 92,883	$ 20,491	$ 115,496	$ 69,135
Other comprehensive (loss) income	(105,043)	(5,550)	(62,343)	19,267
Total comprehensive income for the period	$ 12,160	$ 14,941	$ 53,153	$ 88,402

Investments were calculated based on financial statements which have not been audited. Management believes there is no material impact on the equity method of accounting or the calculation of the share of profit or loss and other comprehensive income from the financial statements which have not been audited.

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

15. PROPERTY AND EQUIPMENT

	Computer Equipment	Other Equipment	Prepayments for Equipment	Total
Cost				
Balance at January 1, 2022	$ 612,719	$ 184,150	$ 24,481	$ 821,350
Additions	4,329	5,520	114,709	124,558
Disposals	(119)	-	-	(119)
Reclassification	-	6,434	(9,580)	(3,146)
Foreign exchange	-	3,671	-	3,671
Balance at June 30, 2022	$ 616,929	$ 199,775	$ 129,610	$ 946,314
Accumulated depreciation and impairment				
Balance at January 1, 2022	$ 429,152	$ 171,043	$ -	$ 600,195
Disposals	(119)	-	-	(119)
Depreciation expenses	32,713	3,321	-	36,034
Foreign exchange	-	3,381	-	3,381
Balance at June 30, 2022	$ 461,746	$ 177,745	$ -	$ 639,491
Carrying amount at June 30, 2022	$ 155,183	$ 22,030	$ 129,610	$ 306,823
Cost				
Balance at January 1, 2023	$ 629,776	$ 199,241	$ 31,312	$ 860,329
Additions	19,377	13,659	27,238	60,274
Disposals	(140)	(164)	-	(304)
Reclassification	20,241	1,050	(23,344)	(2,053)
Foreign exchange	-	993	-	993
Balance at June 30, 2023	$ 669,254	$ 214,779	$ 35,206	$ 919,239
Accumulated depreciation and impairment				
Balance at January 1, 2023	$ 337,422	$ 176,496	$ -	$ 513,918
Disposals	(140)	(161)	-	(301)
Depreciation expense	52,078	3,448	-	55,526
Foreign exchange	-	954	-	954
Balance at June 30, 2023	$ 389,360	$ 180,737	$ -	$ 570,097
Carrying amount at December 31, 2022 and January 1, 2023	$ 292,354	$ 22,745	$ 31,312	$ 346,411
Carrying amount at June 30, 2023	$ 279,894	$ 34,042	$ 35,206	$ 349,142

The above items of property and equipment are depreciated on a straight-line basis over their estimated useful lives as follows:

Computer equipment	3-5 years
Other equipment	3-5 years

16. LEASE ARRANGEMENTS

a. Right-of-use assets

	June 30, 2023	December 31, 2022	June 30, 2022
Carrying amount			
Buildings	$ 52,417	$ 110,106	$ 178,958
Transportation equipment	4,381	4,925	5,723
	$ 56,798	$ 115,031	$ 184,681

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2023	2022	2023	2022
Additions to right-of-use assets	$ 14,462	$ 7,079	$ 18,264	$ 25,243
Depreciation charge for right-of-use assets				
Buildings	$ 37,452	$ 37,952	$ 74,875	$ 76,416
Transportation equipment	816	911	1,661	1,812
	$ 38,268	$ 38,863	$ 76,536	$ 78,228

b. Lease liabilities

	June 30, 2023	December 31, 2022	June 30, 2022
Carrying amount	$ 54,516	$ 114,717	$ 183,496

Range of discount rates for lease liabilities was as follows:

	June 30, 2023	December 31, 2022	June 30, 2022
Buildings	1.12%-8.57%	1.12%-8.57%	1.12%-8.57%
Transportation equipment	2.15%-3.49%	2.16%-3.49%	2.16%-3.49%

c. Other lease information

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2023	2022	2023	2022
Expenses relating to short-term leases	$ 7,766	$ 2,536	$ 15,180	$ 5,335
Total cash outflow for leases	$ 48,515	$ 44,151	$ 94,301	$ 86,869

The Group leases certain transportation equipment and buildings which qualify as short-term leases. The Group has elected to apply the recognition exemption and thus, did not recognize right-of-use assets and lease liabilities for these leases.

17. INTANGIBLE ASSETS

	Computer Software
Cost	
Balance at January 1, 2022	$ 391,725
Additions	20,898
Reclassification	3,398
Foreign exchange	3,534
Balance at June 30, 2022	$ 419,555
Accumulated depreciation and impairment	
Balance at January 1, 2022	$ 282,909
Amortization expense	29,714
Foreign exchange	2,564
Balance at June 30, 2022	$ 315,187
Carrying amount at June 30, 2022	$ 104,368
Cost	
Balance at January 1, 2023	$ 489,885
Additions	18,010
Reclassification	2,053
Foreign exchange	1,341
Balance at June 30, 2023	$ 511,289
Accumulated depreciation and impairment	
Balance at January 1, 2023	$ 351,458
Amortization expense	37,634
Foreign exchange	902
Balance at June 30, 2023	$ 389,994
Carrying amount at December 31, 2022 and January 1, 2023	$ 138,427
Carrying amount at June 30, 2023	$ 121,295

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

Computer software	3 years

18. OTHER ASSETS

	June 30, 2023	December 31, 2022	June 30, 2022
Deposits in the Central Bank	$ 1,099,589	$ 1,099,466	$ 784,705
Statutory deposit	28,108	28,004	27,831
Other deposits	261,642	175,222	110,092
Prepayments	29,346	28,640	25,943
Others	51,126	24,861	43,476
	$ 1,469,811	$ 1,356,193	$ 992,047

See Note 29 for the information of the assets, including government bonds and time deposits, pledged as guarantee deposits of the Group.

19. PAYABLES

	June 30, 2023	December 31, 2022	June 30, 2022
Claims and payments payable	$ -	$ -	$ 1,040
Commissions payable	377,246	346,088	309,708
Due to reinsurers and ceding companies	3,656,437	2,084,169	3,206,195
Other payables	844,532	878,036	629,079
	$ 4,878,215	$ 3,308,293	$ 4,146,022

20. INSURANCE LIABILITIES

	June 30, 2023	December 31, 2022	June 30, 2022
Unearned premium reserve	$ 16,730,362	$ 15,838,272	$ 16,125,779
Loss reserve	15,249,930	23,538,891	18,279,834
Special reserve	1,650,796	1,628,369	1,549,588
Premium deficiency reserve	277	1,240,260	690,000
Policy reserve	138	170	98
	$ 33,631,503	$ 42,245,962	$ 36,645,299

a. Unearned premium reserve

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

	June 30, 2023			
	Unearned Premium Reserve		Ceded Unearned Premium Reserve	
Insurance Type	Direct Underwriting Business (1)	Reinsurance Inward Business (2)	Ceded Reinsurance Business (3)	Retained Business (4)=(1)+(2)-(3)
Fire insurance	$ 2,319,403	$ 60,262	$ 1,896,099	$ 483,566
Marine insurance	292,804	7,122	237,717	62,209
Land and air insurance	7,346,186	568	411,050	6,935,704
Liability insurance	1,302,625	1,408	333,311	970,722
Guarantee insurance	64,730	3,453	52,177	16,006
Other property insurance	1,578,520	31,871	1,334,112	276,279
Accident insurance	1,662,599	4,847	139,733	1,527,713
Health insurance	55,582	-	173	55,409
Policy-oriented residential earthquake insurance	236,107	32,819	236,106	32,820
Compulsory automobile liability insurance	1,263,309	466,147	757,986	971,470
	$ 16,121,865	$ 608,497	$ 5,398,464	$ 11,331,898

	December 31, 2022			
	Unearned Premium Reserve		Ceded Unearned Premium Reserve	
Insurance Type	Direct Underwriting Business (1)	Reinsurance Inward Business (2)	Ceded Reinsurance Business (3)	Retained Business (4)=(1)+(2)-(3)
Fire insurance	$ 1,893,367	$ 127,729	$ 1,322,102	$ 698,994
Marine insurance	202,701	7,867	153,542	57,026
Land and air insurance	7,010,302	2,848	232,378	6,780,772
Liability insurance	1,292,650	1,011	403,032	890,629
Guarantee insurance	57,735	1,470	38,608	20,597
Other property insurance	1,446,086	29,349	1,166,220	309,215
Accident insurance	1,601,564	5,204	143,686	1,463,082
Health insurance	174,035	851	34,013	140,873
Policy-oriented residential earthquake insurance	238,221	29,845	238,220	29,846
Compulsory automobile liability insurance	1,250,469	464,968	750,282	965,155
	$ 15,167,130	$ 671,142	$ 4,482,083	$ 11,356,189

	June 30, 2022			
	Unearned Premium Reserve		Ceded Unearned Premium Reserve	
Insurance Type	**Direct Underwriting Business (1)**	**Reinsurance Inward Business (2)**	**Ceded Reinsurance Business (3)**	**Retained Business (4)=(1)+(2)-(3)**
Fire insurance	$ 2,344,620	$ 179,676	$ 1,776,310	$ 747,986
Marine insurance	267,403	18,715	220,131	65,987
Land and air insurance	6,417,886	14,967	230,063	6,202,790
Liability insurance	1,083,494	2,816	245,729	840,581
Guarantee insurance	59,764	3,207	36,055	26,916
Other property insurance	1,725,467	32,278	1,300,214	457,531
Accident insurance	1,590,830	8,072	160,347	1,438,555
Health insurance	403,109	2,634	88,502	317,241
Policy-oriented residential earthquake insurance	234,077	32,809	234,077	32,809
Compulsory automobile liability insurance	1,242,643	461,312	745,585	958,370
	$ 15,369,293	$ 756,486	$ 5,037,013	$ 11,088,766

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

	For the Six Months Ended June 30			
	2023		2022	
	Unearned Premium Reserves	**Ceded Unearned Premium Reserve**	**Unearned Premium Reserves**	**Ceded Unearned Premium Reserve**
Beginning balance	$ 15,838,272	$ 4,482,083	$ 15,305,826	$ 4,361,937
Provision	16,724,601	5,395,490	16,120,141	5,034,199
Recovery	(15,870,479)	(4,491,102)	(15,350,754)	(4,381,967)
Foreign exchange	37,968	11,993	50,566	22,844
Ending balance	$ 16,730,362	$ 5,398,464	$ 16,125,779	$ 5,037,013

b. Loss reserve

1) Loss reserve and ceded loss reserve

	June 30, 2023			
	Loss Reserve		Ceded Loss Reserve	
Items	**Direct Underwriting Business (1)**	**Reinsurance Inward Business (2)**	**Ceded Reinsurance Business (3)**	**Retained Business (4)=(1)+(2)-(3)**
Filed but not yet paid	$ 8,476,424	$ 1,092,745	$ 4,124,188	$ 5,444,981
Not yet filed	5,171,045	509,716	1,615,198	4,065,563
	$ 13,647,469	$ 1,602,461	$ 5,739,386	$ 9,510,544

Items	December 31, 2022			
	Loss Reserve		Ceded Loss Reserve	
	Direct Underwriting Business (1)	Reinsurance Inward Business (2)	Ceded Reinsurance Business (3)	Retained Business (4)=(1)+(2)-(3)
Filed but not yet paid	$ 9,206,621	$ 1,230,106	$ 3,972,173	$ 6,464,554
Not yet filed	12,626,344	475,820	2,418,383	10,683,781
	$ 21,832,965	$ 1,705,926	$ 6,390,556	$ 17,148,335

Items	June 30, 2022			
	Loss Reserve		Ceded Loss Reserve	
	Direct Underwriting Business (1)	Reinsurance Inward Business (2)	Ceded Reinsurance Business (3)	Retained Business (4)=(1)+(2)-(3)
Filed but not yet paid	$ 7,082,345	$ 1,177,654	$ 3,656,399	$ 4,603,600
Not yet filed	9,545,804	474,031	2,362,704	7,657,131
	$ 16,628,149	$ 1,651,685	$ 6,019,103	$ 12,260,731

2) Net changes in loss reserve and ceded loss reserve

For the six months ended June 30, 2023

Items	Direct Underwriting Business		Reinsurance Inward Business		Net Changes in Loss Reserve
	Provision (1)	Recovery (2)	Provision (3)	Recovery (4)	(5)=(1)-(2)+(3)-(4)
Filed but not yet paid	$ 8,504,029	$ 9,238,709	$ 1,092,745	$ 1,230,106	$ (872,041)
Not yet filed	5,136,477	12,593,469	509,716	475,820	(7,423,096)
	$ 13,640,506	$ 21,832,178	$ 1,602,461	$ 1,705,926	$ (8,295,137)

Items	Ceded Reinsurance Business		Net Changes in Ceded Loss Reserve
	Provision (6)	Recovery (7)	(8)=(6)-(7)
Filed but not yet paid	$ 4,134,847	$ 3,987,173	$ 147,674
Not yet filed	1,599,286	2,402,699	(803,413)
	$ 5,734,133	$ 6,389,872	$ (655,739)

For the six months ended June 30, 2022

Items	Direct Underwriting Business		Reinsurance Inward Business		Net Changes in Loss Reserve
	Provision (1)	Recovery (2)	Provision (3)	Recovery (4)	(5)=(1)-(2)+ (3)-(4)
Filed but not yet paid	$ 7,105,252	$ 5,958,639	$ 1,177,654	$ 1,129,732	$ 1,194,535
Not yet filed	9,518,902	4,301,044	474,031	450,325	5,241,564
	$ 16,624,154	$ 10,259,683	$ 1,651,685	$ 1,580,057	$ 6,436,099

Items	Ceded Reinsurance Business		Net Changes in Ceded Loss Reserve
	Provision (6)	Recovery (7)	(8)=(6)-(7)
Filed but not yet paid	$ 3,666,548	$ 2,751,509	$ 915,039
Not yet filed	2,350,023	1,372,166	977,857
	$ 6,016,571	$ 4,123,675	$ 1,892,896

See Note 30 for the disclosure of the impact of severe specific infectious pneumonia epidemic to the Group.

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

Insurance Type	June 30, 2023		
	Filed But Not Yet Paid	Not Yet Filed	Total
Fire insurance	$ 3,550,539	$ 246,296	$ 3,796,835
Marine insurance	701,540	252,495	954,035
Land and air insurance	2,466,259	1,517,809	3,984,068
Liability insurance	728,449	905,073	1,633,522
Guarantee insurance	47,210	37,071	84,281
Other property insurance	1,280,535	162,848	1,443,383
Accident insurance	253,347	529,796	783,143
Health insurance	54,753	219,530	274,283
Policy-oriented residential earthquake insurance	-	-	-
Compulsory automobile liability insurance	486,537	1,809,843	2,296,380
	$ 9,569,169	$ 5,680,761	$ 15,249,930

Insurance Type	December 31, 2022 Filed But Not Yet Paid	Not Yet Filed	Total
Fire insurance	$ 4,182,815	$ 82,858	$ 4,265,673
Marine insurance	671,037	208,516	879,553
Land and air insurance	2,372,432	1,327,669	3,700,101
Liability insurance	661,738	762,778	1,424,516
Guarantee insurance	48,770	34,605	83,375
Other property insurance	801,742	528,210	1,329,952
Accident insurance	256,038	528,089	784,127
Health insurance	957,852	7,837,730	8,795,582
Policy-oriented residential earthquake insurance	-	-	-
Compulsory automobile liability insurance	484,303	1,791,709	2,276,012
	$ 10,436,727	$ 13,102,164	$ 23,538,891

Insurance Type	June 30, 2022 Filed But Not Yet Paid	Not Yet Filed	Total
Fire insurance	$ 3,803,095	$ 28,381	$ 3,831,476
Marine insurance	571,053	183,375	754,428
Land and air insurance	1,826,818	1,373,013	3,199,831
Liability insurance	588,945	763,927	1,352,872
Guarantee insurance	47,764	36,101	83,865
Other property insurance	559,459	1,409,620	1,969,079
Accident insurance	131,351	521,492	652,843
Health insurance	275,007	3,846,339	4,121,346
Policy-oriented residential earthquake insurance	-	-	-
Compulsory automobile liability insurance	456,507	1,857,587	2,314,094
	$ 8,259,999	$ 10,019,835	$ 18,279,834

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

Insurance Type	June 30, 2023 Filed But Not Yet Paid	June 30, 2023 Not Yet Filed	June 30, 2023 Total
Fire insurance	$ 1,968,502	$ 115,528	$ 2,084,030
Marine insurance	524,226	153,650	677,876
Land and air insurance	85,139	41,108	126,247
Liability insurance	336,084	328,463	664,547
Guarantee insurance	13,615	21,623	35,238
Other property insurance	1,028,490	81,655	1,110,145
Accident insurance	14,907	41,827	56,734
Health insurance	3,821	6,555	10,376
Policy-oriented residential earthquake insurance	-	-	-
Compulsory automobile liability insurance	149,404	824,789	974,193
	$ 4,124,188	$ 1,615,198	$ 5,739,386

Insurance Type	December 31, 2022 Filed But Not Yet Paid	December 31, 2022 Not Yet Filed	December 31, 2022 Total
Fire insurance	$ 2,379,825	$ 38,119	$ 2,417,944
Marine insurance	482,299	133,887	616,186
Land and air insurance	108,566	37,903	146,469
Liability insurance	283,097	281,830	564,927
Guarantee insurance	13,774	19,391	33,165
Other property insurance	489,080	109,591	598,671
Accident insurance	23,411	41,044	64,455
Health insurance	42,960	940,321	983,281
Policy-oriented residential earthquake insurance	-	-	-
Compulsory automobile liability insurance	149,161	816,297	965,458
	$ 3,972,173	$ 2,418,383	$ 6,390,556

Insurance Type	June 30, 2022 Filed But Not Yet Paid	Not Yet Filed	Total
Fire insurance	$ 2,279,118	$ 12,810	$ 2,291,928
Marine insurance	383,962	112,355	496,317
Land and air insurance	106,455	33,605	140,060
Liability insurance	287,771	283,925	571,696
Guarantee insurance	13,416	17,742	31,158
Other property insurance	329,589	272,390	601,979
Accident insurance	8,405	33,759	42,164
Health insurance	115,601	741,259	856,860
Policy-oriented residential earthquake insurance	-	-	-
Compulsory automobile liability insurance	132,082	854,859	986,941
	$ 3,656,399	$ 2,362,704	$ 6,019,103

5) Reconciliation of loss reserve and ceded loss reserve

	For the Six Months Ended June 30			
	2023		2022	
	Loss Reserve	Ceded Loss Reserve	Loss Reserve	Ceded Loss Reserve
Beginning balance	$ 23,538,891	$ 6,390,556	$ 11,835,272	$ 4,119,854
Provision	15,242,967	5,734,133	18,275,839	6,016,571
Recovery	(23,538,104)	(6,389,872)	(11,839,740)	(4,123,675)
Foreign exchange	6,176	4,569	8,463	6,353
Ending balance	$ 15,249,930	$ 5,739,386	$ 18,279,834	$ 6,019,103

c. Special reserve

1) Special reserve for compulsory automobile liability insurance

	For the Six Months Ended June 30	
	2023	2022
Beginning balance	$ 926,605	$ 851,422
Provision	48,157	68,686
Recovery	(25,730)	(72,284)
Ending balance	$ 949,032	$ 847,824

In accordance with Article 2 of the Compulsory Automobile Liability Insurance Act and Article 24-2, Paragraph 1 of the Deposit and Withdrawal Methods of Various Reserves in the Insurance Industry, as authorized by Article 145, Paragraph 2 and Article 148-3, Paragraph 2 of the Insurance Act, each property insurance company shall set aside NT$30 per insurance policy as a special reserve, recognized as expenses in its own compulsory automobile liability insurance business, starting from April 1, 2021. In the case of a deficit in the annual net insurance premium in the business run by a property insurance company in the future, the deficit shall be compensated with the special reserve first; if there is still any shortage, it shall be handled in accordance with the Regulations for the Management of the Various Reserves for Compulsory Automobile Liability Insurance.

2) Special reserve for all insurances other than compulsory automobile liability insurance

	For the Six Months Ended June 30, 2023		
	Catastrophic Event	**Fluctuation of Risk**	**Total**
Beginning balance	$ 393,265	$ 308,499	$ 701,764
Provision	-	-	-
Recovery	-	-	-
Ending balance	$ 393,265	$ 308,499	$ 701,764

	For the Six Months Ended June 30, 2022		
	Catastrophic Event	**Fluctuation of Risk**	**Total**
Beginning balance	$ 393,265	$ 1,345,017	$ 1,738,282
Provision	-	-	-
Recovery	-	(1,036,518)	(1,036,518)
Ending balance	$ 393,265	$ 308,499	$ 701,764

If the Directions for Strengthening Disaster Reserve by Non-Life Insurance Enterprises (formerly Directions for Strengthening Natural Disaster Insurance (Commercial Earthquake, Typhoon and Flood Insurance) Reserve by Non-Life Insurance Enterprises), Directions in Strengthening the Reserve Provision Made by the Co-Insurance Members Undertaking the Taiwan Residential Earthquake Insurance, and Directions for Reserving Nuclear Energy Insurance Reserve by Non-Life Insurance Enterprises were not applied, Group's pre-tax income/loss would have decreased by $0 thousand and $1,036,518 thousand for the six months ended June 30, 2023 and 2022, respectively. The special reserve under liabilities would have decreased by $393,265 thousand and $393,265 thousand, and special reserve under equity would have increased by $308,748 thousand and $310,139 thousand as of June 30, 2023 and 2022, respectively. The (loss) earnings per share would have decreased by $0 and $9.37 for the six months ended June 30, 2023 and 2022, respectively.

For the six months ended June 30, 2022, the Group recovered $1,036,518 thousand from the special reserve due to fluctuation of risk in accordance with the Directions for Strengthening Disaster Reserve by Non-Life Insurance Enterprises, since the actual retained claims that resulted from disasters exceeded the expected claims net of the reversal of the special reserve for a catastrophic event.

d. Premium deficiency reserves

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

	June 30, 2023			
	Premium Deficiency Reserve		Ceded Premium Deficiency Reserve	
Insurance Type	Direct Underwriting Business (1)	Reinsurance Inward Business (2)	Ceded Reinsurance Business (3)	Retained Business (4)=(1)+(2)-(3)
Fire insurance	$ -	$ -	$ -	$ -
Marine insurance	-	-	-	-
Land and air insurance	-	277	-	277
Liability insurance	-	-	-	-
Guarantee insurance	-	-	-	-
Other property insurance	-	-	-	-
Accident insurance	-	-	-	-
Health insurance	-	-	-	-
Policy-oriented residential earthquake insurance	-	-	-	-
Compulsory automobile liability insurance	-	-	-	-
	$ -	$ 277	$ -	$ 277

	December 31, 2022			
	Premium Deficiency Reserve		Ceded Premium Deficiency Reserve	
Insurance Type	Direct Underwriting Business (1)	Reinsurance Inward Business (2)	Ceded Reinsurance Business (3)	Retained Business (4)=(1)+(2)-(3)
Fire insurance	$ 28,236	$ 11,735	$ -	$ 39,971
Marine insurance	3	192	-	195
Land and air insurance	-	94	-	94
Liability insurance	-	-	-	-
Guarantee insurance	-	-	-	-
Other property insurance	-	-	-	-
Accident insurance	-	-	-	-
Health insurance	1,200,000	-	-	1,200,000
Policy-oriented residential earthquake insurance	-	-	-	-
Compulsory automobile liability insurance	-	-	-	-
	$ 1,228,239	$ 12,021	$ -	$ 1,240,260

	June 30, 2022			
	Premium Deficiency Reserve		Ceded Premium Deficiency Reserve	
Insurance Type	**Direct Underwriting Business (1)**	**Reinsurance Inward Business (2)**	**Ceded Reinsurance Business (3)**	**Retained Business (4)=(1)+(2)-(3)**
Fire insurance	$ -	$ -	$ -	$ -
Marine insurance	-	-	-	-
Land and air insurance	-	-	-	-
Liability insurance	-	-	-	-
Guarantee insurance	-	-	-	-
Other property insurance	183,540	-	-	183,540
Accident insurance	-	-	-	-
Health insurance	506,460	-	-	506,460
Policy-oriented residential earthquake insurance	-	-	-	-
Compulsory automobile liability insurance	-	-	-	-
	$ 690,000	$ -	$ -	$ 690,000

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

	For the Six Months Ended June 30, 2023								
	Direct Underwriting Business		Reinsurance Inward Business		Net Changes in Premium Deficiency Reserve	Ceded Reinsurance Business		Net Changes in Ceded Premium Deficiency Reserve	Net Loss Recognized for Premium Deficiency Reserve
Insurance Type	**Provision (1)**	**Recovery (2)**	**Provision (3)**	**Recovery (4)**	**(5)=(1)-(2)+(3)-(4)**	**Provision (6)**	**Recovery (7)**	**(8)=(6)-(7)**	**(9)=(5)-(8)**
Fire insurance	$ -	$ 28,236	$ -	$ 11,735	$ (39,971)	$ -	$ -	$ -	$ (39,971)
Marine insurance	-	3	-	192	(195)	-	-	-	(195)
Land and air insurance	-	-	277	94	183	-	-	-	183
Liability insurance	-	-	-	-	-	-	-	-	-
Guarantee insurance	-	-	-	-	-	-	-	-	-
Other property insurance	-	-	-	-	-	-	-	-	-
Accident insurance	-	-	-	-	-	-	-	-	-
Health insurance	-	1,200,000	-	-	(1,200,000)	-	-	-	(1,200,000)
Policy-oriented residential earthquake insurance	-	-	-	-	-	-	-	-	-
Compulsory automobile liability insurance	-	-	-	-	-	-	-	-	-
	$ -	$ 1,228,239	$ 277	$ 12,021	$ (1,239,983)	$ -	$ -	$ -	$ (1,239,983)

	For the Six Months Ended June 30, 2022								
	Direct Underwriting Business		Reinsurance Inward Business		Net Changes in Premium Deficiency Reserve	Ceded Reinsurance Business		Net Changes in Ceded Premium Deficiency Reserve	Net Loss Recognized for Premium Deficiency Reserve
Insurance Type	**Provision (1)**	**Recovery (2)**	**Provision (3)**	**Recovery (4)**	**(5)=(1)-(2)+(3)-(4)**	**Provision (6)**	**Recovery (7)**	**(8)=(6)-(7)**	**(9)=(5)-(8)**
Fire insurance	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Marine insurance	-	-	-	-	-	-	-	-	-
Land and air insurance	-	-	-	-	-	-	-	-	-
Liability insurance	-	-	-	-	-	-	-	-	-
Guarantee insurance	-	-	-	-	-	-	-	-	-
Other property insurance	183,540	-	-	-	183,540	-	-	-	183,540
Accident insurance	-	-	-	-	-	-	-	-	-
Health insurance	506,460	-	-	-	506,460	-	-	-	506,460
Policy-oriented residential earthquake insurance	-	-	-	-	-	-	-	-	-
Compulsory automobile liability insurance	-	-	-	-	-	-	-	-	-
	$ 690,000	$ -	$ -	$ -	$ 690,000	$ -	$ -	$ -	$ 690,000

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

	For the Six Months Ended June 30			
	2023		2022	
	Premium Deficiency Reserve	Ceded Premium Deficiency Reserve	Premium Deficiency Reserve	Ceded Premium Deficiency Reserve
Beginning balance	$ 1,240,260	$ -	$ -	$ -
Provision	277	-	690,000	-
Recovery	(1,240,260)	-	-	-
Ending balance	$ 277	$ -	$ 690,000	$ -

e. Policy reserve

1) Details of policy reserve and ceded policy reserve

June 30, 2023

	Policy Reserve		Ceded Reserve	
Insurance Type	Direct Underwriting Business (1)	Reinsurance Inward Business (2)	Ceded Reinsurance Business (3)	Retained Business (4)=(1)+(2)-(3)
Health insurance	$ 138	$ -	$ -	$ 138

December 31, 2022

	Policy Reserve		Ceded Reserve	
Insurance Type	Direct Underwriting Business (1)	Reinsurance Inward Business (2)	Ceded Reinsurance Business (3)	Retained Business (4)=(1)+(2)-(3)
Health insurance	$ 170	$ -	$ -	$ 170

June 30, 2022

	Policy Reserve		Ceded Reserve	
Insurance Type	Direct Underwriting Business (1)	Reinsurance Inward Business (2)	Ceded Reinsurance Business (3)	Retained Business (4)=(1)+(2)-(3)
Health insurance	$ 98	$ -	$ -	$ 98

2) Net changes in policy reserve and ceded policy reserve

For the six months ended June 30, 2023

Insurance Type	Direct Underwriting Business Provision (1)	Direct Underwriting Business Recovery (2)	Reinsurance Inward Business Provision (3)	Reinsurance Inward Business Recovery (4)	Net Changes in Policy Reserve (5)=(1)-(2)+(3)-(4)
Health insurance	$ -	$ 32	$ -	$ -	$ (32)

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

For the six months ended June 30, 2022

Insurance Type	Direct Underwriting Business Provision (1)	Direct Underwriting Business Recovery (2)	Reinsurance Inward Business Provision (3)	Reinsurance Inward Business Recovery (4)	Net Changes in Policy Reserve (5)=(1)-(2)+(3)-(4)
Health insurance	$ 45	$ 42	$ -	$ -	$ 3

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

21. RETIREMENT BENEFIT PLANS

a. Defined contribution plan

The Company of the Group adopted a pension plan under the Labor Pension Act (LPA), which is a state-managed defined contribution plan. Under the LPA, the Company makes monthly contributions to employees' individual pension accounts at 6% of monthly salaries and wages.

Pension benefits for employees of overseas subsidiaries and branches are provided in accordance with the local regulations.

Pension under the defined contribution plan for the three months ended June 30, 2023 and 2022 were $25,345 thousand and $23,504 thousand, respectively, and were $50,668 thousand and $46,746 thousand for the six months ended June 30, 2023 and 2022, respectively.

b. Defined benefit plans

Pension under the defined benefit plans were calculated by actuarial determination of retirement cost ratio on December 31, 2022 and 2021, respectively, which were $7,661 thousand and $7,461 thousand for the three months ended June 30, 2023 and 2022, respectively, and were $14,753 thousand and $14,922 thousand for the six months ended June 30, 2023 and 2022, respectively.

22. EQUITY

a. Share capital

	June 30, 2023	December 31, 2022	June 30, 2022
Shares authorized (in thousands of shares)	200,000	705,705	505,705
Shares authorized	$ 2,000,000	$ 7,057,052	$ 5,057,052
Shares issued and fully paid (in thousands of shares)	200,000	705,705	505,705
Shares issued	$ 2,000,000	$ 7,057,052	$ 5,057,052

On April 27, 2023, the company's board of directors (on behalf of the shareholders) resolved to offset deficits by using the legal reserve of $3,995,920 thousand and capital surplus of $8,696,184 thousand as well as by decreasing its capital by $5,057,052 thousand, which eliminated 505,705 thousand shares at a par value of $10 per share; the capital reduction percentage is 71.66%. After completing the capital reduction, the Company's paid-in capital is $2,000,000 thousand. The capital decrease was approved by the Insurance Bureau of the Financial Supervisory Commission on May 10, 2023, with the record date of June 19, 2023, and the change of registration was completed on July 24, 2023.

On June 7 and October 20, 2022, the board of directors resolved to issue 200,000 thousand ordinary shares on each date, at a par value of $10 per share through a private placement at a premium of $50 per share, resulting in a paid-in capital of $5,057,052 thousand and $7,057,052 thousand, respectively. The capital increase in cash was approved by the Insurance Bureau of the Financial Supervisory Commission on June 10, 2022 and December 13, 2022, respectively, with the record date of June 24, 2022, and December 28, 2022, and the change of registration was completed on July 5, 2022 and February 3, 2023, respectively.

b. Capital surplus

	June 30, 2023	December 31, 2022	June 30, 2022
May be used to offset a deficit, distributed as cash dividends, or transferred to share capital (1)			
Issuance of ordinary shares	$ 7,806,316	$ 16,502,500	$ 8,502,500
May only be used to offset a deficit			
Recognition of employee share options by the parent company (2)	54,817	54,771	15,826
	$ 7,861,133	$ 16,557,271	$ 8,518,326

1) The capital surplus from shares issued in excess of par (share premium from the issuance of ordinary shares) may be used to offset a deficit. In addition, when the Company has no deficit, such capital surplus may be distributed as cash dividends or transferred to share capital. However, under Rule No. 10202501991 issued by the FSC, the Company can distribute its capital surplus pursuant to Article 241 of the Company Act only if the Company's legal reserve exceeds its paid-in capital, other conditions requested under the Rule are met and the related information is delivered and approved by the authority.

2) The Group's parent company, Cathay Financial Holdings Co., Ltd., resolved to issue ordinary shares on October 20, 2022 and retained 10% of the shares issued for the employees of Cathay Financial Holdings Co., Ltd. and its subsidiaries in accordance with the Company Act. The Company has recognized at the fair value on grant day of $46 thousand as salary expense and capital surplus for the six months ended June 30, 2023.

c. Retained earnings and dividends policy

Under the dividends policy as set forth in the Articles, where the Company made a profit in a fiscal year, the profit shall be first utilized for paying taxes, offsetting losses of previous years, setting aside as a legal reserve 20% of the remaining profit, setting aside or reversing a special reserve in accordance with the laws and regulations, and then any remaining profit together with any undistributed retained earnings shall be used by the Company's board of directors as the basis for the proposing a distribution plan, which should be resolved in the shareholders' meeting for the distribution of dividends and bonuses to shareholders. In formulating its dividend policy, the Company considers both its operating needs and the shareholders' interests. Thus, dividends are distributed after the Company reserves the cash requirement for future capital expenditures. For the policies on the distribution of employees' compensation and remuneration to directors and supervisors, refer to Note 23.

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

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

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

	For the Year Ended December 31, 2022
Special reserve (according to the Regulations Governing the Setting Aside of Various Reserves by Insurance Enterprises)	$ (1,277,640)
Special reserve (FinTech development)	(472)
Special reserve (according to Rule No. 10904939031)	7,104

The appropriations of earnings for 2021, which were resolved by the board of directors (acting on behalf of the shareholders) on May 4, 2022, were as follows:

	For the Year Ended December 31, 2021
Legal reserve	$ 428,319
Special reserve	(124,738)
Special reserve (according to the regulations governing the setting aside of various reserves by insurance enterprises)	634,321
Special reserve (FinTech development)	(376)
Special reserve (according to Rule No. 10904939031)	1,333
Cash dividends	601,368
Cash dividends per shares	1.97

d. Special reserve

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

	For the Six Months Ended June 30, 2022				
	Special Reserve				
	Catastrophic Event	Fluctuation of Risk	Others	Others	Total
Beginning balance	$ 2,109,008	$ 3,100,137	$ -	$ 154,673	$ 5,363,818
Provision	-	-	-	-	-
Recovered/reversal	(1,837,968)	-	-	(125,114)	(1,963,082)
Ending balance	$ 271,040	$ 3,100,137	$ -	$ 29,559	$ 3,400,736

For the six months ended June 30, 2022, the Group's retained claims of epidemic prevention-related products related to the severe specific infectious pneumonia epidemic was qualified as a catastrophic event under the insurance reserve rules. Thus, the Group made a recovery of $1,837,968 thousand from the special reserve for catastrophic events under equity according to the law.

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

e. Other equity

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

	For the Six Months Ended June 30	
	2023	2022
Beginning balance	$ (263,645)	$ (351,498)
Recognized for the period		
Exchange differences on the translating of the financial statements of foreign entities	10,030	33,434
Share from associates accounted for using the equity method	(75,680)	53,147
Other comprehensive (loss) income recognized for the period	(65,650)	86,581
Ending balance	$ (329,295)	$ (264,917)

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

	For the Six Months Ended June 30	
	2023	2022
Beginning balance	$ (67,975)	$ 58,131
Recognized for the period		
Unrealized gain (loss) - debt instruments	3,641	(31,165)
Adjustments of loss allowance in debt instruments	13	10
Shares from associates accounted for using the equity method	13,337	(33,880)
Other comprehensive income (loss) recognized for the period	16,991	(65,035)
Ending balance	$ (50,984)	$ (6,904)

3) Remeasurement of defined benefit plans

	For the Six Months Ended June 30	
	2023	2022
Beginning balance	$ (156,319)	$ (183,711)
Change for the period	-	-
Ending balance	$ (156,319)	$ (183,711)

4) Other comprehensive income reclassified under the overlay approach

	For the Six Months Ended June 30	
	2023	2022
Beginning balance	$ (541,118)	$ 911,654
Recognized for the period	862,942	(1,609,126)
Reclassification adjustments		
Disposal of financial instruments	(214,204)	(316,730)
Tax effects	(13,786)	53,071
Other comprehensive income (loss) recognized for the period	634,952	(1,872,785)
Ending balance	$ 93,834	$ (961,131)

23. PROFIT (LOSS) BEFORE INCOME TAX

a. Interest income

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2023	2022	2023	2022
Bank deposits	$ 22,247	$ 9,276	$ 44,994	$ 16,730
Financial instruments at FVTPL	28,219	36,428	55,748	92,768
Financial assets at amortized cost	102,218	91,209	200,880	173,444
Others	13,869	10,028	27,966	17,137
	$ 166,553	$ 146,941	$ 329,588	$ 300,079

b. Employee benefits expense

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2023	2022	2023	2022
Short-term employee benefits				
Salaries and wages	$ 755,302	$ 557,368	$ 1,517,637	$ 1,247,704
Labor and health insurance	68,198	65,722	143,593	141,640
Post-employment benefits	33,006	30,965	65,421	61,668
Remuneration of directors	7,192	3,374	11,007	25,043
Other employee benefits	17,654	14,428	30,546	25,203
	$ 881,352	$ 671,857	$ 1,768,204	$ 1,501,258
An analysis of employee benefits expense by function				
Operating costs	$ 94,946	$ 86,639	$ 188,174	$ 165,652
Operating expenses	786,406	585,218	1,580,030	1,335,606
	$ 881,352	$ 671,857	$ 1,768,204	$ 1,501,258

c. Compensation of employees and remuneration of directors and supervisors

According to the Company's Articles, the Company accrued compensation of employees and remuneration of directors and supervisors at rates of no less than 0.1% and no higher than 1.5%, respectively, of net profit before income tax, compensation of employees and remuneration of directors and supervisors. The Company did not accrue employees' compensation and remuneration of directors because of the losses for the six months ended June 30, 2022. The estimated compensation of employees and remuneration of directors and supervisors for the six months ended June 30, 2023 are as follows:

Accrual rate

	For the Six Months Ended June 30	
	2023	**2022**
Compensation of employees	0.10%	-
Remuneration of directors and supervisors	-	-

Amount

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2023	**2022**	**2023**	**2022**
Compensation of employees	$ 245	$ (959)	$ 245	$ -
Remuneration of directors and supervisors	$ -	$ -	$ -	$ -

If there is a change in the amounts after the annual consolidated financial statements are authorized for issue, the differences are recorded as a change in the accounting estimate.

The Company did not accrue the compensation of employees and remuneration of directors and supervisors because of the loss incurred for the year ended December 31, 2022.

The compensation of employees and remuneration of directors and supervisors for 2021 that were approved by the board of directors on March 10, 2022 are as follows:

Amount

	For the Year Ended December 31, 2021
	Cash
Compensation of employees	$ 2,564
Remuneration of directors and supervisors	$ 4,500

There is no difference between the actual amounts of compensation of employees and the remuneration of directors and supervisors paid and the amounts recognized in the consolidated financial statements for the year ended December 31, 2021.

Information on the compensation of employees and remuneration of directors and supervisors resolved by the Company's board of directors is available at the Market Observation Post System website of the Taiwan Stock Exchange.

d. Depreciation and amortization

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2023	2022	2023	2022
Right-of-use assets	$ 38,268	$ 38,863	$ 76,536	$ 78,228
Property and equipment	29,070	18,182	55,526	36,034
Intangible assets	18,809	15,093	37,634	29,714
	$ 86,147	$ 72,138	$ 169,696	$ 143,976
An analysis of depreciation by function				
Operating expenses	$ 67,338	$ 57,045	$ 132,062	$ 114,262
An analysis of amortization by function				
Operating expenses	$ 18,809	$ 15,093	$ 37,634	$ 29,714

24. INCOME TAX

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

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2023	2022	2023	2022
Current tax				
In respect of the current period	$ 5,326	$ (80,792)	$ 8,589	$ 33,596
Adjustment for prior periods	(13,346)	3,430	(13,346)	3,430
	(8,020)	(77,362)	(4,757)	37,026
Deferred tax				
In respect of the current period	262,629	(671,376)	71,755	(661,196)
Adjustment for prior periods	2,456	4,581	2,456	4,581
	265,085	(666,795)	74,211	(656,615)
Income tax expense (benefit) recognized in profit or loss	$ 257,065	$ (744,157)	$ 69,454	$ (619,589)

b. Income tax recognized in other comprehensive income

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2023	2022	2023	2022
Deferred tax				
In respect of the current period:				
Other comprehensive losses (income) reclassified under overlay approach	$ 8,655	$ (42,967)	$ 13,786	$ (53,071)

c. Income tax assessments

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

25. EARNINGS (LOSS) PER SHARE

The weighted average number of shares outstanding used for the earnings per share computation was adjusted retroactively for the capital reduction to offset accumulated losses, with the record date of June 19, 2023. The basic earnings per share adjusted retrospectively for the six months ended June 30, 2022 were as follows:

Unit: NT$ Per Share

	Before Retrospective Adjustment	After Retrospective Adjustment
Basic earnings per share	$ (7.33)	$ (25.86)

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

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2023	2022	2023	2022
Profit (loss) for the year attributable to owners of the Company	$ 756,858	$ (3,124,950)	$ 181,490	$ (2,289,149)

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

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2023	2022	2023	2022
Weighted average number of ordinary shares used in the computation of basic (loss) earnings per share	200,000	90,375	200,000	88,517

26. FINANCIAL INSTRUMENTS

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

June 30, 2023

	Carrying Amount	Fair Value			
		Level 1	Level 2	Level 3	Total
Financial assets					
Financial assets at amortized cost	$ 8,814,976	$ -	$ 8,510,247	$ -	$ 8,510,247
Other assets					
Domestic government bonds (deposits in the Central Bank)	$ 1,099,589	$ -	$ 1,094,780	$ -	$ 1,094,780

December 31, 2022

	Carrying Amount	Fair Value			
		Level 1	Level 2	Level 3	Total
Financial assets					
Financial assets at amortized cost	$ 8,853,285	$ -	$ 8,347,471	$ -	$ 8,347,471
Other assets					
Domestic government bonds (deposits in the Central Bank)	$ 1,099,466	$ -	$ 1,085,923	$ -	$ 1,085,923

June 30, 2022

	Carrying Amount	Fair Value			
		Level 1	Level 2	Level 3	Total
Financial assets					
Financial assets at amortized cost	$ 8,342,620	$ -	$ 8,329,746	$ -	$ 8,329,746
Other assets					
Domestic government bonds (deposits in the Central Bank)	$ 784,705	$ -	$ 850,368	$ -	$ 850,368

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

1) Fair value hierarchy

June 30, 2023

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Derivative instruments	$ -	$ 2,811	$ -	$ 2,811
Listed shares	5,425,700	-	-	5,425,700
Beneficiary certificates	2,785,915	-	-	2,785,915
Domestic financial bonds	-	261,295	-	261,295
	$ 8,211,615	$ 264,106	$ -	$ 8,475,721
Financial assets at FVTOCI				
Domestic government bonds	$ -	$ 685,967	$ -	$ 685,967
Financial liabilities at FVTPL				
Derivative instruments	$ -	$ 172,215	$ -	$ 172,215

December 31, 2022

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Derivative instruments	$ -	$ 41,646	$ -	$ 41,646
Listed shares	4,482,184	-	-	4,482,184
Beneficiary certificates	2,769,775	-	-	2,769,775
Domestic financial bonds	-	263,192	-	263,192
	$ 7,251,959	$ 304,838	$ -	$ 7,556,797
Financial assets at FVTOCI				
Domestic government bonds	$ -	$ 685,847	$ -	$ 685,847
Financial liabilities at FVTPL				
Derivative instruments	$ -	$ 178,805	$ -	$ 178,805

June 30, 2022

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Derivative instruments	$ -	$ 1,860	$ -	$ 1,860
Listed shares	5,410,507	-	-	5,410,507
Beneficiary certificates	4,824,216	-	-	4,824,216
Domestic financial bonds	-	264,157	-	264,157
	$ 10,234,723	$ 266,017	$ -	$ 10,500,740
Financial assets at FVTOCI				
Domestic government bonds	$ -	$ 694,203	$ -	$ 694,203
Financial liabilities at FVTPL				
Derivative instruments	$ -	$ 230,326	$ -	$ 230,326

There were no transfers between Levels 1 and 2 for the six months ended June 30, 2023 and 2022.

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

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

c. Categories of financial instruments

	June 30, 2023	December 31, 2022	June 30, 2022
Financial assets			
FVTPL			
Mandatorily classified as at FVTPL	$ 8,475,721	$ 7,556,797	$ 10,500,740
Financial assets at amortized cost (1)	23,704,457	31,205,799	33,502,944
Financial assets at FVTOCI			
Debt instruments	685,967	685,847	694,203
Financial liabilities			
FVTPL			
Held for trading	172,215	178,805	230,326
Amortized cost (2)	4,878,215	3,308,293	4,146,022

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

2) The balances include financial liabilities measured at amortized cost, which comprise payables.

d. Financial risk management objectives and policies

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

1) Market risk analysis

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

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

a) Value at Risk

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

b) Stress testing

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

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

i. Simple sensitivity test

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

ii Scenario analysis

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

i) Historical scenario

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

ii) Hypothetical scenario

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

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

Table of Stress Testing				
Risk Factors	**Changes (+/-)**	**June 30, 2023**	**December 31, 2022**	**June 30, 2022**
Equity price risk (index)	-10%	$ (785,327)	$ (682,146)	$ (871,175)
Interest rate risk (yield curve)	+20bps	(154,011)	(152,371)	(153,837)
Foreign currency risk (exchange rate)	USD exchange NTD devalue 1 dollar	(133,095)	(137,826)	(134,690)

Note 1: Change in credit spread is not considered.

Note 2: The effect of hedging is considered.

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

i) Foreign currency risk

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

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

ii) Price risk

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

iii) Sensitivity analysis

	For the Six Months Ended June 30, 2023		
Risk Factors	**Variation (+/-)**	**Effect on Profit and Loss**	**Effect on Equity**
Foreign currency risk sensitivity	USD appreciates 1%	$ 29,844	$ 4,909
	CNY appreciates 1%	676	-
	HKD appreciates 1%	924	552
	EUR appreciates 1%	482	114
	VND appreciates 1%	-	7,308
Interest rate risk sensitivity	Yield curve (USD): Upward parallel shift by 1bp	(4,671)	-
	Yield curve (CNY): Upward parallel shift by 1bp	(25)	-
	Yield curve (NTD): Upward parallel shift by 1bp	(2,053)	(856)
Equity securities price sensitivity	Increases 1% in equity price	-	78,533

	For the Year Ended December 31, 2022		
Risk Factors	**Variation (+/-)**	**Effect on Profit and Loss**	**Effect on Equity**
Foreign currency risk sensitivity	USD appreciates 1 %	$ 30,462	$ 4,978
	CNY appreciates 1 %	667	-
	HKD appreciates 1 %	912	545
	EUR appreciates 1 %	492	117
	VND appreciates 1 %	-	7,008
Interest rate risk sensitivity	Yield curve (USD): Upward parallel shift by 1bp	(4,511)	-
	Yield curve (CNY): Upward parallel shift by 1bp	(28)	-
	Yield curve (NTD): Upward parallel shift by 1bp	(2,128)	(897)
Equity securities price sensitivity	Increases 1% in equity price	-	68,215

Risk Factors	Variation (+/-)	For the Six Months Ended June 30, 2022 Effect on Profit and Loss	Effect on Equity
Foreign currency risk sensitivity	USD appreciates 1%	$ 26,760	$ 7,283
	CNY appreciates 1%	678	-
	HKD appreciates 1%	1,127	3,324
	EUR appreciates 1%	64	469
	VND appreciates 1%	-	6,719
Interest rate risk sensitivity	Yield curve (USD): Upward parallel shift by 1bp	(4,472)	-
	Yield curve (CNY): Upward parallel shift by 1bp	(32)	-
	Yield curve (NTD): Upward parallel shift by 1bp	(2,201)	(944)
Equity securities price sensitivity	Increases 1% in equity price	-	87,117

Note 1: Change in credit spread is not considered.

Note 2: The effect of hedging is considered.

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

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

2) Credit risk

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

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

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

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

b) Credit concentration risk analysis

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

June 30, 2023

Financial Assets	Taiwan	Asia	Europe	North Americas	Emerging Market and Others	Total
Cash and cash equivalents	$ 9,466,290	$ -	$ -	$ -	$ 333,352	$ 9,799,642
Financial assets at FVTPL	264,106	-	-	-	-	264,106
Financial assets at FVTOCI	685,967	-	-	-	-	685,967
Financial assets at amortized cost	3,077,751	-	963,600	4,053,084	1,820,130	9,914,565
Total	$ 13,494,114	$ -	$ 963,600	$ 4,053,084	$ 2,153,482	$ 20,664,280
Proportion	65.30%	-	4.67%	19.61%	10.42%	100.00%

December 31, 2022

Financial Assets	Taiwan	Asia	Europe	North Americas	Emerging Market and Others	Total
Cash and cash equivalents	$ 17,436,617	$ -	$ -	$ -	$ 288,862	$ 17,725,479
Financial assets at FVTPL	304,838	-	-	-	-	304,838
Financial assets at FVTOCI	685,847	-	-	-	-	685,847
Financial assets at amortized cost	3,071,874	-	1,434,559	3,647,593	1,798,725	9,952,751
Total	$ 21,499,176	$ -	$ 1,434,559	$ 3,647,593	$ 2,087,587	$ 28,668,915
Proportion	74.99%	-	5.01%	12.72%	7.28%	100.00%

June 30, 2022

Financial Assets	Taiwan	Asia	Europe	North Americas	Emerging Market and Others	Total
Cash and cash equivalents	$ 20,135,119	$ -	$ -	$ -	$ 306,544	$ 20,441,663
Financial assets at FVTPL	266,017	-	-	-	-	266,017
Financial assets at FVTOCI	694,203	-	-	-	-	694,203
Financial assets at amortized cost	2,669,092	-	1,389,016	3,349,224	1,719,993	9,127,325
Total	$ 23,764,431	$ -	$ 1,389,016	$ 3,349,224	$ 2,026,537	$ 30,529,208
Proportion	77.84%	-	4.55%	10.97%	6.64%	100.00%

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

i. The Group assesses at each reporting date whether the credit risk of a financial instrument in the scope of impairment requirements under IFRS 9 has increased significantly since initial recognition. To make this assessment, the Group considers reasonable and supportable information (including forward-looking information) which indicates that credit risk has increased significantly since initial recognition. Main indicators include external credit rating, past due information, credit spread and other market information which shows that the credit risk related to borrowers and issuers has increased significantly.

ii. If the credit risk at the reporting date is determined to be low, an entity can assume that the credit risk of the financial instrument has not increased significantly since initial recognition.

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

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

i. Quantitative factor: When contractual payments are more than 90 days past due, a default occurs and a financial asset is credit-impaired.

ii. Qualitative factor: Evidence indicates that the issuers or borrowers cannot pay the contractual payments or that they have significant financial difficulties, for example:

i) The issuers and borrowers have entered bankruptcy or are probable to enter bankruptcy or financial reorganization.

ii) The borrowers fail to make interest or principal payments based on original terms and conditions.

iii) The collaterals of the borrowers are seized provisionally or enforced.

iv) The borrowers claim for a change of credit conditions due to financial difficulties.

iii. The above-mentioned definitions of a default occurring on a financial asset and a credit impairment are applicable to all financial assets held by the Group and are aligned with those of relevant financial assets for internal credit risk management. The definitions are also applicable to related impairment assessment model.

e) Measurement of expected credit losses

i. Methods and assumptions adopted

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

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

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

ii. Consideration of forward-looking information

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

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

i. Financial assets of the Group

	June 30, 2023					
			Stage 3			
	Stage 1 12-month Expected Credit Losses	Stage 2 Lifetime Expected Credit Losses	Lifetime Expected Credit Losses	Purchased or Originated Credit-impaired Financial Assets	Loss Allowance	Gross Carrying Amount
Investment grade						
Debt instruments at FVTOCI	$ 685,967	$ -	$ -	$ -	$ -	$ 685,967
Financial assets measured at amortized cost	9,918,578	-	-	-	(4,013)	9,914,565

	December 31, 2022					
			Stage 3			
	Stage 1 12-month Expected Credit Losses	Stage 2 Lifetime Expected Credit Losses	Lifetime Expected Credit Losses	Purchased or Originated Credit-impaired Financial Assets	Loss Allowance	Gross Carrying Amount
Investment grade						
Debt instruments at FVTOCI	$ 685,847	$ -	$ -	$ -	$ -	$ 685,847
Financial assets measured at amortized cost	9,956,466	-	-	-	(3,715)	9,952,751

	June 30, 2022					
			Stage 3			
	Stage 1 12-month Expected Credit Losses	Stage 2 Lifetime Expected Credit Losses	Lifetime Expected Credit Losses	Purchased or Originated Credit-impaired Financial Assets	Loss Allowance	Gross Carrying Amount
Investment grade						
Debt instruments at FVTOCI	$ 694,203	$ -	$ -	$ -	$ -	$ 694,203
Financial assets measured at amortized cost	9,131,127	-	-	-	(3,802)	9,127,325

Note: Investment grade assets refer to those with credit rating of at least BBB-; non-investment grade assets are those with credit rating lower than BBB-.

ii. Secured loans of the Group

	June 30, 2023					
			Stage 3			
	Stage 1 12-month Expected Credit Losses	Stage 2 Lifetime Expected Credit Losses	Lifetime Expected Credit Losses	Purchased or Originated Credit-impaired Financial Assets	Loss Allowance	Gross Carrying Amount
Secured loans	$ 116,245	$ -	$ -	$ -	$ (1,564)	$ 114,681

	December 31, 2022					
			Stage 3			
	Stage 1	Stage 2				
	12-month Expected Credit Losses	Lifetime Expected Credit Losses	Lifetime Expected Credit Losses	Purchased or Originated Credit-impaired Financial Assets	Loss Allowance	Gross Carrying Amount
Secured loans	$ 139,828	$ -	$ -	$ -	$ (1,884)	$ 137,944

	June 30, 2022					
			Stage 3			
	Stage 1	Stage 2				
	12-month Expected Credit Losses	Lifetime Expected Credit Losses	Lifetime Expected Credit Losses	Purchased or Originated Credit-impaired Financial Assets	Loss Allowance	Gross Carrying Amount
Secured loans	$ 178,291	$ -	$ -	$ -	$ (2,340)	$ 175,951

g) Reconciliation for loss allowance is summarized below:

i. Debt instrument at FVTOCI

		Lifetime Expected Credit Losses			
	12-month Expected Credit Losses	Collectively Assessed	Not Purchased or Originated Credit-impaired Financial Assets	Purchased or Originated Credit-impaired Financial Assets	Total of Impairment Charged in Accordance with IFRS 9
January 1, 2023	$ 34	$ -	$ -	$ -	$ 34
Changes in models/ risk parameters	13	-	-	-	13
June 30, 2023	$ 47	$ -	$ -	$ -	$ 47
January 1, 2022	$ 19	$ -	$ -	$ -	$ 19
Changes in models/ risk parameters	10	-	-	-	10
June 30, 2022	$ 29	$ -	$ -	$ -	$ 29

ii. Financial assets measured at amortized cost

		Lifetime Expected Credit Losses			
	12-month Expected Credit Losses	Collectively Assessed	Not Purchased or Originated Credit-impaired Financial Assets	Purchased or Originated Credit-impaired Financial Assets	Total of Impairment Charged in Accordance with IFRS 9
January 1, 2023	$ 3,715	$ -	$ -	$ -	$ 3,715
Changes in models/ risk parameters	298	-	-	-	298
June 30, 2023	$ 4,013	$ -	$ -	$ -	$ 4,013
January 1, 2022	$ 2,280	$ -	$ -	$ -	$ 2,280
Changes in models/ risk parameters	1,522	-	-	-	1,522
June 30, 2022	$ 3,802	$ -	$ -	$ -	$ 3,802

iii. Secured loans

		Lifetime Expected Credit Losses					
	12-month Expected Credit Losses	Collectively Assessed	Not Purchased or Originated Credit-impaired Financial Assets	Purchased or Originated Credit-impaired Financial Assets	Total of Impairment Charged in Accordance with IFRS 9	Difference from Impairment Charged in Accordance with Guidelines for Handling Assessment of Assets	Total
January 1, 2023	$ 70	$ -	$ -	$ -	$ 70	$ 1,814	$ 1,884
Changes in models/ risk parameters	24	-	-	-	24	-	24
Difference from impairment charged in accordance with guidelines for handling assessment of assets	-	-	-	-	-	(344)	(344)
June 30, 2023	$ 94	$ -	$ -	$ -	$ 94	$ 1470	$ 1,564
January 1, 2022	$ 43	$ -	$ -	$ -	$ 43	$ 2,415	$ 2,458
Changes in models/ risk parameters	11	-	-	-	11	-	11
Difference from impairment charged in accordance with guidelines for handling assessment of assets	-	-	-	-	-	(129)	(129)
June 30, 2022	$ 54	$ -	$ -	$ -	$ 54	$ 2,286	$ 2,340

There were no significant changes in loss allowance due to significant changes in the gross carrying amounts of the financial instruments.

h) Exposure to credit risk and loss allowance of receivables

Measurement of loss allowance of the Company's notes receivable and premiums receivables which are in the scope of the impairment requirements under IFRS 9 are based upon the lifetime expected credit losses under the simplified approach. Loss allowance measured by a provision matrix under simplified approach is as follows:

June 30, 2023	Not Overdue	Overdue	Total
Carrying amount	$ 2,799,466	$ 442,475	$ 3,241,941
Expected loss rate	1.03%	4.87%	
Lifetime expected credit losses	$ 28,898	$ 21,553	$ 50,451

December 31, 2022	Not Overdue	Overdue	Total
Carrying amount	$ 1,595,293	$ 647,179	$ 2,242,472
Expected loss rate	1.04%	8.05%	
Lifetime expected credit losses	$ 16,578	$ 52,077	$ 68,655

June 30, 2022	Not Overdue	Overdue	Total
Carrying amount	$ 2,603,074	$ 663,750	$ 3,266,824
Expected loss rate	1.04%	3.11%	
Lifetime expected credit losses	$ 27,039	$ 20,621	$ 47,660

3) Liquidity risk

a) Sources of liquidity risk

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

b) Liquidity risk management

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

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

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

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

June 30, 2023

	Less than 6 Months	6-12 Months	1-2 Years	2-5 Years	5+ Years
Non-derivative financial liabilities					
Payables	$ 4,789,857	$ 59,976	$ 12,529	$ 9,579	$ 6,274
Lease liabilities	35,755	7,722	9,129	2,378	-
Derivative financial liabilities					
Currency swaps contract	3,591,473	1,631,276	-	-	-

December 31, 2022

	Less than 6 Months	6-12 Months	1-2 Years	2-5 Years	5+ Years
Non-derivative financial liabilities					
Payables	$ 3,239,952	$ 45,023	$ 8,319	$ 9,002	$ 5,997
Lease liabilities	77,773	30,880	5,306	1,552	-
Derivative financial liabilities					
Currency swaps contract	3,312,814	1,739,266	-	-	-

June 30, 2022

	Less than 6 Months	6-12 Months	1-2 Years	2-5 Years	5+ Years
Non-derivative financial liabilities					
Payables	$ 4,109,588	$ 14,943	$ 7,624	$ 7,687	$ 6,180
Lease liabilities	78,798	74,767	31,080	635	-
Derivative financial liabilities					
Currency swaps contract	3,401,140	1,886,639	-	-	-

27. TRANSACTIONS WITH RELATED PARTIES

Details of transactions between the Group, investors have significant influence and other related parties are disclosed as follows.

a. Related party name and category

Related Party Name	Related Party Category
Cathay Financial Holdings Co., Ltd.	The Company's parent
Cathay Insurance Co., Ltd. (China)	Associate
Cathay Life Insurance Co., Ltd.	Fellow subsidiary
Cathay United Bank Co., Ltd.	Fellow subsidiary
Cathay Securities Investment Trust Co., Ltd.	Fellow subsidiary
Cathay Life Insurance Co., Ltd. (Vietnam)	Subsidiary of the fellow subsidiary
Indovina Bank Limited.	Subsidiary of the fellow subsidiary
Cathay Futures Co., Ltd.	Subsidiary of the fellow subsidiary
Cathay Power Inc.	Subsidiary of the fellow subsidiary (Note)
Tien-Chi Power Co., Ltd.	Subsidiary of the fellow subsidiary (Note)
Neo Cathay Power Corp.	Subsidiary of the fellow subsidiary (Note)
Funds managed by Cathay Securities Investment Trust Co., Ltd.	Other related party
Cathay Hospitality Management Co., Ltd.	Other related party
Cathay Hospitality Consulting Co., Ltd.	Other related party
San Ching Engineering Co., Ltd.	Other related party
Symphox Information Co., Ltd.	Other related party
Seaward Card Co., Ltd	Other related party
Hong-Sui Co., Ltd.	Other related party
TPIsoftware Co., Ltd.	Other related party
Longquan Water Resources Co., Ltd.	Subsidiary of the fellow subsidiary before December 2022
Others (including directors, supervisors, key management and its spouse or relatives within second degree)	Other related parties

Note: Other related parties before November 2022.

b. Operating transactions

Line Item	Related Party Category/Name	For the Three Months Ended June 30 2023	For the Three Months Ended June 30 2022	For the Six Months Ended June 30 2023	For the Six Months Ended June 30 2022
Premium income	Fellow subsidiary and its subsidiary				
	Cathay Life Insurance Co Ltd	$ 3,165	$ 3,937	$ 107,433	$ 106,449
	Cathay United Bank Co Ltd	38,055	31,099	77,155	70,502
	Neo Cathay Power Corp.	21	-	69	-
	Tien-Chi Power Co., Ltd.	5,104	-	5,917	-
	Cathay Power Inc.	11,567	-	11,995	-
	Longquan Water Resources Co Ltd	-	4,442	-	4,442
	Other related parties				
	San Ching Engineering Co Ltd	290	1,989	1,702	8,983
	Cathay Hospitality Management Co Ltd	36	16	4,473	4,295
	Cathay Hospitality Consulting Co., Ltd.	32	15	5,012	2,473
	Hong-Sui Co Ltd	1,725	1,863	3,841	3,869
	TPIsoftware Co Ltd	998	3,718	3,344	3,737
	Neo Cathay Power Corp.	-	7,934	-	7,934
	Tien-Chi Power Co., Ltd.	-	-	-	238
	Cathay Power Inc.	-	8,802	-	8,906
		$ 60,993	$ 63,815	$ 220,941	$ 221,828
Operating costs					
Marketing costs	Fellow subsidiary				
	Cathay Life Insurance Co Ltd	$ 209,318	$ 169,189	$ 417,043	$ 330,676
	Cathay United Bank Co Ltd	27,959	31,691	58,394	59,617
Processing fees	Fellow subsidiary				
	Cathay United Bank Co Ltd	34,155	31,056	67,203	61,037
		$ 271,432	$ 231,936	$ 542,640	$ 451,330

Line Item	Related Party Category/Name	For the Three Months Ended June 30 2023	For the Three Months Ended June 30 2022	For the Six Months Ended June 30 2023	For the Six Months Ended June 30 2022
Operating expenses					
Other equipment expenses	Fellow subsidiary Cathay Life Insurance Co Ltd	$ 4,260	$ -	$ 4,260	$ 6
Group insurance expenses	Fellow subsidiary Cathay Life Insurance Co Ltd	7,411	7,296	12,370	12,159
Building management fee	Fellow subsidiary Cathay Life Insurance Co Ltd	3,356	3,047	5,048	4,568
Marketing expenses	Fellow subsidiary and its subsidiary Cathay Life Insurance Co., Ltd. (Vietnam)	2,339	2,455	5,113	4,300
Management fee	Fellow subsidiary Cathay Securities Investment Trust Co Ltd	2,622	1,123	4,405	2,528
Other expenses	Other related parties Symphox Information Co Ltd.	6,915	8,489	13,352	16,617
		$ 26,903	$ 22,410	$ 44,548	$ 40,178

c. Receivables from related parties

Line Item	Related Party Category/Name	June 30, 2023	December 31, 2022	June 30, 2022
Premiums receivable	Fellow subsidiary and its subsidiary			
	Cathay United Bank Co., Ltd.	$ 25,336	$ 67,637	$ 24,444
	Cathay Life Insurance Co., Ltd.	1,209	1,384	3,383
	Cathay Power Inc.	11,360	4,516	-
	Neo Cathay Power Corp.	-	3,950	-
	Tien-Chi Power Co., Ltd.	5,104	4,601	-
	Longquan Water Resources Co., Ltd.	-	-	4,442
	Other related parties			
	Cathay Power Inc.	-	-	8,702
	Neo Cathay Power Corp.	-	-	7,900

(Continued)

Line Item	Related Party Category/Name	June 30, 2023	December 31, 2022	June 30, 2022
Due from reinsurers and ceding companies	Associate			
	Cathay Insurance Co., Ltd. (China)	$ 6,836	$ 1,526	$ 5,410
Other receivables	The Company's parent			
	Cathay Financial Holdings Co., Ltd. (Note)	32,397	612,702	102,749
		$ 82,242	$ 696,316	$ 157,030

(Concluded)

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

d. Payables to related parties

Line Item	Related Party Category/Name	June 30, 2023	December 31, 2022	June 30, 2022
Other payables	Fellow subsidiary			
	Cathay Life Insurance Co., Ltd.	$ 94,817	$ 131,089	$ 72,527
	Other related parties			
	Symphox Information Co., Ltd.	5,499	1,188	5,003
		$ 100,316	$ 132,277	$ 77,530

e. Prepayments

Line Item	Related Party Category/Name	June 30, 2023	December 31, 2022	June 30, 2022
Prepayments	Other related parties			
	TPIsoftware Co., Ltd.	$ -	$ -	$ 3,047

f. Cash in bank

Line Item	Related Party Category/Name	June 30, 2023	December 31, 2022	June 30, 2022
Checking accounts and demand deposits	Fellow subsidiary and its subsidiary			
	Cathay United Bank Co., Ltd.	$ 3,161,548	$ 3,770,340	$ 3,138,913
	Indovina Bank Limited	36,937	29,776	41,222
Time deposits	Fellow subsidiary and its subsidiary			
	Cathay United Bank Co., Ltd.	20,030	20,030	20,016
	Indovina Bank Limited	275,466	242,908	246,004
		$ 3,493,981	$ 4,063,054	$ 3,446,155

For the six months ended June 30, 2023, December 31, 2022 and June 30, 2022, time deposits pledged recognized in guarantee deposits were $28,108 thousand, $28,004 thousand and $27,831 thousand, respectively.

g. Interest income

	For the Three Months Ended June 30		For the Six Months Ended June 30	
Related Party Category/Name	**2023**	**2022**	**2023**	**2022**
Fellow subsidiary and its subsidiary				
Cathay United Bank Co., Ltd.	$ 4,653	$ 796	$ 8,992	$ 945
Indovina Bank Limited	4,558	3,239	7,977	6,382
	$ 9,211	$ 4,035	$ 16,969	$ 7,327

h. Financial asset at FVTPL (beneficiary certificates)

Related Party Category/Name	June 30, 2023	December 31, 2022	June 30, 2022
Other related parties			
Funds managed by Cathay Securities Investment Trust Co., Ltd.	$ 305,111	$ 360,558	$ 749,833

i. Discretionary account management balance

Related Party Category/Name	June 30, 2023	December 31, 2022	June 30, 2022
Fellow subsidiary			
Cathay Securities Investment Trust Co., Ltd.	$ 1,552,303	$ 1,307,709	$ 1,378,720

j. Guarantee deposits

Related Party Category/Name	June 30, 2023	December 31, 2022	June 30, 2022
Fellow subsidiary and its subsidiary			
Cathay Life Insurance Co., Ltd.	$ 34,630	$ 33,772	$ 32,139
Cathay United Bank Co., Ltd.	22,023	22,023	22,010
Cathay Futures Co., Ltd.	58,239	58,121	21,845
Indovina Bank Limited	8,078	7,974	7,815
	$ 122,970	$ 121,890	$ 83,809

k. Secured loans

Related Party Category/Name	For the Six Months Ended June 30, 2023			
	Maximum Amount	Ending Balance	Interest Rate	Interest Income
Other related parties	$ 12,732	$ 6,388	2.07%-2.10%	$ 66

Related Party Category/Name	For the Six Months Ended June 30, 2022			
	Maximum Amount	Ending Balance	Interest Rate	Interest Income
Other related parties	$ 24,171	$ 15,701	1.53%-1.92%	$ 111

l. Lease arrangements - Group is lessee

Related Party Category/Name	For the Six Months Ended June 30	
	2023	2022
Acquisitions of right-of-use assets		
Fellow subsidiary		
Cathay Life Insurance Co., Ltd.	$ -	$ 300
Cathay United Bank Co., Ltd.	-	15,877
	$ -	$ 16,177

Line Item	Related Party Category/Name	June 30, 2023	December 31, 2022	June 30, 2022
Lease liabilities	Fellow subsidiary			
	Cathay Life Insurance Co., Ltd.	$ 20,411	$ 81,520	$ 142,774
	Cathay United Bank Co., Ltd.	5,598	9,602	13,584
		$ 26,009	$ 91,122	$ 156,358

m. Currency swaps contract

As of June 30, 2023, December 31, 2022 and June 30, 2022, the nominal amount of the derivative financial instruments transaction with related parties is listed below:

Related Party Category/Name	June 30, 2023	December 31, 2022	June 30, 2022
Fellow subsidiary			
Cathay United Bank Co., Ltd.	US$ 90,900 EUR -	US$ 90,900 EUR 1,750	US$ 95,200 EUR 1,750

n. Remuneration of key management personnel

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2023	2022	2023	2022
Short-term employee benefits	$ 11,698	$ 10,791	$ 38,123	$ 64,793
Post-employment benefits	1,906	1,789	3,813	3,578
	$ 13,604	$ 12,580	$ 41,936	$ 68,371

The remuneration of directors and key executives was based on the performance of individuals and market trends.

28. THE ALLOCATION OF REVENUE AND EXPENSES ARISING FROM BUSINESS TRANSACTIONS, PROMOTION ACTIVITIES AND INFORMATION SHARING BETWEEN PARENT COMPANY AND OTHER SUBSIDIARIES

To elaborate the benefits of economic scale, Cathay Financial Holdings and its subsidiaries cooperate to launch promotion activities, and the related expenses are allocated to each subsidiary directly by the nature of business or on other reasonable basis.

29. ASSETS PLEDGED AS COLLATERAL OR FOR SECURITY

a. The Company

Item of Assets	June 30, 2023	December 31, 2022	June 30, 2022
Guarantee deposits - government bonds	$ 1,099,589	$ 1,099,466	$ 784,705
Guarantee deposits - time deposits	20,030	20,030	20,016
	$ 1,119,619	$ 1,119,496	$ 804,721

The pledged assets are stated at book value. As of June 30, 2023, December 31, 2022 and June 30, 2022, the Company provided government bonds amounting to $1,099,642 thousand, $1,099,504 thousand and $784,728 thousand to the Central Bank for insurance business in accordance with the Insurance Act, respectively. Loss allowance amounted to $53 thousand, $38 thousand and $23 thousand, respectively which are in the scope of the impairment requirements under IFRS 9.

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

Item of Assets	June 30, 2023	December 31, 2022	June 30, 2022
Guarantee deposits paid - time deposits	$ 8,078	$ 7,974	$ 7,815

The pledged assets are stated at book value. As of June 30, 2023, December 31, 2022 and June 30, 2022, according to the Insurance Act of Vietnam, Cathay Insurance Co., Ltd. (Vietnam) provides guarantee deposits at an amount equal to 2% of its paid-in capital. The guaranteed deposits of Cathay Insurance Co., Ltd. (Vietnam) are time deposits.

30. OTHER ITEMS

a. Capital management

1) Management objectives

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

2) Management policies

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

3) Management procedures

a) Periodical calculation

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

b) Aperiodic calculation

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

4) Current status of RBC ratio

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

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

Items	June 30, 2023 Recovery/ Settlement within 12 Months	Recovery/ Settlement Over 12 Months	Total
Cash and cash equivalents	$ 9,838,881	$ -	$ 9,838,881
Receivables	3,546,579	-	3,546,579
Investments			
Financial assets at FVTPL	8,214,426	261,295	8,475,721
Financial assets at FVTOCI	-	685,967	685,967
Financial assets at amortized cost	93,506	8,721,470	8,814,976
Investments accounted for using the equity method	-	2,423,875	2,423,875
Loans	219	114,462	114,681
Total investments	8,308,151	12,207,069	20,515,220
Reinsurance assets	3,040,098	11,137,850	14,177,948
Property and equipment	-	349,142	349,142
Right-of-use assets	-	56,798	56,798
Intangible assets	-	121,295	121,295
Deferred tax assets	-	4,517,542	4,517,542
Other assets	51,126	1,418,685	1,469,811
Total assets	$ 24,784,835	$ 29,808,381	$ 54,593,216
Payables	$ 4,849,833	$ 28,382	$ 4,878,215
Financial liabilities at FVTPL	172,215	-	172,215
Insurance liabilities			
Unearned premium reserve	13,920,180	2,810,182	16,730,362
Loss reserve	211,382	15,038,548	15,249,930
Policy reserve	-	138	138
Special reserve	-	1,650,796	1,650,796
Premium deficiency reserve	-	277	277
Total insurance liabilities	14,131,562	19,499,941	33,631,503
Provisions	-	429,852	429,852
Lease liabilities	43,123	11,393	54,516
Deferred tax liabilities	-	331,805	331,805
Other liabilities	1,499,754	27,801	1,527,555
Total liabilities	$ 20,696,487	$ 20,329,174	$ 41,025,661

Items	December 31, 2022 Recovery/ Settlement within 12 Months	Recovery/ Settlement Over 12 Months	Total
Cash and cash equivalents	$ 17,758,712	$ -	$ 17,758,712
Receivables	3,153,166	-	3,153,166
Investments			
Financial assets at FVTPL	7,293,605	263,192	7,556,797
Financial assets at FVTOCI	-	685,847	685,847
Financial assets at amortized cost	573,786	8,279,499	8,853,285
Investments accounted for using the equity method	-	2,370,722	2,370,722
Loans	-	137,944	137,944
Total investments	7,867,391	11,737,204	19,604,595
Reinsurance assets	2,669,482	10,872,639	13,542,121
Property and equipment	-	346,411	346,411
Right-of-use assets	-	115,031	115,031
Intangible assets	-	138,427	138,427
Deferred tax assets	-	4,581,004	4,581,004
Other assets	24,861	1,331,332	1,356,193
Total assets	$ 31,473,612	$ 29,122,048	$ 60,595,660
Payables	$ 3,284,976	$ 23,317	$ 3,308,293
Financial liabilities at FVTPL	178,805	-	178,805
Insurance liabilities			
Unearned premium reserve	13,248,550	2,589,722	15,838,272
Loss reserve	9,201,923	14,336,968	23,538,891
Policy reserve	-	170	170
Special reserve	-	1,628,369	1,628,369
Premium deficiency reserve	1,200,000	40,260	1,240,260
Total insurance liabilities	23,650,473	18,595,489	42,245,962
Provisions	-	429,975	429,975
Lease liabilities	107,939	6,778	114,717
Deferred tax liabilities	-	307,270	307,270
Other liabilities	1,186,899	24,013	1,210,912
Total liabilities	$ 28,409,092	$ 19,386,842	$ 47,795,934

Items	June 30, 2022		
	Recovery/ Settlement within 12 Months	Recovery/ Settlement Over 12 Months	Total
Cash and cash equivalents	$ 20,484,801	$ -	$ 20,484,801
Receivables	3,576,944	-	3,576,944
Investments			
Financial assets at FVTPL	10,236,583	264,157	10,500,740
Financial assets at FVTOCI	-	694,203	694,203
Financial assets at amortized cost	320,726	8,021,894	8,342,620
Investments accounted for using the equity method	-	2,392,746	2,392,746
Loans	48	175,903	175,951
Total investments	10,557,357	11,548,903	22,106,260
Reinsurance assets	3,093,818	11,056,116	14,149,934
Property and equipment	-	306,823	306,823
Right-of-use assets	-	184,681	184,681
Intangible assets	-	104,368	104,368
Deferred tax assets	-	949,748	949,748
Other assets	43,476	948,571	992,047
Total assets	$ 37,756,396	$ 25,099,210	$ 62,855,606
Payables	$ 4,124,531	$ 21,491	$ 4,146,022
Financial liabilities at FVTPL	230,326	-	230,326
Insurance liabilities			
Unearned premium reserve	13,352,302	2,773,477	16,125,779
Loss reserve	5,288,881	12,990,953	18,279,834
Policy reserve	-	98	98
Special reserve	-	1,549,588	1,549,588
Premium deficiency reserve	690,000	-	690,000
Total insurance liabilities	19,331,183	17,314,116	36,645,299
Provisions	-	464,214	464,214
Lease liabilities	151,895	31,601	183,496
Deferred tax liabilities	-	271,046	271,046
Other liabilities	1,189,270	20,376	1,209,646
Total liabilities	$ 25,027,205	$ 18,122,844	$ 43,150,049

c. Impact of severe special infectious pneumonia epidemic

The written premium of the insurance products the Group issued for the severe special infectious pneumonia epidemic amounted to $0 and $472,109 thousand, respectively, and the claims and payments were $737,492 thousand and $2,073,577 thousand, respectively, for the three months ended June 30, 2023 and 2022. The direct insurance premium revenues amounted to $0 thousand and $567,019 thousand, respectively, and the claims and payments were $10,630,781 thousand and $2,102,316 thousand, respectively, for the six months ended June 30, 2023 and 2022.

As of June 30, 2023, December 31, 2022 and June 30, 2022, the loss reserves for those insurance products amounted to $211,382 thousand, $9,201,923 thousand and $5,288,881 thousand, respectively, and the premium deficiency reserves amounted to $0, $1,200,000 thousand and $690,000 thousand, respectively. Moreover, the claims and payments for those insurance products from July 1, 2023 to August 16, 2023 amounted to $44,712 thousand.

The Group evaluated the economic impact resulting from the severe special infectious pneumonia epidemic. As of the approval date of the consolidated financial statements, the Group performed stress tests to evaluate the losses resulting from issuing insurance products for the severe special infectious pneumonia epidemic caused by the stimulation of epidemic developments. Since the capital adequacy ratio under certain scenarios of stress tests was lower than the required level, the Group decided to respond to this by enhancing its equities. As a result, the Group obtained approval from the FSC to increase its capital in cash by $10,000,000 thousand and $10,000,000 thousand on June 10 and December 13, 2022, respectively, with the record dates of June 24, 2022 and December 28, 2022, and completed the change of registration on July 5, 2022, and February 3, 2023, respectively.

31. SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

The Group's significant financial assets and liabilities denominated in foreign currencies aggregated by the foreign currencies other than functional currencies and the related exchange rates between foreign currencies and respective functional currencies were as follows:

June 30, 2023

	Foreign Currency	Exchange Rate	Carrying Amount
Financial assets			
Monetary items			
USD	$ 260,769	31.135 (USD:NTD)	$ 8,116,168
EUR	6,298	33.803 (EUR:NTD)	212,839
Non-monetary items			
USD	34,817	31.135 (USD:NTD)	1,084,012
HKD	6,545	3.973 (HKD:NTD)	26,002
SGD	3,972	22.953 (SGD:NTD)	91,160
Investments accounted for using the equity method			
CNY	565,349	4.287 (CNY:NTD)	2,423,875
Derivative instruments (Note)			
USD	11,000	31.135 (USD:NTD)	2,811
Financial liabilities			
Monetary items			
USD	7,405	31.135 (USD:NTD)	229,788
EUR	500	33.803 (EUR:NTD)	16,950
CNY	2,052	4.287 (CNY:NTD)	8,945
INR	33,499	0.371 (INR:NTD)	12,420
KRW	176,476	0.025 (KRW:NTD)	4,149
Non-monetary items			
Derivative instruments (Note)			
USD	165,100	31.135 (USD:NTD)	172,215

December 31, 2022

	Foreign Currency	Exchange Rate	Carrying Amount
Financial assets			
Monetary items			
USD	$ 253,838	30.708 (USD:NTD)	$ 7,794,512
EUR	9,168	32.709 (EUR:NTD)	299,210
CNY	22,058	4.419 (CNY:NTD)	97,413
Non-monetary items			
USD	28,928	30.708 (USD:NTD)	888,322
EUR	728	32.709 (EUR:NTD)	23,813
HKD	6,773	3.940 (HKD:NTD)	26,663
SGD	4,242	22.868 (SGD:NTD)	97,007
Investments accounted for using the equity method			
CNY	536,666	4.419 (CNY:NTD)	2,370,722
Derivative instruments (Note)			
USD	53,500	30.708 (USD:NTD)	41,646
Financial liabilities			
Monetary items			
USD	4,963	30.708 (USD:NTD)	155,305
EUR	530	32.709 (EUR:NTD)	16,800
GBP	78	37.055 (GBP:NTD)	2,830
CNY	7,360	4.419 (CNY:NTD)	32,416
HKD	3,011	3.940 (HKD:NTD)	12,190
JPY	105,492	0.233 (JPY:NTD)	23,303
INR	33,101	0.371 (INR:NTD)	12,271
KRW	387,361	0.025 (KRW:NTD)	9,020
Non-monetary items			
Derivative instruments (Note)			
USD	116,100	30.708 (USD:NTD)	176,744
EUR	1,750	32.709 (EUR:NTD)	2,061

June 30, 2022

	Foreign Currency	Exchange Rate	Carrying Amount
Financial assets			
Monetary items			
USD	$ 238,028	29.726 (USD:NTD)	$ 7,075,145
EUR	9,635	31.052 (EUR:NTD)	299,268
CNY	26,290	4.441 (CNY:NTD)	116,635
Non-monetary items			
USD	48,406	29.726 (USD:NTD)	1,438,918
EUR	3,574	31.052 (EUR:NTD)	110,951
HKD	87,692	3.790 (HKD:NTD)	332,259
SGD	5,597	21.373 (SGD:NTD)	119,631
Investments accounted for using the equity method			
CNY	538,846	4.441 (CNY:NTD)	2,392,746
Derivative instruments (Note)			
USD	11,800	29.726 (USD:NTD)	1,329
EUR	1,750	31.052 (EUR:NTD)	531
Financial liabilities			
Monetary items			
USD	4,780	29.726 (USD:NTD)	139,999
EUR	100	31.052 (EUR:NTD)	3,162
CNY	2,920	4.441 (CNY:NTD)	12,736
THB	4,600	0.841 (THB:NTD)	3,947
JPY	14,883	0.217 (JPY:NTD)	3,294
KRW	436,398	0.024 (KRW:NTD)	10,159
Non-monetary items			
Derivative instruments (Note)			
USD	170,100	29.726 (USD:NTD)	230,326

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

For the six months ended June 30, 2023 and 2022 (realized and unrealized) net foreign exchange gains were $93,102 thousand and $410,509 thousand, respectively. It is impractical to disclose net foreign exchange gains by each significant foreign currency due to the variety of the foreign currency transactions.

32. SEPARATELY DISCLOSED ITEMS

a. Information on significant transactions and investees:

1) Acquisition of individual real estate at costs of at least NT$100 million or 20% of the paid-in capital: None

2) Disposal of individual real estate at prices of at least NT$100 million or 20% of the paid-in capital: None

3) Total purchases from or sales to related parties amounting to at least NT$100 million or 20% of the paid-in capital: (Table 3)

4) Receivables from related parties amounting to at least NT$100 million or 20% of the paid-in capital: None

5) Trading in derivative instruments (Note 7)

6) Intercompany relationships and significant intercompany transactions (Table 4)

7) Information on investees (Table 5)

b. Information on investments in mainland China

1) Information on any investee company in mainland China, showing the name, principal business activities, paid-in capital, method of investment, inward and outward remittance of funds, ownership percentage, net income of investees, investment income or loss, carrying amount of the investment at the end of the period, repatriations of investment income, and limit on the amount of investment in the mainland China area (Table 6)

2) Any of the following significant transactions with investee companies in mainland China, either directly or indirectly through a third party, and their prices, payment terms, and unrealized gains or losses: None

a) For transactions involving each other's main business, such as underwriting an insurance policy where the proposer is the investee, the amount and percentage of transactions and the balance and percentage of the related payables at the end of the period.

b) The amount of property transactions and the amount of the resultant gains or losses.

c) The highest balance, the ending balance, the interest rate range, and total current period interest with respect to the financing of funds.

d) Other transactions that have a material effect on the profit or loss for the period or on the financial position, such as the rendering or receipt of services.

e) The amount or balance of transactions mentioned in subitems a - d above that reaches 10% or more of the insurance enterprise's total amount or balance of such transactions shall be separately presented, while the rest may be added up and reported as an aggregate amount.

c. Information of major shareholders: The insurance enterprise whose stock is listed on the TWSE or listed on the TPEx shall disclose the names, numbers of shares held, and shareholding percentages of shareholders who hold 5 percent or more of the insurance enterprise's equity. For this purpose, the insurance enterprise may request the centralized securities depository enterprise to provide relevant information: None

33. SEGMENT INFORMATION

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

34. INSURANCE CONTRACT RESERVES

a. Retained earned premium

For the three months ended June 30, 2023

Insurance Type	Written Premium (1)	Reinsurance Premium (2)	Reinsurance Expenses (3)	Retained Premium (4)=(1)+(2)-(3)	Net Changes in Unearned Premium Reserve (5)	Retained Earned Premium (6)=(4)-(5)
Fire insurance	$ 1,769,887	$ 33,365	$ 1,439,578	$ 363,674	$ (54,145)	$ 417,819
Marine insurance	397,338	6,081	305,383	98,036	7,250	90,786
Land and air insurance	3,394,258	258	243,147	3,151,369	21,835	3,129,534
Liability insurance	584,071	753	139,470	445,354	29,826	415,528
Guarantee insurance	41,779	714	37,080	5,413	2,333	3,080
Other property insurance	561,475	17,202	454,570	124,107	64	124,043
Accident insurance	1,006,494	2,840	58,347	950,987	27,534	923,453
Health insurance	69,981	-	(1)	69,982	(15,186)	85,168
Policy-oriented residential earthquake insurance	117,603	14,453	117,603	14,453	551	13,902
Compulsory automobile liability insurance	723,798	185,841	304,899	604,740	3,539	601,201
	$ 8,666,684	$ 261,507	$ 3,100,076	$ 5,828,115	$ 23,601	$ 5,804,514

For the three months ended June 30, 2022

Insurance Type	Written Premium (1)	Reinsurance Premium (2)	Reinsurance Expenses (3)	Retained Premium (4)=(1)+(2)-(3)	Net Changes in Unearned Premium Reserve (5)	Retained Earned Premium (6)=(4)-(5)
Fire insurance	$ 1,556,267	$ 157,803	$ 1,257,230	$ 456,840	$ (16,320)	$ 473,160
Marine insurance	349,838	17,992	272,458	95,372	33,499	61,873
Land and air insurance	2,942,039	7,392	130,588	2,818,843	7,872	2,810,971
Liability insurance	433,206	2,186	88,211	347,181	(4,835)	352,016
Guarantee insurance	41,508	2,055	29,026	14,537	405	14,132
Other property insurance	570,876	18,109	397,601	191,384	68,702	122,682
Accident insurance	758,545	(970)	77,338	680,237	(37,287)	717,524
Health insurance	404,337	7,024	82,475	328,886	135,261	193,625
Policy-oriented residential earthquake insurance	119,830	15,963	119,830	15,963	671	15,292
Compulsory automobile liability insurance	707,106	184,141	297,041	594,206	5,139	589,067
	$ 7,883,552	$ 411,695	$ 2,751,798	$ 5,543,449	$ 193,107	$ 5,350,342

For the six months ended June 30, 2023

Insurance Type	Written Premium (1)	Reinsurance Premium (2)	Reinsurance Expenses (3)	Retained Premium (4)=(1)+(2)-(3)	Net Changes in Unearned Premium Reserve (5)	Retained Earned Premium (6)=(4)-(5)
Fire insurance	$ 2,654,266	$ 124,454	$ 2,078,070	$ 700,650	$ (216,320)	$ 916,970
Marine insurance	710,056	14,140	542,471	181,725	4,853	176,872
Land and air insurance	6,760,999	355	491,554	6,269,800	130,862	6,138,938
Liability insurance	1,183,066	2,478	311,728	873,816	80,068	793,748
Guarantee insurance	69,875	4,011	67,157	6,729	(4,591)	11,320
Other property insurance	1,022,096	35,552	871,410	186,238	(33,143)	219,381
Accident insurance	1,913,771	5,549	138,638	1,780,682	64,180	1,716,502
Health insurance	121,993	-	(25)	122,018	(85,464)	207,482
Policy-oriented residential earthquake insurance	232,410	31,539	232,410	31,539	2,974	28,565
Compulsory automobile liability insurance	1,429,395	377,256	599,854	1,206,797	6,315	1,200,482
	$ 16,097,927	$ 595,334	$ 5,333,267	$ 11,359,994	$ 50,266	$ 11,410,260

For the six months ended June 30, 2022

Insurance Type	Written Premium (1)	Reinsurance Premium (2)	Reinsurance Expenses (3)	Retained Premium (4)=(1)+(2)-(3)	Net Changes in Unearned Premium Reserve (5)	Retained Earned Premium (6)=(4)-(5)
Fire insurance	$ 2,424,390	$ 247,804	$ 1,802,570	$ 869,624	$ (174,458)	$ 1,044,082
Marine insurance	560,637	19,914	455,586	124,965	(3,404)	128,369
Land and air insurance	5,862,496	8,360	224,934	5,645,922	121,450	5,524,472
Liability insurance	968,105	1,348	240,281	729,172	44,876	684,296
Guarantee insurance	59,958	6,313	34,844	31,427	2,318	29,109
Other property insurance	962,888	34,444	694,144	303,188	92,871	210,317
Accident insurance	1,524,710	1,187	178,101	1,347,796	(77,301)	1,425,097
Health insurance	513,483	2,064	99,277	416,270	97,235	319,035
Policy-oriented residential earthquake insurance	231,150	32,954	231,150	32,954	3,240	29,714
Compulsory automobile liability insurance	1,391,381	378,027	582,590	1,186,818	10,328	1,176,490
	$ 14,499,198	$ 732,415	$ 4,543,477	$ 10,688,136	$ 117,155	$ 10,570,981

See Note 30 for the disclosure of the impact of severe specific infectious pneumonia epidemic to the Group.

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

For the six months ended June 30, 2023

Insurance Type	Written Premium (1)	Reinsurance Premium (2)	Reinsurance Expenses (3)	Retained Premium (4)=(1)+(2)-(3)
Compulsory insurance	$ 1,429,395	$ 377,256	$ 599,854	$ 1,206,797
Non-compulsory insurance	14,668,532	218,078	4,733,413	10,153,197
	$ 16,097,927	$ 595,334	$ 5,333,267	$ 11,359,994

Insurance Type	Unearned Premium Reserves under Direct Business		Unearned Premium Reserves under Reinsurance Inward Business		Net Changes in Unearned Premium Reserve
	Provision (5)	Recovery (6)	Provision (7)	Recovery (8)	(9)=(5)-(6)+(7)-(8)
Compulsory insurance	$ 1,263,309	$ 1,250,469	$ 466,147	$ 464,968	$ 14,019
Non-compulsory insurance	14,852,795	13,948,868	142,350	206,174	840,103
	$ 16,116,104	$ 15,199,337	$ 608,497	$ 671,142	$ 854,122

Insurance Type	Unearned Premium Reserves under Ceded Reinsurance Business		Net Changes in for Unearned Ceded Premium Reserve	Retained Premium
	Provision (10)	Recovery (11)	(12)=(10)-(11)	(13)=(4)-(9)+(12)
Compulsory insurance	$ 757,986	$ 750,282	$ 7,704	$ 1,200,482
Non-compulsory insurance	4,637,504	3,740,820	896,684	10,209,778
	$ 5,395,490	$ 4,491,102	$ 904,388	$ 11,410,260

For the six months ended June 30, 2022

Insurance Type	Written Premium (1)	Reinsurance Premium (2)	Reinsurance Expenses (3)	Retained Premium (4)=(1)+(2)-(3)
Compulsory insurance	$ 1,391,381	$ 378,027	$ 582,590	$ 1,186,818
Non-compulsory insurance	13,107,817	354,388	3,960,887	9,501,318
	$ 14,499,198	$ 732,415	$ 4,543,477	$ 10,688,136

Insurance Type	Unearned Premium Reserves under Direct Business		Unearned Premium Reserves under Reinsurance Inward Business		Net Changes in Unearned Premium Reserve
	Provision (5)	Recovery (6)	Provision (7)	Recovery (8)	(9)=(5)-(6)+(7)-(8)
Compulsory insurance	$ 1,242,643	$ 1,237,536	$ 461,312	$ 453,028	$ 13,391
Non-compulsory insurance	14,121,012	13,290,253	295,174	369,937	755,996
	$ 15,363,655	$ 14,527,789	$ 756,486	$ 822,965	$ 769,387

Insurance Type	Unearned Premium Reserves under Ceded Reinsurance Business		Net Changes in for Unearned Ceded Premium Reserve	Retained Premium
	Provision (10)	Recovery (11)	(12)=(10)-(11)	(13)=(4)-(9)+(12)
Compulsory insurance	$ 745,585	$ 742,522	$ 3,063	$ 1,176,490
Non-compulsory insurance	4,288,614	3,639,445	649,169	9,394,491
	$ 5,034,199	$ 4,381,967	$ 652,232	$ 10,570,981

b. Retained claims

Insurance Type	For the Three Months Ended June 30, 2023			
	Loss Incurred (Claims Expense Included) (1)	Reinsurance Claims (2)	Claims Recovered from Reinsurances (3)	Retained Claims and Payments (4)=(1)+(2)-(3)
Fire insurance	$ 320,589	$ 124,339	$ 199,954	$ 244,974
Marine insurance	89,635	5,189	48,699	46,125
Land and air insurance	1,923,651	10,525	56,599	1,877,577
Liability insurance	145,454	211	13,587	132,078
Guarantee insurance	334	1,567	43	1,858
Other property insurance	293,367	15,320	245,925	62,762
Accident insurance	334,862	1,045	27,843	308,064
Health insurance	741,351	-	13,823	727,528
Policy-oriented residential earthquake insurance	(23)	-	(23)	-
Compulsory automobile liability insurance	522,358	176,170	308,485	390,043
	$ 4,371,578	$ 334,366	$ 914,935	$ 3,791,009

Insurance Type	For the Three Months Ended June 30, 2022			
	Loss Incurred (Claims Expense Included) (1)	Reinsurance Claims (2)	Claims Recovered from Reinsurances (3)	Retained Claims and Payments (4)=(1)+(2)-(3)
Fire insurance	$ 529,465	$ 155,884	$ 219,358	$ 465,991
Marine insurance	86,333	32,781	53,282	65,832
Land and air insurance	1,575,932	18,463	48,987	1,545,408
Liability insurance	201,828	223	67,226	134,825
Guarantee insurance	1,576	2,318	974	2,920
Other property insurance	399,538	16,755	105,948	310,345
Accident insurance	220,272	1,642	17,838	204,076
Health insurance	1,778,962	1,873	1,011,494	769,341
Policy-oriented residential earthquake insurance	-	-	-	-
Compulsory automobile liability insurance	574,542	163,664	340,585	397,621
	$ 5,368,448	$ 393,603	$ 1,865,692	$ 3,896,359

Insurance Type	For the Six Months Ended June 30, 2023			
	Loss Incurred (Claims Expense Included) (1)	Reinsurance Claims (2)	Claims Recovered from Reinsurances (3)	Retained Claims and Payments (4)=(1)+(2)-(3)
Fire insurance	$ 765,593	$ 268,864	$ 483,993	$ 550,464
Marine insurance	168,936	18,146	87,261	99,821
Land and air insurance	3,539,022	13,629	133,116	3,419,535
Liability insurance	489,938	(60)	154,794	335,084
Guarantee insurance	1,543	1,593	161	2,975
Other property insurance	1,057,034	25,279	375,587	706,726
Accident insurance	676,968	1,051	65,309	612,710
Health insurance	10,207,106	-	93,918	10,113,188
Policy-oriented residential earthquake insurance	-	-	-	-
Compulsory automobile liability insurance	1,052,578	354,349	615,947	790,980
	$ 17,958,718	$ 682,851	$ 2,010,086	$ 16,631,483

Insurance Type	For the Six Months Ended June 30, 2022 Loss Incurred (Claims Expense Included) (1)	Reinsurance Claims (2)	Claims Recovered from Reinsurances (3)	Retained Claims and Payments (4)=(1)+(2)-(3)
Fire insurance	$ 860,651	$ 193,335	$ 381,183	$ 672,803
Marine insurance	306,750	34,943	226,853	114,840
Land and air insurance	2,997,677	21,450	84,224	2,934,903
Liability insurance	402,324	179	119,488	283,015
Guarantee insurance	(7,203)	8,825	(2,717)	4,339
Other property insurance	444,338	30,128	123,107	351,359
Accident insurance	518,999	2,272	39,698	481,573
Health insurance	1,843,542	4,279	1,031,688	816,133
Policy-oriented residential earthquake insurance	-	-	-	-
Compulsory automobile liability insurance	981,764	355,640	578,240	759,164
	$ 8,348,842	$ 651,051	$ 2,581,764	$ 6,418,129

Retained claims of compulsory insurance and non-compulsory insurance:

Insurance Type	For the Six Months Ended June 30, 2023 Loss Incurred (Claims Expense Included) (1)	Reinsurance Claims (2)	Claims Recovered from Reinsurances (3)	Retained Claims and Payments (4)=(1)+(2)-(3)
Compulsory insurance	$ 1,052,578	$ 354,349	$ 615,947	$ 790,980
Non-compulsory insurance	16,906,140	328,502	1,394,139	15,840,503
	$ 17,958,718	$ 682,851	$ 2,010,086	$ 16,631,483

Insurance Type	For the Six Months Ended June 30, 2022 Loss Incurred (Claims Expense Included) (1)	Reinsurance Claims (2)	Claims Recovered from Reinsurances (3)	Retained Claims and Payments (4)=(1)+(2)-(3)
Compulsory insurance	$ 981,764	$ 355,640	$ 578,240	$ 759,164
Non-compulsory insurance	7,367,078	295,411	2,003,524	5,658,965
	$ 8,348,842	$ 651,051	$ 2,581,764	$ 6,418,129

c. Liability on policyholders' claims filed and losses not yet filed

Claims and payments recoverable for policyholders' claims filed and paid

Insurance Type	Claims Filed and Paid		
	June 30, 2023	December 31, 2022	June 30, 2022
Fire insurance	$ 161,523	$ 63,991	$ 196,658
Marine insurance	42,559	13,770	42,309
Land and air insurance	56,596	43,477	42,149
Liability insurance	34,651	162,195	56,946
Guarantee insurance	45	268	132
Other property insurance	39,597	20,619	101,182
Accident insurance	20,563	24,291	12,354
Health insurance	14,135	146,651	1,011,466
Policy-oriented residential earthquake insurance	-	-	-
Compulsory automobile liability insurance	192,660	202,982	195,888
	562,329	678,244	1,659,084
Less: Loss allowance	(5,624)	(6,782)	(16,591)
Net amount	$ 556,705	$ 671,462	$ 1,642,493

d. Receivables and payables of insurance contracts

Receivables

Insurance Type	Premiums Receivable		
	June 30, 2023	December 31, 2022	June 30, 2022
Fire insurance	$ 1,496,432	$ 759,964	$ 1,573,293
Marine insurance	501,598	333,658	482,104
Land and air insurance	213,124	151,422	168,934
Liability insurance	319,220	387,820	318,893
Guarantee insurance	40,565	36,401	60,236
Other property insurance	327,823	203,528	304,084
Accident insurance	125,416	137,203	144,585
Health insurance	3,689	2,554	7,923
Policy-oriented residential earthquake insurance	30,113	34,303	32,139
Compulsory automobile liability insurance	14,570	16,865	14,452
	3,072,550	2,063,718	3,106,643
Less: Loss allowance	(48,611)	(66,707)	(44,221)
Net amount	$ 3,023,939	$ 1,997,011	$ 3,062,422

Aging analysis of premiums receivable:

	June 30, 2023	December 31, 2022	June 30, 2022
Up to 90 days	$ 2,630,223	$ 1,416,701	$ 2,444,749
Over 90 days	442,327	647,017	661,894
	$ 3,072,550	$ 2,063,718	$ 3,106,643

The overdue amounts as of June 30, 2023, December 31, 2022 and June 30, 2022 in the above premiums receivable were $442,327 thousand, $647,017 thousand and $661,894 thousand, respectively, and loss allowance of $21,045 thousand, $51,915 thousand and $18,765 thousand were provided, respectively.

Payables

	June 30, 2023		
Insurance Type	Commissions Payable	Others	Total
Fire insurance	$ 43,369	$ 16,594	$ 59,963
Marine insurance	17,086	16,786	33,872
Land and air insurance	236,873	127,929	364,802
Liability insurance	29,493	35,225	64,718
Guarantee insurance	5,623	1,456	7,079
Other property insurance	12,152	10,868	23,020
Accident insurance	12,027	49,060	61,087
Health insurance	1,328	3,734	5,062
Policy-oriented residential earthquake insurance	366	3,427	3,793
Compulsory automobile liability insurance	18,929	-	18,929
	$ 377,246	$ 265,079	$ 642,325

	December 31, 2022		
Insurance Type	Commissions Payable	Others	Total
Fire insurance	$ 35,093	$ 17,968	$ 53,061
Marine insurance	16,012	13,468	29,480
Land and air insurance	211,671	171,261	382,932
Liability insurance	36,985	38,931	75,916
Guarantee insurance	3,869	974	4,843
Other property insurance	9,852	8,823	18,675
Accident insurance	10,709	44,745	55,454
Health insurance	1,154	1,386	2,540
Policy-oriented residential earthquake insurance	296	3,795	4,091
Compulsory automobile liability insurance	20,447	-	20,447
	$ 346,088	$ 301,351	$ 647,439

Insurance Type	June 30, 2022		
	Commissions Payable	Others	Total
Fire insurance	$ 38,748	$ 16,367	$ 55,115
Marine insurance	22,891	19,371	42,262
Land and air insurance	171,769	113,155	284,924
Liability insurance	28,704	30,429	59,133
Guarantee insurance	5,196	1,636	6,832
Other property insurance	9,674	9,699	19,373
Accident insurance	10,842	32,675	43,517
Health insurance	2,364	2,150	4,514
Policy-oriented residential earthquake insurance	304	3,366	3,670
Compulsory automobile liability insurance	19,216	-	19,216
	$ 309,708	$ 228,848	$ 538,556

Due from (to) reinsurers and ceding companies - reinsurance

	June 30, 2023	
	Due from Reinsurers and Ceding Companies	Due to Reinsurers and Ceding Companies
Non-Life Insurance Association of the R.O.C.	$ 137,584	$ 344,690
Marsh	1,083,100	613,931
Central Re	53,236	267,628
RKH	1,031	209,615
Hannover Re in Shanghai	221,705	66,893
Munich Re	110,604	249,008
Others (individually below 5%)	919,193	1,904,672
	2,526,453	3,656,437
Less: Loss allowance	(43,060)	-
Net amount	$ 2,483,393	$ 3,656,437

	December 31, 2022	
	Due from Reinsurers and Ceding Companies	Due to Reinsurers and Ceding Companies
Central Re	$ 44,525	$ 248,652
Hannover Re in Shanghai	200,869	62,337
Marsh	1,105,438	206,638
Non-Life Insurance Association of the R.O.C.	133,226	348,927
Others (individually below 5%)	538,477	1,217,615
	2,022,535	2,084,169
Less: Loss allowance	(24,515)	-
Net amount	$ 1,998,020	$ 2,084,169

	June 30, 2022	
	Due from Reinsurers and Ceding Companies	**Due to Reinsurers and Ceding Companies**
Non-Life Insurance Association of the R.O.C.	$ 141,927	$ 325,745
Marsh	146,702	516,744
Wills	145,246	132,469
Central Re	76,648	175,750
RKH	993	196,439
Others (individually below 5%)	975,255	1,859,048
	1,486,771	3,206,195
Less: Loss allowance	(35,446)	-
Net amount	$ 1,451,325	$ 3,206,195

The overdue amounts as of June 30, 2023, December 31, 2022 and June 30, 2022 in the above amounts due from (to) reinsurers and ceding companies were $438,540 thousand, $13,877 thousand and $70,982 thousand, respectively, and loss allowances of $21,927 thousand, $4,163 thousand and $21,295 thousand were provided, respectively.

Due from and due to the reinsurers and ceding companies cannot be offset, except for those meeting the requirements in Article 42 of IAS 32.

e. Reserve required for specific assets

The accounting of the compulsory automobile liability insurance ("CAL Insurance") held by the Company is based on the Regulations for the Accounting Treatment and the Financial Information Reported of Compulsory Automobile Liability Insurance, which was legislated according to the Compulsory Automobile Liability Insurance Act.

Under Article 5 of the Regulations for the Management of the Various Reserves for Compulsory Automobile Liability Insurance, for the special reserve set aside for CAL Insurance, the insurer should purchase treasury bills or deposit the reserve with a financial institution as a time deposit. Provided that with the approval of the competent authority, the insurer may purchase the following domestic securities:

1) Government bonds, not including exchangeable government bonds.

2) Financial bonds, negotiable certificates of deposit, banker's acceptances, and commercial paper guaranteed by a financial institution, provided that financial bonds shall be limited to ordinary financial bonds only.

The amount of treasury bills purchased or time deposits placed in a financial institution under the preceding paragraph shall not be less than 30% of the total amount of the Group's retained earned pure premiums for CAL Insurance in the most recent period, as audited or reviewed by a certified public accountant. The competent authority may raise that percentage to a level they deem appropriate based on the Group's operating status.

If the balance of the Group's special reserve becomes less than the 30% of its most recent retained earned pure premiums, as audited or reviewed by an independent certified public accountant, the full amount of the special reserve should be invested in treasury bills or placed in a financial institution.

Under Article 6 of the Regulations for the Management of the Various Reserves for Compulsory Automobile Liability Insurance, funds, except for the special reserve mentioned above, held by an insurer for CAL Insurance (various reserve, payables and temporary receivable) should be deposited in a financial institution as special reserve in the form of demand deposits and time deposits.

1) Treasury bills.

2) Negotiable certificates of deposit, banker’s acceptances, and commercial paper guaranteed by a financial institution.

3) Government bonds under repurchase agreements.

The term “funds” in the preceding paragraph refers to all types of reserves, payables, temporary credits and amounts to be carried forward.

The amount of demand deposits placed in financial institutions, which are mentioned in the preceding paragraph, should not be less than (a) 45% of the remaining balance of the funds after subtracting the special reserves from the funds held by the Group due to the operation of CAL Insurance, or less than (b) 30% of the retained earned pure premiums for the most recent period as audited or reviewed by an independent certified public accountant. The relevant authorities may raise the percentage of demand deposits required for the Group to a level they deem appropriate on the basis of the Group’s operating status.

If the total amount of unearned premium reserve and loss reserve of the Group for the CAL Insurance is less than 30% of the retained earned pure premiums of this insurance for the most recent period as audited or reviewed by an independent certified public accountant, the funds held by the Group through its provision of this insurance should be deposited in full in a financial institution in the form of demand deposits.

Under Article 11 of the Regulations for the Management of the Various Reserves for Compulsory Automobile Liability Insurance, the various reserves for this insurance should be transferred to the various reserves set aside for handling this insurance by the other insurer or other property and casualty insurance company if the Group suspends its business operations or ceases to provide this type of insurance.

The various reserves for this insurance should be transferred to the Motor Vehicle Accident Compensation Fund if (a) the Group has been duly ordered to suspend its business and undergo rehabilitation or ordered to dissolve, or (b) its permission to operate this insurance business has been revoked, and no other insurance company can sustain this insurance business.

f. Acquisition cost of insurance contracts

Insurance Type	For the Three Months Ended June 30, 2023				
	Commission Expenses	Service and Handling Charge	Reinsurance Commission Expenses	Other	Total
Fire insurance	$ 62,245	$ 1,634	$ 15,073	$ 10,694	$ 89,646
Marine insurance	25,214	15	767	860	26,856
Land and air insurance	378,303	-	45	158,085	536,433
Liability insurance	67,031	4	93	12,765	79,893
Guarantee insurance	4,716	(4)	(85)	280	4,907
Other property insurance	34,752	124	4,298	2,263	41,437
Accident insurance	121,450	7	108	47,962	169,527
Health insurance	11,824	-	-	3,070	14,894
Policy-oriented residential earthquake insurance	2,779	26	-	3,449	6,254
Compulsory automobile liability insurance	-	78,448	-	-	78,448
	$ 708,314	$ 80,254	$ 20,299	$ 239,428	$ 1,048,295

Insurance Type	For the Three Months Ended June 30, 2022				
	Commission Expenses	Service and Handling Charge	Reinsurance Commission Expenses	Other	Total
Fire insurance	$ 68,086	$ 2,772	$ 24,999	$ 10,486	$ 106,343
Marine insurance	27,581	129	705	692	29,107
Land and air insurance	321,067	53	2,578	140,906	464,604
Liability insurance	52,659	44	228	10,572	63,503
Guarantee insurance	4,695	32	663	242	5,632
Other property insurance	49,967	347	4,084	1,954	56,352
Accident insurance	85,084	16	(835)	28,337	112,602
Health insurance	71,195	176	702	1,491	73,564
Policy-oriented residential earthquake insurance	2,984	39	-	3,439	6,462
Compulsory automobile liability insurance	-	77,101	-	-	77,101
	$ 683,318	$ 80,709	$ 33,124	$ 198,119	$ 995,270

Insurance Type	For the Six Months Ended June 30, 2023				
	Commission Expenses	Service and Handling Charge	Reinsurance Commission Expenses	Other	Total
Fire insurance	$ 111,362	$ 3,664	$ 38,554	$ 20,337	$ 173,917
Marine insurance	48,879	147	1,146	1,811	51,983
Land and air insurance	757,555	-	68	320,877	1,078,500
Liability insurance	133,959	9	158	26,392	160,518
Guarantee insurance	7,019	(3)	43	418	7,477
Other property insurance	69,461	381	8,222	4,147	82,211
Accident insurance	226,370	15	120	90,422	316,927
Health insurance	20,889	-	-	5,062	25,951
Policy-oriented residential earthquake insurance	5,806	42	-	6,682	12,530
Compulsory automobile liability insurance	-	155,424	-	-	155,424
	$ 1,381,300	$ 159,679	$ 48,311	$ 476,148	$ 2,065,438

Insurance Type	For the Six Months Ended June 30, 2022				
	Commission Expenses	Service and Handling Charge	Reinsurance Commission Expenses	Other	Total
Fire insurance	$ 105,784	$ 3,986	$ 43,520	$ 19,836	$ 173,126
Marine insurance	49,799	165	939	1,376	52,279
Land and air insurance	643,962	53	3,364	275,908	923,287
Liability insurance	114,302	68	(361)	22,286	136,295
Guarantee insurance	6,308	125	2,166	399	8,998
Other property insurance	81,737	550	8,690	3,449	94,426
Accident insurance	167,952	59	(858)	54,981	222,134
Health insurance	90,635	52	206	2,191	93,084
Policy-oriented residential earthquake insurance	5,819	73	-	6,544	12,436
Compulsory automobile liability insurance	-	152,063	-	-	152,063
	$ 1,266,298	$ 157,194	$ 57,666	$ 386,970	$ 1,868,128

Acquisition costs of insurance contracts were not deferred.

g. Profit and loss analysis of insurance business

Direct underwriting business

Insurance Type	For the Three Months Ended June 30, 2023					
	Written Premium (Net of Premium Allowance)	Net Changes in Unearned Premium Reserve	Acquisition Costs of Insurance Contracts	Claims and Payments (Including Claim Expense)	Net Changes in Loss Reserve	Profit (Loss)
Fire insurance	$ 1,769,887	$ 649,127	$ 74,573	$ 320,589	$ (204,359)	$ 929,957
Marine insurance	397,338	56,568	26,089	89,635	40,828	184,218
Land and air insurance	3,394,258	102,391	536,389	1,923,651	34,041	797,786
Liability insurance	584,071	(25,769)	79,800	145,454	268,132	116,454
Guarantee insurance	41,779	7,509	4,993	334	2,179	26,764
Other property insurance	561,475	132,475	37,140	293,367	397,051	(298,558)
Accident insurance	1,006,494	8,506	169,418	334,862	(11,960)	505,668
Health insurance	69,981	(25,887)	14,894	741,351	(942,941)	282,564
Policy-oriented residential earthquake insurance	117,603	138	6,252	(23)	-	111,236
Compulsory automobile liability insurance	723,79	5,454	78,448	522,358	10,862	106,676
	$ 8,666,684	$ 910,512	$ 1,027,996	$ 4,371,578	$ (406,167)	$ 2,762,765

Insurance Type	For the Three Months Ended June 30, 2022					
	Written Premium (Net of Premium Allowance)	Net Changes in Unearned Premium Reserve	Acquisition Costs of Insurance Contracts	Claims and Payments (Including Claim Expense)	Net Changes in Loss Reserve	Profit (Loss)
Fire insurance	$ 1,556,267	$ 563,290	$ 81,344	$ 529,465	$ 492,813	$ (110,645)
Marine insurance	349,838	98,137	28,402	86,333	98,313	38,653
Land and air insurance	2,942,039	21,198	462,026	1,575,932	(50,806)	933,689
Liability insurance	433,206	(66,850)	63,275	201,828	37,396	197,557
Guarantee insurance	41,508	12,270	4,969	1,576	2,501	20,192
Other property insurance	570,876	111,562	52,267	399,538	1,366,868	(1,359,359)
Accident insurance	758,545	(28,993)	113,439	220,272	7,796	446,031
Health insurance	404,337	129,290	72,862	1,778,962	3,970,019	(5,546,796)
Policy-oriented residential earthquake insurance	119,830	5,343	6,461	-	(5)	108,031
Compulsory automobile liability insurance	707,106	1,780	77,101	574,542	4,776	48,907
	$ 7,883,552	$ 847,027	$ 962,146	$ 5,368,448	$ 5,929,671	$ (5,223,740)

Insurance Type	For the Six Months Ended June 30, 2023					
	Written Premium (Net of Premium Allowance)	Net Changes in Unearned Premium Reserve	Acquisition Costs of Insurance Contracts	Claims and Payments (Including Claim Expense)	Net Changes in Loss Reserve	Profit (Loss)
Fire insurance	$ 2,654,266	$ 414,559	$ 135,363	$ 765,593	$ (406,946)	$ 1,745,697
Marine insurance	710,056	88,735	50,837	168,936	85,054	316,494
Land and air insurance	6,760,999	311,813	1,078,433	3,539,022	298,059	1,533,672
Liability insurance	1,183,066	9,937	160,359	489,938	209,124	313,708
Guarantee insurance	69,875	6,995	7,435	1,543	535	53,367
Other property insurance	1,022,096	131,871	73,989	1,057,034	119,071	(359,869)
Accident insurance	1,913,771	60,584	316,806	676,968	(938)	860,351
Health insurance	121,993	(118,453)	25,951	10,207,106	(8,520,466)	(1,472,145)
Policy-oriented residential earthquake insurance	232,410	(2,114)	12,530	-	-	221,994
Compulsory automobile liability insurance	1,429,395	12,840	155,424	1,052,578	24,835	183,718
	$ 16,097,927	$ 916,767	$ 2,017,127	$ 17,958,718	$ 8,191,672	$ 3,396,987

Insurance Type	For the Six Months Ended June 30, 2022					
	Written Premium (Net of Premium Allowance)	Net Changes in Unearned Premium Reserve	Acquisition Costs of Insurance Contracts	Claims and Payments (Including Claim Expense)	Net Changes in Loss Reserve	Profit (Loss)
Fire insurance	$ 2,424,390	$ 445,422	$ 129,606	$ 860,651	$ 461,299	$ 527,412
Marine insurance	560,637	71,777	51,341	306,750	167,173	(36,404)
Land and air insurance	5,862,496	129,499	919,923	2,997,677	203,468	1,611,929
Liability insurance	968,105	(3,818)	136,656	402,324	76,596	356,347
Guarantee insurance	59,958	4,319	6,832	(7,203)	516	55,494
Other property insurance	962,888	209,046	85,734	444,338	1,417,656	(1,193,886)
Accident insurance	1,524,710	(6,169)	222,993	518,999	11,367	777,520
Health insurance	513,483	(22,617)	92,878	1,843,542	4,004,487	(5,404,807)
Policy-oriented residential earthquake insurance	231,150	3,300	12,436	-	-	215,414
Compulsory automobile liability insurance	1,391,381	5,107	152,063	981,764	21,909	230,538
	$ 14,499,198	$ 835,866	$ 1,810,462	$ 8,348,842	$ 6,364,471	$ (2,860,443)

Reinsurance inward business

Insurance Type	For the Three Months Ended June 30, 2023					
	Reinsurance Premium	Net Changes in Unearned Premium Reserve	Reinsurance Commission Expense	Reinsurance Claim	Net Changes in Loss Reserve	Profit (Loss)
Fire insurance	$ 33,365	$ (31,518)	$ 15,073	$ 124,339	$ (7,218)	$ (67,311)
Marine insurance	6,081	(1,891)	767	5,189	(2,526)	4,542
Land and air insurance	258	(1,113)	45	10,525	(8,249)	(950)
Liability insurance	753	(127)	93	211	(68)	644
Guarantee insurance	714	(404)	(85)	1,567	(244)	(120)
Other property insurance	17,202	1,357	4,298	15,320	(3,402)	(371)
Accident insurance	2,840	(33)	108	1,045	(82)	1,802
Health insurance	-	(1)	-	-	(402)	403
Policy-oriented residential earthquake insurance	14,453	550	-	-	-	13,903
Compulsory automobile liability insurance	185,841	1,358	-	176,170	7,301	1,012
	$ 261,507	$ (31,822)	$ 20,299	$ 334,366	$ (14,890)	$ (46,446)

Insurance Type	For the Three Months Ended June 30, 2022					
	Reinsurance Premium	Net Changes in Unearned Premium Reserve	Reinsurance Commission Expense	Reinsurance Claim	Net Changes in Loss Reserve	Profit (Loss)
Fire insurance	$ 157,803	$ 6,357	$ 24,999	$ 155,884	$ (78,312)	$ 48,875
Marine insurance	17,992	7,363	705	32,781	11,834	(34,691)
Land and air insurance	7,392	5,198	2,578	18,463	12,762	(31,609)
Liability insurance	2,186	860	227	223	344	532
Guarantee insurance	2,055	473	663	2,318	892	(2,291)
Other property insurance	18,109	(4,338)	4,084	16,755	(10,289)	11,897
Accident insurance	(970)	(1,150)	(834)	1,642	(292)	(336)
Health insurance	7,024	3,254	702	1,873	(2,217)	3,412
Policy-oriented residential earthquake insurance	15,963	671	-	-	-	15,292
Compulsory automobile liability insurance	184,141	4,426	-	163,664	5,119	10,932
	$ 411,695	$ 23,114	$ 33,124	$ 393,603	$ (60,159)	$ 22,013

Insurance Type	For the Six Months Ended June 30, 2023					
	Reinsurance Premium	Net Changes in Unearned Premium Reserve	Reinsurance Commission Expense	Reinsurance Claim	Net Changes in Loss Reserve	Profit (Loss)
Fire insurance	$ 124,454	$ (67,467)	$ 38,554	$ 268,864	$ (66,459)	$ (49,038)
Marine insurance	14,140	(745)	1,146	18,146	(10,661)	6,254
Land and air insurance	355	(2,280)	68	13,629	(15,530)	4,468
Liability insurance	2,478	397	158	(60)	(124)	2,107
Guarantee insurance	4,011	1,983	43	1,593	371	21
Other property insurance	35,552	2,522	8,222	25,279	(5,671)	5,200
Accident insurance	5,549	(357)	120	1,051	(91)	4,826
Health insurance	-	(851)	-	-	(833)	1,684
Policy-oriented residential earthquake insurance	31,539	2,974	-	-	-	28,565
Compulsory automobile liability insurance	377,256	1,179	-	354,349	(4,467)	26,195
	$ 595,334	$ (62,645)	$ 48,311	$ 682,851	$ (103,465)	$ 30,282

Insurance Type	For the Six Months Ended June 30, 2022					
	Reinsurance Premium	Net Changes in Unearned Premium Reserve	Reinsurance Commission Expense	Reinsurance Claim	Net Changes in Loss Reserve	Profit (Loss)
Fire insurance	$ 247,804	$ (61,831)	$ 43,520	$ 193,335	$ 55,366	$ 17,414
Marine insurance	19,914	1,248	939	34,943	11,447	(28,663)
Land and air insurance	8,360	(4,093)	3,364	21,450	904	(13,265)
Liability insurance	1,348	(1,102)	(361)	179	290	2,342
Guarantee insurance	6,313	(1,385)	2,166	8,825	(3,796)	503
Other property insurance	34,444	(8,801)	8,690	30,128	(26,120)	30,547
Accident insurance	1,187	(3,602)	(858)	2,272	(705)	4,080
Health insurance	2,064	1,563	206	4,279	(1,799)	(2,185)
Policy-oriented residential earthquake insurance	32,954	3,240	-	-	-	29,714
Compulsory automobile liability insurance	378,027	8,284	-	355,640	36,041	(21,938)
	$ 732,415	$ (66,479)	$ 57,666	$ 651,051	$ 71,628	$ 18,549

Reinsurance outward business

Insurance Type	Reinsurance Expenses	Net Changes in Ceded Unearned Premium Reserve	Reinsurance Commission Income	Claims and Payments (Recovered from Reinsurers)	Net Changes in Ceded Loss Reserve	Profit (Loss)
	For the Three Months Ended June 30, 2023					
Fire insurance	$ 1,439,578	$ 671,754	$ 70,094	$ 199,954	$ (148,649)	$ 646,425
Marine insurance	305,383	47,427	30,226	48,699	11,696	167,335
Land and air insurance	243,147	79,443	64,704	56,599	5,627	36,774
Liability insurance	139,470	(55,722)	30,545	13,587	143,644	7,416
Guarantee insurance	37,080	4,772	5,856	43	2,295	24,114
Other property insurance	454,570	133,768	67,810	245,925	394,547	(387,480)
Accident insurance	58,347	(19,061)	15,656	27,843	(4,044)	37,953
Health insurance	(1)	(10,702)	-	13,823	(103,334)	100,212
Policy-oriented residential earthquake insurance	117,603	137	-	(23)	-	117,489
Compulsory automobile liability insurance	304,899	3,273	-	308,485	6,654	(13,513)
	$ 3,100,076	$ 855,089	$ 284,891	$ 914,935	$ 308,436	$ 736,725

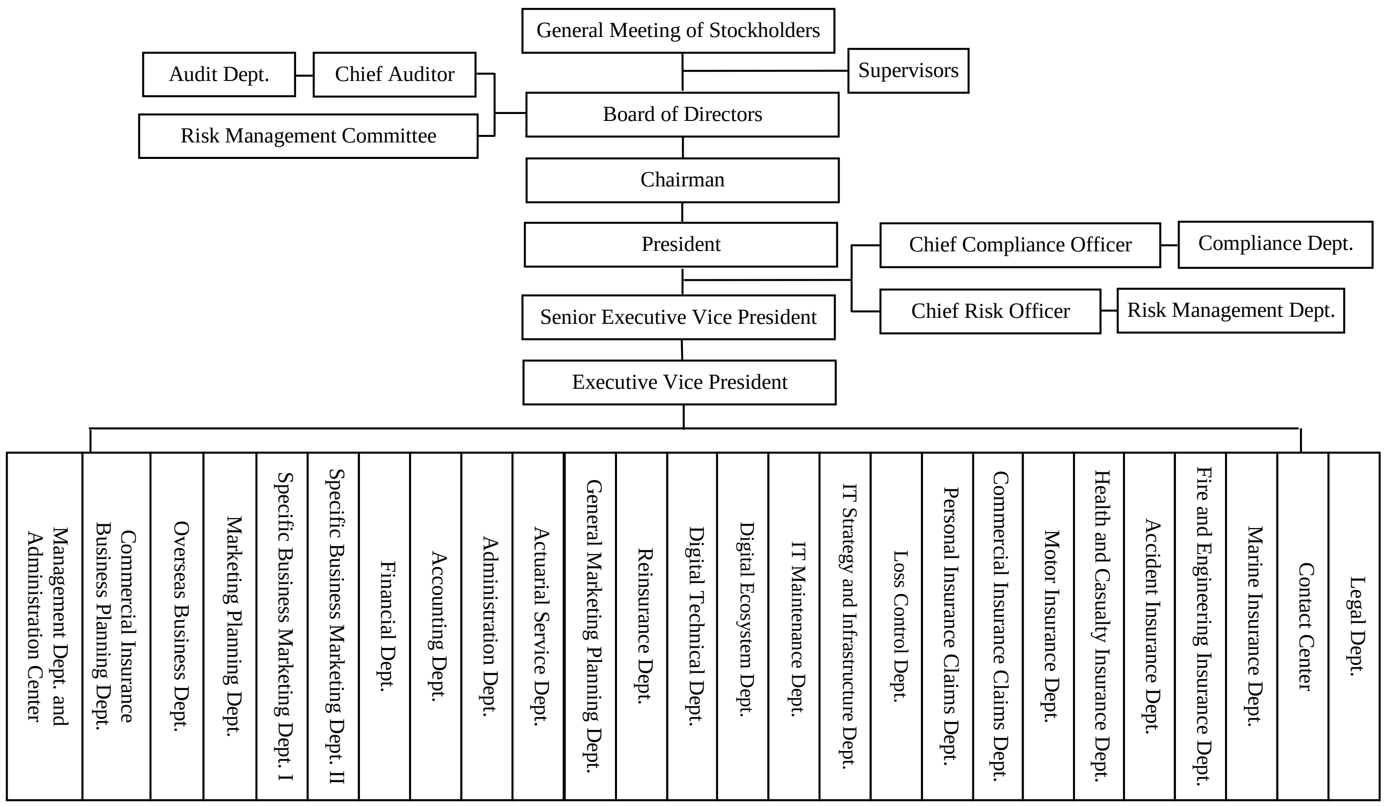
Insurance Type	Reinsurance Expenses	Net Changes in Ceded Unearned Premium Reserve	Reinsurance Commission Income	Claims and Payments (Recovered from Reinsurers)	Net Changes in Ceded Loss Reserve	Profit (Loss)
	For the Three Months Ended June 30, 2022					
Fire insurance	$ 1,257,230	$ 585,967	$ 61,750	$ 219,358	$ 592,878	$ (202,723)
Marine insurance	272,458	72,001	26,027	53,282	74,498	46,650
Land and air insurance	130,588	18,524	26,510	48,987	(7,153)	43,720
Liability insurance	88,211	(61,155)	25,186	67,226	(7,528)	64,482
Guarantee insurance	29,026	12,338	5,511	974	1,502	8,701
Other property insurance	397,601	38,522	47,956	105,948	264,442	(59,267)
Accident insurance	77,338	7,144	18,963	17,838	3,615	29,778
Health insurance	82,475	(2,717)	31,049	1,011,494	816,608	(1,773,959)
Policy-oriented residential earthquake insurance	119,830	5,343	-	-	-	114,487
Compulsory automobile liability insurance	297,041	1,067	-	340,585	3,774	(48,385)
	$ 2,751,798	$ 677,034	$ 242,952	$ 1,865,692	$ 1,742,636	$ (1,776,516)

Insurance Type	Reinsurance Expenses	Net Changes in Ceded Unearned Premium Reserve	Reinsurance Commission Income	Claims and Payments (Recovered from Reinsurers)	Net Changes in Ceded Loss Reserve	Profit (Loss)
	For the Six Months Ended June 30, 2023					
Fire insurance	$ 2,078,070	$ 563,412	$ 96,285	$ 483,993	$ (338,401)	$ 1,272,781
Marine insurance	542,471	83,137	49,811	87,261	61,626	260,636
Land and air insurance	491,554	178,671	138,520	133,116	(20,222)	61,469
Liability insurance	311,728	(69,734)	66,773	154,794	99,618	60,277
Guarantee insurance	67,157	13,569	9,624	161	2,074	41,729
Other property insurance	871,410	167,536	123,651	375,587	511,458	(306,822)
Accident insurance	138,638	(3,953)	33,483	65,309	(7,722)	51,521
Health insurance	(25)	(33,840)	(13)	93,918	(972,905)	912,815
Policy-oriented residential earthquake insurance	232,410	(2,114)	-	-	-	234,524
Compulsory automobile liability insurance	599,854	7,704	-	615,947	8,735	(32,532)
	$ 5,333,267	$ 904,388	$ 518,134	$ 2,010,086	$ 655,739	$ 2,556,398

Insurance Type	Reinsurance Expenses	Net Changes in Ceded Unearned Premium Reserve	Reinsurance Commission Income	Claims and Payments (Recovered from Reinsurers)	Net Changes in Ceded Loss Reserve	Profit (Loss)
	For the Six Months Ended June 30, 2022					
Fire insurance	$ 1,802,570	$ 558,049	$ 120,795	$ 381,183	$ 591,090	$ 151,453
Marine insurance	455,586	76,429	44,091	226,853	120,661	(12,448)
Land and air insurance	224,934	3,956	53,447	84,224	35,541	47,766
Liability insurance	240,281	(49,796)	59,840	119,488	(24,614)	135,363
Guarantee insurance	34,844	616	6,646	(2,717)	1,030	29,269
Other property insurance	694,144	107,374	91,435	123,107	325,436	46,792
Accident insurance	178,101	67,530	39,343	39,698	5,124	26,406
Health insurance	99,277	(118,289)	37,334	1,031,688	830,608	(1,682,064)
Policy-oriented residential earthquake insurance	231,150	3,300	-	-	-	227,850
Compulsory automobile liability insurance	582,590	3,063	-	578,240	8,020	(6,733)
	$ 4,543,477	$ 652,232	$ 452,931	$ 2,581,764	$ 1,892,896	$ (1,036,346)

h. Organization chart and responsibilities of risk management

1) Organization chart of risk management



2) Responsibility of each department:

<u>Board of directors</u>

a) The board of directors should be aware of the risks arising from operations, ensure the effectiveness of risk management and bear the ultimate responsibility for overall risk management.

b) The board of directors should establish an appropriate risk management system and culture, ratify the appropriate risk management policy and allocate resources in the most effective manner.

c) The board of directors should consider the effect of the aggregated risks from the Company's overall perspective; the board of directors should also follow the legal capital requirement and the relevant financial or business operating regulations that affect capital allocation.

<u>Risk management department</u>

a) Risk management committee

   i. The committee should propose the risk management policies, framework, and organization functions and establish quantitative and qualitative management standards. The committee is also responsible for reporting the results of implementing risk management to the board of directors regularly, and making necessary suggestions for improvement.

   ii. The committee should execute the risk management policies set by the board of directors and review development, build-up and performance of the overall management mechanisms regularly.

   iii. The committee should assist and monitor the risk management activities performed by each department.

   iv. The committee should assist in deliberating related procedures for formulating risk limits.

   v. The committee should arrange the risk category, risk limit allocation and risk taking method according to changes in the environment.

   vi. The committee should enhance cross-department interaction and communication.

b) Chief risk officer

   The appointment of chief risk officers of the Group should be approved by the board of directors, who should maintain independence and should not concurrently play a business or financial role nor has the right to access any information which may affect the Company's risk overview.

   i. The chief risk officer should be in charge of the overall risk management.

   ii. The chief risk officer should participate in the important decision making process and provide appropriate suggestions from a risk management perspective.

   iii. The chief risk officer should be a member of the risk management committee.

c) Risk management department

    i. The Group established a risk management department, which is responsible for monitoring, measuring and evaluating major risks; the department is independent from the business units.

    ii. Responsibilities of the risk management department are as follows:

        i) Propose and execute the risk management policies set by the board of directors.

        ii) Propose the risk limits based on risk appetite.

        iii) Summarize the risk information provided by each department, negotiate and communicate with each department to facilitate the execution of the policies and the risk limits.

        iv) Regularly present risk management reports.

        v) Regularly review the risk limits and its use of each business unit.

        vi) Assist to execute stress testing and back testing if necessary.

        vii) Other risk management related issues.

<u>Business units</u>

a) The risk management duties of the manager of a business unit are as follows:

    i. Manage and report daily risk of the business unit and take necessary responsive actions.

    ii. Supervise regular submission of risk management information to the risk management department.

b) The risk management duties of a business unit are as follows:

    i. Identify and measure risks and report risk exposures.

    ii. Evaluate the impacts (quantitative or qualitative) when risks occur and deliver the risk information in a timely and accurate manner.

    iii. Regularly review the risks and their limits to ensure the effective execution of risk limits within business unit.

    iv. Monitor risk exposures and, in case of any excess of risk limits, report the excess of risk limits along with the corresponding actions of the business units.

    v. Assist to develop the risk model and ensure that the risk measurement, application of model, and the parameter settings are reasonable and consistent.

    vi. Ensure that internal control procedures are executed effectively to comply with applicable rules and the risk management policies.

    vii. Assist to collect data related to operational risk.

Audit department

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

i. Risk reporting and range and nature of risk assessment for the property insurance business

1) Risks management report

a) Each business unit should regularly deliver risk information to the risk management department, and report the excess of risk limits and responding measures when the risk exposure exceeds the limit.

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

2) The scope and nature of risk assessment

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

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

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

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

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

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

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

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

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

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

	For the Year Ended December 31	
Insurance Type	**2023**	**2022**
Fire insurance	$ 1,200,000	$ 1,200,000
Marine insurance	1,200,000	1,200,000
Engineering insurance	1,200,000	1,200,000
Miscellaneous insurance/liability insurance	1,200,000	1,200,000
Healthy and accident insurance	1,200,000	1,200,000
Automobile insurance	50,000	50,000
Liability insurance	250,000	250,000

m. Risk coordinated asset-liability management

1) Asset-liability coordinated with risk identification and measurement

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

2) Asset-liability coordinated with risk response

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

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

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

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

o. Sensitivity to insurance risk

1) The Company

For the six months ended June 30, 2023

Insurance Type	Premium Income	Expected Loss Rate	Impact on Profit or Loss of 5% Increase in Expected Loss Rate: Before Reinsurance	Impact on Profit or Loss of 5% Increase in Expected Loss Rate: After Reinsurance
Fire insurance	$ 2,468,206	49.20%	$ (123,410)	$ (49,217)
Marine insurance	705,806	68.32%	(35,290)	(13,719)
Land and air insurance	6,637,571	59.93%	(331,879)	(322,369)
Liability insurance	1,181,327	48.72%	(59,066)	(41,572)
Guarantee insurance	69,875	18.53%	(3,494)	(1,747)
Other property insurance	1,019,665	47.04%	(50,983)	(28,280)
Accident insurance	1,885,983	44.36%	(94,299)	(86,658)
Health insurance	121,993	37.26%	(6,100)	(4,577)
Policy-oriented residential earthquake insurance	232,410	4.07%	(11,621)	(9,296)
Compulsory automobile liability insurance	1,429,395	Not applicable	Not applicable	Not applicable
	$ 15,752,231		$ (716,142)	$ (557,435)

For the six months ended June 30, 2022

Insurance Type	Premium Income	Expected Loss Rate	Impact on Profit or Loss of 5% Increase in Expected Loss Rate: Before Reinsurance	Impact on Profit or Loss of 5% Increase in Expected Loss Rate: After Reinsurance
Fire insurance	$ 2,257,240	38.19%	$ (112,862)	$ (46,497)
Marine insurance	556,845	50.52%	(27,842)	(11,770)
Land and air insurance	5,743,838	61.01%	(287,192)	(280,496)
Liability insurance	966,228	50.36%	(48,311)	(32,694)
Guarantee insurance	59,958	28.48%	(2,998)	(16)
Other property insurance	960,806	47.36%	(48,040)	(15,292)
Accident insurance	1,504,158	44.43%	(75,208)	(71,354)
Health insurance	513,483	35.14%	(25,674)	(18,307)
Policy-oriented residential earthquake insurance	231,150	4.10%	(11,558)	(5,779)
Compulsory automobile liability insurance	1,391,381	Not applicable	Not applicable	Not applicable
	$ 14,185,087		$ (639,685)	$ (482,205)

Note: Expected loss rate is calculated based on the simple average loss rate of the past five years, among the health insurance excludes the impact of 2022 epidemic prevention insurance.

The above table shows that with 5% increase in the expected loss rate of every insurance contract of the Company, profit or loss may be impacted to an extent; however, the impact has been mitigated through the arrangement of reinsurance to achieve the effect of risk diversification.

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

For the six months ended June 30, 2023

Insurance Type	Premium Income	Expected Loss Rate	Impact on Profit or Loss of 5% Change in Expected Loss Rate Before Reinsurance	After Reinsurance
Automobile insurance	$ 123,428	15.52%	$ (6,171)	$ (6,153)
Flood insurance	4,249	12.09%	(212)	(78)
Fire insurance	186,060	38.16%	(9,303)	(455)
Engineering insurance	2,380	26.44%	(119)	(18)
Accident insurance	27,789	35.17%	(1,389)	(1,381)
Liability insurance	1,790	1.30%	(89)	(47)
	$ 345,696		$ (17,283)	$ (8,132)

For the six months ended June 30, 2022

Insurance Type	Premium Income	Expected Loss Rate	Impact on Profit or Loss of 5% Change in Expected Loss Rate Before Reinsurance	After Reinsurance
Automobile insurance	$ 118,658	16.85%	$ (5,933)	$ (5,904)
Flood insurance	3,792	19.80%	(190)	(68)
Fire insurance	167,150	40.48%	(8,357)	(672)
Engineering insurance	2,082	53.45%	(120)	(19)
Accident insurance	20,552	36.42%	(1,028)	(1,018)
Liability insurance	1,877	8.27%	(96)	(38)
	$ 314,111		$ (15,706)	$ (7,719)

Note: Expected loss rate is calculated based on the weighted average loss rate of the past five years.

The above table shows that with 5% increase in the expected loss rate of every insurance contract of Cathay Insurance Co., Ltd. (Vietnam), profit or loss may be impacted to an extent; however, the impact has been mitigated through the arrangement of reinsurance to achieve the effect of risk diversification.

p. Risk concentration

1) The Company

a) Situations that may cause concentration of insurance risk

i. Single insurance contract or several related contracts

As of June 30, 2022, commercial insurance products with low frequency of occurrence and enormous possible losses have been reviewed and discussed in compliance with the underwriting guidelines by the underwriting department, reinsurance department and risk management department or in project meeting.

ii. Exposure to unanticipated change in trend

As of June 30, 2023, the loss rates of the pandemic policy are relatively high, but decreased compared to March 31, 2023. There are no other unexpected changes in exposure.

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

"The Regulations for Assisting in Filing Lawsuit Cases of Cathay Century Insurance" were set up to safeguard the rights of the Company and the insured and to implement process control of lawsuit cases of insurance claims. In addition, each unit has appointed a staff for compliance matters to minimize possible legal risk. As of June 30, 2023, there are no material litigation or legal risks that may lead to huge losses incurred by a single contract or have an extensive effect on several contracts.

iv. Correlation and interaction among different risks

When a catastrophe occurs, the underwritten cases will incur huge claims, and other risks such as market risk, credit risk, and liquidity risk, may be derived accordingly. To avoid the operations being severely endangered by these derived risks from a catastrophe, the Company established "points for handling teams of catastrophe and major events" and "Operation Standards under Crisis", under which the crisis handling team is set up in response to the event and execute emergency actions such as resource coordination and fund procurement to protect the rights of the insured and the Company and to ensure financial stability. As of June 30, 2023, measures have been taken to deal with the impact of the severe special infectious pneumonia epidemic or lift rates on the operating, insurance and investment businesses.

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

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

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

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

vi. Concentration of geographic regions and operating segments

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

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

The following table summarizes Cathay Century's concentration of risk before and after for the three months ended June 30, 2023 and 2022 reinsurance by insurance type:

Insurance Type	For the Three Months Ended June 30, 2023				
	Premium Income	Reinsurance Premium	Reinsurance Expenses	Net Premium Income	%
Fire insurance	$ 1,630,716	$ 32,654	$ 1,306,160	$ 357,210	6.23
Marine insurance	394,696	4,486	302,158	97,024	1.69
Land and air insurance	3,322,347	-	243,124	3,079,223	53.71
Liability insurance	583,476	536	139,167	444,845	7.76
Guarantee insurance	41,779	714	37,080	5,413	0.09
Other property insurance	559,785	16,086	452,611	123,260	2.15
Accident insurance	993,115	2,568	58,347	937,336	16.35
Health insurance	69,981	-	(1)	69,982	1.22
Policy-oriented residential earthquake insurance	117,603	14,453	117,603	14,453	0.25
Compulsory automobile liability insurance	723,798	185,841	304,899	604,740	10.55
Total	$ 8,437,296	$ 257,338	$ 2,961,148	$ 5,733,486	100.00

Insurance Type	For the Three Months Ended June 30, 2022				
	Premium Income	Reinsurance Premium	Reinsurance Expenses	Net Premium Income	%
Fire insurance	$ 1,419,245	$ 156,047	$ 1,133,430	$ 441,862	8.11
Marine insurance	347,369	17,821	270,815	94,375	1.73
Land and air insurance	2,873,190	7,384	130,600	2,749,974	50.50
Liability insurance	432,366	2,100	87,974	346,492	6.36
Guarantee insurance	41,508	2,055	29,026	14,537	0.27
Other property insurance	569,172	17,243	396,762	189,653	3.48
Accident insurance	747,757	(970)	77,338	669,449	12.29
Health insurance	404,337	7,024	82,475	328,886	6.04
Policy-oriented residential earthquake insurance	119,830	15,963	119,830	15,963	0.29
Compulsory automobile liability insurance	707,106	184,141	297,041	594,206	10.91
Total	$ 7,661,880	$ 408,808	$ 2,625,291	$ 5,445,397	100.00

Insurance Type	For the Six Months Ended June 30, 2023				
	Premium Income	Reinsurance Premium	Reinsurance Expenses	Net Premium Income	%
Fire insurance	$ 2,468,206	$ 115,949	$ 1,896,632	$ 687,523	6.15
Marine insurance	705,806	12,351	538,001	180,156	1.61
Land and air insurance	6,637,571	-	491,508	6,146,063	54.92
Liability insurance	1,181,327	1,925	310,356	872,896	7.80
Guarantee insurance	69,875	4,011	67,157	6,729	0.06
Other property insurance	1,019,665	32,458	867,180	184,943	1.65
Accident insurance	1,885,983	5,277	138,638	1,752,622	15.66
Health insurance	121,993	-	(25)	122,018	1.09
Policy-oriented residential earthquake insurance	232,410	31,539	232,410	31,539	0.28
Compulsory automobile liability insurance	1,429,395	377,256	599,854	1,206,797	10.78
Total	$ 15,752,231	$ 580,766	$ 5,141,711	$ 11,191,286	100.00

Insurance Type	For the Six Months Ended June 30, 2022				
	Premium Income	Reinsurance Premium	Reinsurance Expenses	Net Premium Income	%
Fire insurance	$ 2,257,240	$ 255,703	$ 1,662,327	$ 850,616	8.08
Marine insurance	556,845	19,601	452,983	123,463	1.17
Land and air insurance	5,743,838	7,920	224,902	5,526,856	52.51
Liability insurance	966,228	1,192	239,515	727,905	6.92
Guarantee insurance	59,958	6,313	34,844	31,427	0.30
Other property insurance	960,806	32,511	692,146	301,171	2.86
Accident insurance	1,504,158	1,187	178,101	1,327,244	12.61
Health insurance	513,483	2,064	99,277	416,270	3.96
Policy-oriented residential earthquake insurance	231,150	32,954	231,150	32,954	0.31
Compulsory automobile liability insurance	1,391,381	378,027	582,590	1,186,818	11.28
Total	$ 14,185,087	$ 737,472	$ 4,397,835	$ 10,524,724	100.00

c) Disclosure of the past performance of property insurance business regarding the management risks with low frequency of occurrence but enormous impact, to the user of financial statement assess the uncertainty of cash flows related to such risks

Catastrophes such as earthquake, typhoon, and flood along with related huge claims, result in tremendous impact to the property insurance business.

To control and manage risk with low frequency of occurrence but enormous impact, Cathay Century assesses the risk of natural disasters and special insured items (for example, high-tech factory, power plant and traffic engineering) and holds loss prevention seminars regularly to help clients lower the incidence rate of disasters.

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

a) Situations that may cause concentration of insurance risk:

i. Single insurance contract or several related contracts

As of June 30, 2023, commercial insurance products with low frequency of occurrence and enormous possible losses have been reviewed and discussed in compliance with the underwriting guidelines by the underwriting department, reinsurance department and risk management department or in project meetings.

ii. Exposure to unanticipated change in trend

As of June 30, 2023, the premium revenues of comprehensive travel insurance of Cathay Insurance Co., Ltd. (Vietnam) have increased year-on-year resulting from the increased demand for traveling since Vietnam has returned to pre-pandemic normalcy. Cathay Insurance Co., Ltd. (Vietnam) will continue monitoring the changes in risk exposure.

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

"The Procedure for Subrogation" and "The Proceedings of the Court" are set up to safeguard the rights of Cathay Insurance Co., Ltd. (Vietnam) and the insured and to implement process control of lawsuit cases of insurance claims. In addition, each unit has appointed staff for compliance matters to minimize possible legal risk. As of June 30, 2023, there are no material litigation or legal risks that may lead to huge losses incurred by a single contract or have an extensive effect on several contracts.

iv. Correlation and interaction among different risks

When a catastrophe occurs, the underwritten cases will incur huge claims, and other risks such as market risk, credit risk, and liquidity risk, may be derived accordingly. To avoid the operations being severely endangered by these derived risks from a catastrophe, Cathay Insurance Co., Ltd. (Vietnam) established the Points for Handling Major Events of Cathay Insurance Co., Ltd. (Vietnam) under which an emergency response team is set up in response to the event and execute emergency actions such as resource coordination and fund procurement to protect the rights of the insured and the Company and to maintain financial stability. As of June 30, 2023, there is no interaction among risks resulting from a catastrophe.

v. Concentration of geographic regions and operating segments

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

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

The following table summarizes the Cathay Insurance (Vietnam)'s concentration of risk before and after for the six months ended June 30, 2023 and 2022 insurance type:

Insurance Type	For the Three Months Ended June 30, 2023				
	Premium Income	**Reinsurance Premium**	**Reinsurance Expenses**	**Net Premium Income**	**%**
Automobile insurance	$ 71,911	$ 258	$ 23	$ 72,146	76.24
Flood insurance	2,642	1,595	3,225	1,012	1.07
Fire insurance	139,171	8,901	141,608	6,464	6.83
Engineering insurance	1,690	1,116	1,959	847	0.89
Accident insurance	13,379	272	-	13,651	14.43
Liability insurance	595	217	303	509	0.54
Total	$ 229,388	$ 12,359	$ 147,118	$ 94,629	100.00

Insurance Type	For the Three Months Ended June 30, 2022				
	Premium Income	**Reinsurance Premium**	**Reinsurance Expenses**	**Net Premium Income**	**%**
Automobile insurance	$ 68,849	$ 8	$ (12)	$ 68,869	70.24
Flood insurance	2,469	171	1,643	997	1.02
Fire insurance	137,022	7,187	129,231	14,978	15.28
Engineering insurance	1,704	866	839	1,731	1.77
Accident insurance	10,788	-	-	10,788	10.99
Liability insurance	840	86	237	689	0.70
Total	$ 221,672	$ 8,318	$ 131,938	$ 98,052	100.00

Insurance Type	For the Six Months Ended June 30, 2023				
	Premium Income	**Reinsurance Premium**	**Reinsurance Expenses**	**Net Premium Income**	**%**
Automobile insurance	$ 123,428	$ 355	$ 46	$ 123,737	73.34
Flood insurance	4,250	1,789	4,470	1,569	0.93
Fire insurance	186,060	17,277	190,210	13,127	7.78
Engineering insurance	2,431	3,094	4,230	1,295	0.77
Accident insurance	27,788	272	-	28,060	16.63
Liability insurance	1,739	553	1,372	920	0.55
Total	$ 345,696	$ 23,340	$ 200,328	$ 168,708	100.00

Insurance Type	For the Six Months Ended June 30, 2022				
	Premium Income	**Reinsurance Premium**	**Reinsurance Expenses**	**Net Premium Income**	**%**
Automobile insurance	$ 118,658	$ 440	$ 32	$ 119,066	72.86
Flood insurance	3,792	313	2,603	1,502	0.92
Fire insurance	167,150	11,563	159,705	19,008	11.63
Engineering insurance	2,082	1,933	1,998	2,017	1.23
Accident insurance	20,552	-	-	20,552	12.58
Liability insurance	1,877	156	766	1,267	0.78
Total	$ 314,111	$ 14,405	$ 165,104	$ 163,412	100.00

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

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

q. Development trend of claims

1) The Company

June 30, 2023

Accident Year	≦2016	2017	2018	2019	2020	2021	2022	2023	Total
Accumulated estimated claim payments									
End of the underwriting year	$ -	$ 8,134,147	$ 9,090,990	$ 10,190,448	$ 9,508,911	$ 10,259,775	$ 43,545,821	$ 7,770,844	
After the first year	-	8,025,062	8,574,948	10,063,196	11,023,615	10,637,168	44,295,720	-	
After the second year	-	7,965,701	8,479,083	9,915,122	11,009,236	10,540,097	-	-	
After the third year	-	8,000,179	8,447,631	9,900,713	10,954,244	-	-	-	
After the fourth year	-	7,977,104	8,413,409	9,972,216	-	-	-	-	
After the fifth year	-	7,993,176	8,417,490	-	-	-	-	-	
After the sixth year	-	7,992,814	-	-	-	-	-	-	
Final estimated claim payments	-	7,992,814	8,417,490	9,972,216	10,954,244	10,540,097	44,295,720	7,770,844	
Accumulated claims disbursed	-	7,944,303	8,371,206	9,752,233	10,082,281	9,168,787	39,917,251	3,616,836	
	313,393	48,511	46,284	219,983	871,963	1,371,310	4,378,469	4,154,008	$ 11,403,921
Adjustment	-	-	-	-	-	-	-	234,723	234,723
Amount recognized in balance sheet	$ 313,393	$ 48,511	$ 46,284	$ 219,983	$ 871,963	$ 1,371,310	$ 4,378,469	$ 4,388,731	$ 11,638,644

December 31, 2022

Accident Year	≦2015	2016	2017	2018	2019	2020	2021	2022	Total
Accumulated estimated claim payments									
End of the underwriting year	$ -	$ 12,235,424	$ 8,134,147	$ 9,090,990	$ 10,190,448	$ 9,508,911	$ 10,259,775	$ 43,545,821	
After the first year	-	11,455,620	8,025,062	8,574,948	10,063,196	11,023,615	10,637,168	-	
After the second year	-	10,970,548	7,965,701	8,479,083	9,915,122	11,009,236	-	-	
After the third year	-	11,133,431	8,000,179	8,447,631	9,900,713	-	-	-	
After the fourth year	-	11,177,663	7,977,104	8,413,409	-	-	-	-	
After the fifth year	-	11,102,224	7,993,176	-	-	-	-	-	
After the sixth year	-	11,106,898	-	-	-	-	-	-	
Final estimated claim payment	-	11,106,898	7,993,176	8,413,409	9,900,713	11,009,236	10,637,168	43,545,821	
Accumulated claim disbursed	-	11,077,996	7,938,428	8,361,416	9,573,719	9,589,714	8,670,464	27,852,950	
	236,539	28,902	54,748	51,993	326,994	1,419,522	1,966,704	15,692,871	$ 19,778,273
Adjustment	-	-	-	-	-	-	-	174,073	174,073
Amount recognized in balance sheet	$ 236,539	$ 28,902	$ 54,748	$ 51,993	$ 326,994	$ 1,419,522	$ 1,966,704	$ 15,866,944	$ 19,952,346

June 30, 2022

Accident Year	≦2015	2016	2017	2018	2019	2020	2021	2022	Total
Accumulated estimated claim payments									
End of the underwriting year	$ -	$ 12,235,424	$ 8,134,147	$ 9,090,990	$ 10,190,448	$ 9,508,911	$ 10,259,775	$ 13,292,811	
After the first year	-	11,455,620	8,025,062	8,574,948	10,063,196	11,023,615	10,382,222	-	
After the second year	-	10,970,548	7,965,701	8,479,083	9,915,122	10,949,835	-	-	
After the third year	-	11,133,431	8,000,179	8,447,631	9,847,475	-	-	-	
After the fourth year	-	11,177,663	7,977,104	8,432,007	-	-	-	-	
After the fifth year	-	11,102,224	7,984,873	-	-	-	-	-	
After the sixth year	-	11,101,408	-	-	-	-	-	-	
Final estimated claim payments	-	11,101,408	7,984,873	8,432,007	9,847,475	10,949,835	10,382,222	13,292,811	
Accumulated claims disbursed	-	11,063,643	7,917,721	8,350,847	9,453,826	9,169,306	8,016,167	4,004,166	
	471,421	37,765	67,152	81,160	393,649	1,780,529	2,366,055	9,288,645	$ 14,486,376
Adjustment	-	-	-	-	-	-	-	318,059	318,059
Amount recognized in balance sheet	$ 471,421	$ 37,765	$ 67,152	$ 81,160	$ 393,649	$ 1,780,529	$ 2,366,055	$ 9,606,704	$ 14,804,435

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

Note 2: The above tables exclude direct loss reserve of compulsory insurance, policy-oriented residential earthquake insurance and inward loss reserve of $1,649,279 thousand and $1,602,461 thousand as of June 30, 2023, $1,624,445 thousand and $1,705,926 thousand as of December 31, 2022, $1,658,656 thousand and $1,651,685 thousand as of June 30, 2022.

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

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

r. Credit risk of insurance contract

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

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

June 30, 2023

Name	Type
Tugu Insurance Company HK	Facultative reinsurance of marine insurance
Cathay Insurance Co., Ltd. (China)	Facultative reinsurance of marine insurance
Trust International Insurance and Reinsurance Company B.S.C	Treaty reinsurance of marine insurance and facultative reinsurance of fire insurance
Asia Capital Reinsurance Group Pte Ltd	Facultative reinsurance of marine insurance
S-Squared Insurance Company, Inc.	Facultative reinsurance of fire insurance

December 31, 2022

Name	Type
Tugu Insurance Company HK	Facultative reinsurance of marine insurance
Cathay Insurance Co., Ltd. (China)	Facultative reinsurance of marine insurance
Trust International Insurance and Reinsurance Company B.S.C.	Treaty reinsurance of marine insurance and facultative reinsurance of fire insurance
Asia Capital Reinsurance Group Pte Ltd	Facultative reinsurance of marine insurance
S-Squared Insurance Company, Inc.	Facultative reinsurance of fire insurance

June 30, 2022

Name	Type
Tugu Insurance Company HK	Facultative reinsurance of marine insurance
Cathay Insurance Co., Ltd. (China)	Facultative reinsurance of marine insurance
Trust International Insurance and Reinsurance Company B.S.C	Treaty reinsurance of marine insurance and facultative reinsurance of fire insurance
Asia Capital Reinsurance Group Pte Ltd	Facultative reinsurance of marine insurance
S-Squared Insurance Company, Inc.	Facultative reinsurance of fire insurance

2) For the six months ended June 30, 2023 and 2022, the unqualified ceded reinsurance expense is $9,997 thousand and $20,443 thousand, respectively.

3) The reserves for unauthorized reinsurance consist of:

	June 30, 2023	December 31, 2022	June 30, 2022
Unearned premium reserve	$ 4,998	$ 4,999	$ 10,221
Claims recoverable from reinsurers of paid claims overdue in nine months	1,076	145	288
Claims recoverable from reinsurers which were reported but unpaid	256	1,326	913
	$ 6,330	$ 6,470	$ 11,422

35. INFORMATION OF DISCRETIONARY INVESTMENTS

	June 30, 2023	December 31, 2022	June 30, 2022
Listed stocks	$ 2,109,945	$ 1,345,603	$ 1,248,122
Bank deposit	533,169	794,743	967,023
Future margins	38,348	38,272	2,012
	$ 2,681,462	$ 2,178,618	$ 2,217,157

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

As of June 30, 2023, December 31, 2022 and June 30, 2022 the discretionary investment limits is $1,200,000 thousand.

36. INTERESTS IN UNCONSOLIDATED STRUCTURED ENTITIES

a. Unconsolidated structured entities

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

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

b. As of June 30, 2023, December 31, 2022 and June 30, 2022, the carrying amounts of the Group's assets related to its interests in unconsolidated structured entities are disclosed as follows:

	June 30, 2023	December 31, 2022	June 30, 2022
Securitization vehicle			
Financial assets at FVTPL	$ 332,566	$ 343,499	$ 367,874
Financial assets at amortized cost	322,659	324,346	323,488
	$ 655,225	$ 667,845	$ 691,362

CATHAY CENTURY INSURANCE CO., LTD. AND SUBSIDIARIES

BALANCE SHEET OF COMPULSORY AUTOMOBILE LIABILITY INSURANCE
(In Thousands of New Taiwan Dollars)

Items	Amount			Items	Amount		
Asset	**June 30, 2023**	**December 31, 2022**	**June 30, 2022**	**Liabilities**	**June 30, 2023**	**December 31, 2022**	**June 30, 2022**
Cash and bank deposit	$ 2,434,825	$ 2,397,857	$ 2,297,801	Notes payable	$ -	$ -	$ -
Notes receivable	5,698	6,559	6,368	Claims and payments payable	-	-	-
Premiums receivable	5,915	6,832	5,965	Reinsurance indemnity payable	-	-	-
Claims and payments recoverable from reinsures	192,660	202,982	195,888	Due to reinsurers and ceding companies	214,811	225,486	206,442
Due from reinsurers and ceding companies	127,281	125,846	131,017	Unearned premium reserves	1,729,456	1,715,437	1,703,955
Other receivables	-	-	-	Loss reserves	2,296,380	2,276,012	2,314,094
Financial assets at FVTOCI	685,967	685,847	694,203	Special reserves	949,032	926,605	847,824
Ceded unearned premium reserve	757,986	750,282	745,585	Temporary receipts and suspense accounts	-	-	-
Ceded loss reserve	974,193	965,458	986,941	Other liabilities	-	-	-
Temporary payments and suspense accounts	5,154	1,877	8,547				
Other assets	-	-	-				
Total assets	$ 5,189,679	$ 5,143,540	$ 5,072,315	Total liabilities	$ 5,189,679	$ 5,143,540	$ 5,072,315

TABLE 2

CATHAY CENTURY INSURANCE CO., LTD. AND SUBSIDIARIES

OPERATING REVENUE AND COST OF COMPULSORY AUTOMOBILE LIABILITY
(In Thousands of New Taiwan Dollars)

Item	For the Six Months Ended June 30	
	2023	2022
Operating revenues	$ 777,854	$ 759,904
Written Premium	999,758	970,984
Reinsurance premium	377,256	378,027
Premiums income	1,377,014	1,349,011
Less: Reinsurance expenses	599,854	582,590
Net changes in unearned premium reserve	6,315	10,328
Retained earned premium	770,845	756,093
Interest income	7,009	3,811
Operating costs	825,040	805,496
Retained claims payments	1,052,578	981,764
Reinsurance claims payments	354,349	355,640
Less: Claim and payments recoverable from reinsurers	615,947	578,240
Retained claims payments	790,980	759,164
Net change in loss reserve	11,633	49,930
Net change in special reserve	22,427	(3,598)

Note: Pursuant to Instruction Jin-Guan-Bao-Chan-Zi No. 11004107771, the Company is required to make reserve (recognized as expenses) in relation to this particular service at $30 per insurance policy on a monthly basis starting from April 1, 2021.

CATHAY CENTURY INSURANCE CO., LTD. AND SUBSIDIARIES

TRANSACTIONS WITH RELATED PARTIES INVOLVING MAIN BUSINESS ITEMS REACHING NT$100 MILLION OR 20% OF PAID-IN CAPITAL OR MORE
FOR THE SIX MONTHS ENDED JUNE 30, 2023
(In Thousands of New Taiwan Dollars)

The Company Involving Main Business Items	Related Party	Relationship	Transaction Details				Abnormal Transaction (Note 1)		Notes/Accounts Receivable (Payable)		Note (Note 2)
			Purchase/Sale	Amount	% of Total	Payment Terms	Unit Price	Payment Terms	Ending Balance	% of Total	
Cathay Century Insurance Co., Ltd.	Cathay Life Insurance Co., Ltd.	Fellow subsidiary	Premiums income	$ 107,433	0.64	Based on agreement	$ -	-	$ 1,209	0.04	

Note 1: If the transaction terms of related parties are different with the general terms, the differences and reasons should be described in the column of unit price and payment terms.

Note 2: If there is any payments (receipts) in advance, it should be stated the reason, contractual terms, amount, and differences from the general transaction type in the remarks column.

Note 3: Paid-up capital refers to the paid-up capital of the Company.

CATHAY CENTURY INSURANCE CO., LTD. AND SUBSIDIARIES

INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT INTERCOMPANY TRANSACTIONS
FOR THE SIX MONTHS ENDED JUNE 30, 2023
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

No. (Note 1)	Investee Company	Counterparty	Relationship (Note 2)	Transaction Details			
				Financial Statement Accounts	Amount	Payment Terms	% of Total Sales or Assets (Note 3)
0	Cathay Century Insurance Co., Ltd.	Cathay Insurance Co., Ltd (Vietnam)	1	Reinsurance premium	$ 8,772	Based on agreement	0.07
				Claims incurred	6,886	Based on agreement	0.05
				Due to reinsurers and ceding companies	31,658	Based on agreement	0.06

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

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

Note 2: Transaction flows are as follows:

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

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

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

CATHAY CENTURY INSURANCE CO., LTD. AND SUBSIDIARIES

INFORMATION ON INVESTEES
FOR THE SIX MONTHS ENDED JUNE 30, 2023
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		As of June 30, 2023			Net Income (Loss) of the Investee	Share of Profit (Loss)	Note
				June 30, 2023	December 31, 2022	Number of Shares	%	Carrying Amount			
Cathay Century Insurance Co., Ltd.	Cathay Insurance Co., Ltd. (Vietnam)	Vietnam	Property insurance businesses	$ 845,585	$ 845,585	-	100	$ 730,789	$ 19,953	$ 19,953	Note

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

CATHAY CENTURY INSURANCE CO., LTD. AND SUBSIDIARIES

INFORMATION ON INVESTMENTS IN MAINLAND CHINA
FOR THE SIX MONTHS ENDED JUNE 30, 2023
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Investee Company	Main Businesses and Products	Paid-in Capital	Method of Investment (Note 2)	Accumulated Outward Remittance for Investment from Taiwan as of January 1, 2023	Remittance of Funds		Accumulated Outward Remittance for Investment from Taiwan as of June 30, 2023	Net Income (Loss) of the Investee	% Ownership of Direct or Indirect Investment	Investment Gain (Loss) (Note 3)	Carrying Amount as of June 30, 2023	Accumulated Repatriation of Investment Income as of June 30, 2023
					Outward	Inward						
Cathay Insurance Co., Ltd. (China)	Property insurance businesses	$ 12,196,844 (CNY 2,632,653 thousand)	(1)	$ 2,964,730	$ -	$ -	$ 2,964,730	$ 471,415	24.5	$ 115,496	$ 2,423,875	$ -

Accumulated Outward Remittance for Investments in Mainland China as of June 30, 2023	Investment Amount Authorized by the Investment Commission, MOEA	Upper Limit on the Amount of Investments Stipulated by the Investment Commission, MOEA (Note 4)
$ 2,964,730 (CNY 645,000 thousand)	$ 2,964,730 (CNY 645,000 thousand)	$ 8,140,533

Note 1: The investment amount is calculated based on historic exchange rate, and other columns are disclosed based on the exchange rate on June 30, 2022.

Note 2: Investment type is as follows:

a. The Company made the investment directly.
b. The Company made the investment through a company registered in a third region.
c. Others.

Note 3: The calculation was based on unaudited financial statement.

Note 4: The limit is up to 60% of the investor’s net worth as stated in the Principles Governing the Review of Investment or Technical Corporation in Mainland China, which was issued on August 29, 2008 by the Investment Commission of the MOEA.

Note 5: On December 31, 2006, according to letter No. 094022847 issued by the Investment Commission of the Ministry of Economic Affairs (MOEAIC), the Company is authorized to invest US$28,963 thousand and establish an insurance subsidiary, engaging in the property insurance business. On October 8, 2007, according to letter No. 1272 (2007) issued by China Insurance Regulatory Commission (CIRC), the Company is authorized to establish a property insurance company in the form of joint venture with Cathay Life Insurance. The joint venture company named Cathay Insurance Company Ltd. (China) was established in Shanghai and has acquired a business license of an enterprise as a legal person on August 26, 2008. On May 28, 2013, according to letter No. 10200136010 issued by the MOEAIC, the Company is authorized to remit CNY200,000 thousand to increase the share capital. The Company was authorized by CIRC to remit CNY100,000 thousand each on June 13, 2013 and March 18, 2014. On November 23, 2018, according to No. 10700281680 issued by the MOEAIC, the Company was authorized to remit CNY245,000 thousand to increase the share capital. On November 26, 2019, according to No. 10800291980 issued by the MOEAIC, the Company was authorized to remit CNY245,000 thousand to increase the share capital. Since the solvency of Cathay Insurance Company Ltd. (China) was compliant with the regulatory requirements, the Company’s board of directors resolved to suspend capital increase on January 26, 2022. On March 31, 2022, according to No. 11100514060 issued by the MOEAIC, the Company was authorized to write down CNY245,000 thousand which had been remitted according to No. 10800291980 issued by the MOEAIC. As of June 30, 2023, the Company has remitted US$97,292 thousand in total.

Note 6: The relevant information about Cathay Insurance Co., Ltd. (China) is as follows:

a. The location: Shanghai, China.

b. Status of capital operation and related income: As of June 30, 2023, the assets for investments of Cathay Insurance Co., Ltd. (China) were $9,204,724 thousand, and the net investment income was $400,469 thousand.

(Continued)

c. Reserves recognized and balances of reserves:

As of June 30, 2023, the balances of reserves of Cathay Insurance Co., Ltd. (China) were as follows:

(In Thousands of New Taiwan Dollars)

	June 30, 2023
Unearned premium reserve	$ 4,815,467
Loss reserve	3,657,709
Policy reserve	68,126
	$ 8,541,302

Reserves recognized as follows:

1) Unearned premium reserve: For an unexpired in-force contract with a policy period shorter than one year, the calculation of the unearned premium reserve is based on the unexpired risk.

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

3) Policy reserve: Reserve in accordance with the life table and interest rates by reserves regulations and laws of the mainland China and Regulations Governing the Setting Aside of Various Reserves by Insurance Enterprises.

d. Percentage of the premium income: For the six months ended June 30, 2023, the premium income of Cathay Insurance Company Limited (China) amounted to $13,063,484 thousand, and the percentage of the Company’s premium income is 79.98%.

e. Percentage of insurance claim and payments: For the six months ended June 30, 2023, the insurance claim and payments of Cathay Insurance Company Limited (China) amounted to NT$10,034,774 thousand, and the percentage of the Company’s insurance claim and payments is 53.93%.

(Concluded)