CENTRAL REINSURANCE CORPORATION

FINANCIAL STATEMENTS AND INDEPENDENT

AUDITORS' REVIEW REPORT

MARCH 31, 2023 AND 2022

For the convenience of readers and for information purpose only, the auditors' report and the accompanying financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. In the event of any discrepancy between the English version and the original Chinese version or any differences in the interpretation of the two versions, the Chinese-language auditors' report and financial statements shall prevail.

INDEPENDENT AUDITORS' REVIEW REPORT

PWCR23000002

To Central Reinsurance Corporation

Introduction

We have reviewed the accompanying balance sheets of Central Reinsurance Corporation (the "Company") as of March 31, 2023 and 2022, and the related statements of comprehensive income, of changes in equity and of cash flows for the three-month periods then ended, and notes to the financial statements, including a summary of significant accounting policies. Management is responsible for the preparation and fair presentation of these financial statements in accordance with "Regulations Governing the Preparation of Financial Reports by Securities Issuers" and International Accounting Standard 34, "Interim Financial Reporting" that came into effect as endorsed by the Financial Supervisory Commission. Our responsibility is to express a conclusion on these financial statements based on our reviews.

Scope of Review

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

Conclusion

Based on our reviews, nothing has come to our attention that causes us to believe that the accompanying financial statements do not present fairly, in all material respects, the financial position of the Company as of March 31, 2023 and 2022, and of its financial performance and its cash flows for the three-month periods then ended in accordance with "Regulations Governing the Preparation of Financial Reports by Insurance Enterprises" and International Accounting Standard 34, "Interim Financial Reporting" that came into effect as endorsed by the Financial Supervisory Commission.

Kuo, Puo-Ju   Lee, Hsiu-Ling

For and on Behalf of PricewaterhouseCoopers, Taiwan

May 5, 2023

The accompanying financial statements are not intended to present the financial position and results of operations and cash flows in accordance with accounting principles generally accepted in countries and jurisdictions other than the Republic of China. The standards, procedures and practices in the Republic of China governing the audit of such financial statements may differ from those generally accepted in countries and jurisdictions other than the Republic of China. Accordingly, the accompanying financial statements and independent auditors' review report are not intended for use by those who are not informed about the accounting principles or Standards on Auditing of the Republic of China, and their applications in practice.

CENTRAL REINSURANCE CORPORATION
BALANCE SHEETS
(Expressed in thousands of New Taiwan dollars)
(The balance sheets as of March 31, 2023 and 2022 are reviewed, not audited)

			March 31, 2023		December 31, 2022		March 31, 2022	
	ASSETS	Notes	AMOUNT	%	AMOUNT	%	AMOUNT	%
11000	Cash and cash equivalents	6(1)	$ 18,481,876	36	$ 21,853,610	43	$ 19,996,419	39
12000	Accounts receivable	6(2)	302,862	1	424,478	1	386,496	1
12600	Current income tax assets		18,217	-	18,217	-	-	-
14110	Financial assets at fair value through profit or loss	6(3)	6,290,306	12	3,591,735	7	5,644,566	11
14145	Financial assets at amortized cost	6(4)	14,907,554	29	14,060,463	28	12,974,784	25
14180	Other financial assets	6(5)	-	-	-	-	1,580,618	3
14200	Investment property, net	6(7)	384,270	1	384,620	1	385,479	1
15000	Reinsurance contract assets	6(8)	8,077,680	16	6,700,040	13	8,552,938	17
16000	Property and equipment, net	6(11)	287,046	-	275,728	1	266,897	-
16700	Right-of-use assets		1,673	-	1,808	-	1,220	-
17000	Intangible assets		15,404	-	13,811	-	6,391	-
17800	Deferred income tax assets		377,873	1	462,369	1	157,690	-
18000	Other assets		2,308,459	4	2,484,909	5	1,792,072	3
	TOTAL ASSETS		$ 51,453,220	100	$ 50,271,788	100	$ 51,745,570	100
	LIABILITIES AND EQUITY							
21000	Accounts payable	6(12)	$ 660,841	1	$ 589,393	1	$ 751,652	1
21700	Current income tax liabilities		36,788	-	2,962	-	349,100	1
23200	Financial liabilities at fair value through profit or loss	6(3)	99,260	-	508,430	1	254,380	1
23800	Lease liabilities		1,692	-	1,824	-	1,231	-
24000	Insurance liabilities	6(8)	32,989,000	64	31,965,419	64	33,365,130	64
27000	Provisions	6(13)	2,661	-	2,853	-	-	-
28000	Deferred income tax liabilities		120,643	-	133,356	-	41,555	-
25000	Other liabilities		171,416	1	69,803	-	150,671	-
	TOTAL LIABILITIES		34,082,301	66	33,274,040	66	34,913,719	67
30000	EQUITY							
31000	Capital							
31100	Common stock	6(15)	8,003,888	16	8,003,888	16	5,903,888	11
32000	Capital reserve		1,560,000	3	1,560,000	3	300,000	1
33000	Retained earnings							
33100	Legal reserve		3,179,198	6	3,179,198	6	2,766,037	5
33200	Special reserve	6(17)	4,063,614	8	4,063,614	8	3,288,295	6
33300	Undistributed earnings		539,658	1	(112,320)	-	2,512,075	5
34000	Other equity interest		24,561	-	303,368	1	2,061,556	5
	TOTAL EQUITY		17,370,919	34	16,997,748	34	16,831,851	33
	TOTAL LIABILITIES AND EQUITY		$ 51,453,220	100	$ 50,271,788	100	$ 51,745,570	100

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

CENTRAL REINSURANCE CORPORATION
STATEMENTS OF COMPREHENSIVE INCOME
(Expressed in thousands of New Taiwan dollars, except earnings per share)
(UNAUDITED)

	Items	Notes	Three-month period ended March 31			
			2023		2022	
			AMOUNT	%	AMOUNT	%
41000	Operating revenues					
41100	Gross premiums written		$ 6,067,790	112	$ 5,703,427	103
51100	Less: Reinsurance premiums ceded		(504,028)	(9)	(528,636)	(9)
51310	Net change in unearned premium reserve	6(8)	(738,814)	(14)	(223,020)	(4)
41130	Retention earned premiums		4,824,948	89	4,951,771	90
41300	Reinsurance commission revenue		48,982	1	79,951	1
41400	Overriding commission revenue		4,855	-	7,127	-
41500	Net gain from investment					
41510	Interest income		193,080	3	107,326	2
41521	Gain or loss on valuation of financial assets or financial liabilities at fair value through profit or loss		208,947	4	(523,806)	(10)
41550	Foreign exchange (loss) gain		(97,823)	(2)	471,661	9
41570	Gain on investment property	6(7)	5,099	-	4,321	-
41585	Expected credit impairment and reversal of profit from investments	6(4)	(244)	-	(330)	-
41600	Gain upon reclassification of applying overlay approach	6(3)	251,871	5	422,569	8
	Total net gain from investment		560,930	10	481,741	9
41800	Other operating revenues		329	-	8,814	-
	Total operating revenues		5,440,044	100	5,529,404	100
51000	Operating costs					
51200	Reinsurance claims paid		(3,099,417)	(57)	(2,512,277)	(46)
41200	Less: Reinsurance claims recovery		223,075	4	158,505	3
51260	Retention reinsurance claims paid		(2,876,342)	(53)	(2,353,772)	(43)
51300	Net changes in other insurance liabilities	6(8)	(104,235)	(2)	(825,607)	(15)
51500	Reinsurance commission expenses		(1,547,560)	(28)	(1,495,711)	(27)
51700	Financial cost		(8)	-	(5)	-
51800	Other operating costs		(4,518)	-	(52)	-
	Total operating costs		(4,532,663)	(83)	(4,675,147)	(85)
58000	Operating expenses					
58100	Selling expenses		(85,602)	(2)	(74,407)	(1)
58200	Administration expenses		(56,849)	(1)	(41,639)	(1)
58300	Training expenses		(436)	-	(18)	-
58400	Expected credit impairment reversal from non-investments	13	(10)	-	(7)	-
	Total operating expenses		(142,897)	(3)	(116,071)	(2)
	Net operating income		764,484	14	738,186	13
59000	Non-operating income and expenses		195	-	-	-
62000	**Income from continuing operations before tax**		764,679	14	738,186	13
63000	Income tax expense	6(18)	(112,701)	(2)	(105,518)	(2)
64000	**Income from continuing operations after tax**		651,978	12	632,668	11
66000	**Net income**		$ 651,978	12	$ 632,668	11

(Continued)

CENTRAL REINSURANCE CORPORATION
STATEMENTS OF COMPREHENSIVE INCOME
(Expressed in thousands of New Taiwan dollars, except earnings per share)
(UNAUDITED)

			Three-month period ended March 31			
			2023		2022	
	Items	Notes	AMOUNT	%	AMOUNT	%
83000	**Other comprehensive income**					
83200	**Items may be reclassified to profit or loss subsequently**					
83210	Exchange differences on translation of foreign financial statements		($ 26,438)	-	$ 97,385	2
83295	Other comprehensive (loss) income upon reclassification of applying overlay approach	6(3)	(251,871)	(5)	(422,569)	(8)
83280	Income tax relating to items that may be reclassified	6(18)	(498)	-	(28,044)	-
83000	**Total other comprehensive loss for the period (after tax)**		(278,807)	(5)	(353,228)	(6)
85000	**Total comprehensive income for the period**		$ 373,171	7	$ 279,440	5
	Earnings per share					
97500	Basic and Diluted (in NT dollars)		$ 0.81		$ 1.07	

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

CENTRAL REINSURANCE CORPORATION
STATEMENTS OF CHANGES IN EQUITY
(Expressed in thousands of New Taiwan dollars)
(UNAUDITED)

			Retained Earnings			Other Equity Interest		
	Common Stock	Capital Reserve	Legal Reserve	Special Reserve	Undistributed Earnings	Exchange Differences on Translation of Foreign Financial Statements	Other Comprehensive Income (Loss) upon Reclassification of Applying Overlay Approach	Total Equity
Three-month period ended March 31, 2022								
Balance at January 1, 2022	$ 5,903,888	$ 300,000	$ 2,766,037	$ 3,288,295	$ 1,879,407	($ 287,747)	$ 2,702,531	$ 16,552,411
Net income for the period	-	-	-	-	632,668	-	-	632,668
Other comprehensive income (loss) for the period	-	-	-	-	-	77,908	(431,136)	(353,228)
Total comprehensive income (loss)	-	-	-	-	632,668	77,908	(431,136)	279,440
Balance at March 31, 2022	$ 5,903,888	$ 300,000	$ 2,766,037	$ 3,288,295	$ 2,512,075	($ 209,839)	$ 2,271,395	$ 16,831,851
Three-month period ended March 31, 2023								
Balance at January 1, 2023	$ 8,003,888	$ 1,560,000	$ 3,179,198	$ 4,063,614	($ 112,320)	($ 17,657)	$ 321,025	$ 16,997,748
Net income for the period	-	-	-	-	651,978	-	-	651,978
Other comprehensive loss for the period	-	-	-	-	-	(21,151)	(257,656)	(278,807)
Total comprehensive income (loss)	-	-	-	-	651,978	(21,151)	(257,656)	373,171
Balance at March 31, 2023	$ 8,003,888	$ 1,560,000	$ 3,179,198	$ 4,063,614	$ 539,658	($ 38,808)	$ 63,369	$ 17,370,919

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

CENTRAL REINSURANCE CORPORATION
STATEMENTS OF CASH FLOWS
(Expressed in thousands of New Taiwan dollars)
(UNAUDITED)

	Three-month period ended March 31	
	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	$ 764,679	$ 738,186
Adjustments		
Adjustments to reconcile profit (loss)		
Depreciation	2,795	2,309
Amortization	4,077	1,009
(Recovery) Provision for loss allowance of reinsurance contract assets	(811)	2,390
Provision for bad debt	12	12
(Gain) loss on valuation of financial assets and liabilities at fair value through profit or loss	(225,395)	748,044
Interest expense	8	5
Interest income	(193,409)	(109,663)
Dividend income	(26,048)	(10,262)
Net change in reserves	843,049	1,048,627
Expected credit impairment on investments	244	330
Expected credit impairment on non-investments	10	7
Gain upon reclassification of applying overlay approach	(251,871)	(422,569)
Unrealized foreign exchange loss (gain)	77,645	(449,267)
Changes in operating assets and liabilities		
Changes in operating assets		
Accounts receivable	158,833	(99,991)
Financial assets at fair value through profit or loss	(2,882,346)	1,117,120
Financial assets at amortized cost	(949,846)	(1,074,085)
Other financial assets	-	1,502,836
Reinsurance contract assets	(1,194,344)	(576,659)
Other assets	174,023	(767)
Changes in operating liabilities		
Accounts payable	71,448	(5,455)
Provisions	(192)	-
Other liabilities	101,613	34,605
Cash (outflow) inflow generated from operations	(3,525,826)	2,446,762
Interest received	161,556	107,441
Dividend received	17,989	10,544
Interest paid	(8)	(5)
Income tax paid	(7,590)	(3,481)
Net cash flows (used in) from operating activities	(3,353,879)	2,561,261
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of property and equipment	(13,528)	(90)
Acquisition of intangible assets	(5,670)	(152)
Acquisition of investment property	(99)	-
Net cash flows used in investing activities	(19,297)	(242)
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayments of principal portion of lease liabilities	(133)	(115)
Net cash flows used in financing activities	(133)	(115)
Effects of exchange rate changes	1,575	149,678
Net (decrease) increase in cash and cash equivalents	(3,371,734)	2,710,582
Cash and cash equivalents at beginning of period	21,853,610	17,285,837
Cash and cash equivalents at end of period	$ 18,481,876	$ 19,996,419

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

CENTRAL REINSURANCE CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 2023 AND 2022
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)
(Unaudited)

1. HISTORY AND ORGANIZATION

Central Reinsurance Corporation (the "Company") was originally a state-owned enterprise, incorporated on October 31, 1968, and provides a broad range of property and life inward and outward reinsurance services. The Company's shares of stock have been traded on the Taiwan Stock Exchange since July 6, 2000. On July 9, 2002, the Ministry of Finance (MOF), the major shareholder of the Company, privatized the Company in accordance with rules of privatization of government-owned enterprises, effective on July 11, 2002. In addition, the Company has obtained the certificate for establishment and business license for its offshore insurance branch, and commenced its operation on January 1, 2016. Evergreen International Corporation holds 33.28% equity interest in the Company and has the ability to control the Company. Evergreen International Corporation is the Company's parent company.

2. THE DATE OF AUTHORIZATION FOR ISSUANCE OF THE FINANCIAL STATEMENTS AND PROCEDURES FOR AUTHORIZATION

These financial statements were authorized for issuance by the Board of Directors on May 5, 2023.

3. APPLICATION OF NEW STANDARDS, AMENDMENTS AND INTERPRETATIONS

(1) Effect of the adoption of new issuances of or amendments to International Financial Reporting Standards ("IFRS") that came into effect as endorsed by the Financial Supervisory Commission ("FSC")

New standards, interpretations and amendments endorsed by the FSC and became effective from 2023 are as follows:

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Amendments to IAS 1, 'Disclosure of accounting policies'	January 1, 2023
Amendments to IAS 8, 'Definition of accounting estimates'	January 1, 2023
Amendments to IAS 12, 'Deferred tax related to assets and liabilities arising from a single transaction'	January 1, 2023

The above standards and interpretations have no significant impact to the Company's financial condition and financial performance based on the Company's assessment.

(2) Effect of new issuances of or amendments to IFRSs as endorsed by the FSC but not yet adopted by the Company

None.

(3) IFRSs issued by IASB but not yet endorsed by the FSC

New standards, interpretations and amendments issued by IASB but not yet included in the IFRSs as endorsed by the FSC are as follows:

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
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 International Accounting Standards Board
Amendments to IFRS 16, 'Lease liability in a sale and leaseback'	January 1, 2024
IFRS 17, 'Insurance contracts'	January 1, 2023
Amendments to IFRS 17, 'Insurance contracts'	January 1, 2023
Amendment to IFRS 17, 'Initial application of IFRS 17 and IFRS 9 – comparative information'	January 1, 2023
Amendments to IAS 1, 'Classification of liabilities as current or non-current'	January 1, 2024
Amendments to IAS 1, 'Non-current liabilities with covenants'	January 1, 2024

Except for the following, the above standards and interpretations have no significant impact to the Company's financial condition and financial performance based on the Company's assessment. The quantitative impact will be disclosed when the assessment is complete.

A. IFRS 17, 'Insurance contracts'

IFRS 17, 'Insurance contracts' replaces IFRS 4 and establishes principles for the recognition, measurement, presentation and disclosure of insurance contracts issued. The standard applies to insurance contracts (including reinsurance contracts) issued, to reinsurance contracts held and to investment contracts with discretionary participation features issued, provided the entity also issues insurance contracts. Embedded derivatives, distinct investment components and distinct performance obligations shall be separated from the insurance contracts. An entity shall, at initial recognition, disaggregate a portfolio into three groups of contracts: onerous, no significant risk of becoming onerous, and remaining contracts. IFRS 17 requires a current measurement model, where estimates are remeasured in each reporting period. The measurement is based on the building blocks of discounted, probability-weighted cash flows, a risk adjustment and a contractual service margin ('CSM') representing the unearned profit of the contract. An entity may apply a simplified measurement approach (the premium allocation approach) to some insurance contracts. An entity recognizes the profit from a group of insurance contracts over the period the entity provides insurance coverage, and as the entity is released from risk. If a group of contracts is or becomes loss-making, an entity recognizes the loss immediately. Entities are required to present separately insurance revenue, insurance service expenses and insurance finance income or expenses and to disclose information about amounts, judgements and risks arising from insurance contracts.

B. Amendments to IFRS 17, ‘Insurance contracts’

The amendments to IFRS 17 include the deferral of effective date, expected recovery of insurance acquisition cash flows, contractual service margin attributable to investment services, reinsurance contracts held－recovery of losses and other amendments, and they are not intended to change the fundamental principles of the standard.

C. Amendment to IFRS 17, 'Initial application of IFRS 17 and IFRS 9 – comparative information'

The amendment permits an entity to apply an optional classification overlay in the comparative period(s) presented on initial application of IFRS 17. The overlay allows all financial assets, including those held in respect of activities not connected to contracts within the scope of IFRS 17, to be classified, on an instrument-by-instrument basis, in the comparative period(s) in a way that aligns with how the entity expects those assets to be classified on initial application of IFRS 9. The overlay can be applied by entities that have already applied IFRS 9 or will apply it when they apply IFRS 17.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

(1) Compliance statement

These financial statements have been prepared in accordance with the “Regulations Governing the Preparation of Financial Reports by Insurance Enterprises”, and the International Accounting Standard 34, ‘Interim financial reporting’ that came into effect as endorsed by the FSC.

(2) Basis of preparation

A. The Company does not have a subsidiary, and the Company’s financial statements are separate financial statements composed of the balance sheet, statement of comprehensive income, statement of changes in equity, statement of cash flows, and relevant notes.

B. Except for the following items, these financial statements have been prepared under the historical cost convention:

(a) Financial assets and financial liabilities (including derivative instruments) at fair value through profit or loss.

(b) Financial assets at fair value through other comprehensive income.

(c) Defined benefit liabilities recognized based on the net amount of pension fund assets less present value of defined benefit obligation.

(d) Various insurance liabilities and reinsurance reserve assets recognized in accordance with specific statutory requirements and regulations relevant to insurance enterprises.

C. The preparation of financial statements in conformity with IFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company’s accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 5.

(3) <u>Foreign currency translation</u>

A. Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the Company operates (the "functional currency"). The financial statements are presented in New Taiwan Dollars ("NTD"), which is the Company's functional currency.

(a) Transactions denominated in foreign currencies are translated into functional currency at the spot exchange rates prevailing at the transaction date. The translation differences upon actual payment are recognized in current profit or loss.

(b) Monetary assets and liabilities denominated in foreign currencies at the period end are re-translated at the exchange rates prevailing at the reporting date. Exchange differences arising upon re-translation at the reporting date are recognized in current profit or loss.

(c) Non-monetary assets and liabilities denominated in foreign currencies held at fair value through profit or loss are re-translated at the exchange rates prevailing at the balance sheet date; their translation differences are recognized in profit or loss. Non-monetary assets and liabilities denominated in foreign currencies held at fair value through other comprehensive income are re-translated at the exchange rates prevailing at the balance sheet date; their translation differences are recognized in other comprehensive income. However, non-monetary assets and liabilities denominated in foreign currencies that are not measured at fair value are translated using the historical exchange rates at the dates of the initial transactions.

(d) Except for aforementioned non-monetary assets denominated in foreign currencies held at fair value through profit or loss, foreign exchange gains or losses that arise from investing activities are recognized under net gain (loss) from investment in the statement of comprehensive income. Other foreign exchange gains or losses that do not arise from investing activities are recognized under other operating revenues or other operating costs.

B. The financial position and financial performance of offshore insurance branch that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

(a) Assets and liabilities for each balance sheet presented are translated at the spot exchange rate at the date of that balance sheet;

(b) Income and expenses for each statement of comprehensive income are translated at spot exchange rates of the trade date; and

(c) All resulting exchange differences are recognized in other comprehensive income.

(4) <u>Cash equivalents</u>

A. The statement of cash flows is prepared on the basis of cash and cash equivalents.

B. Cash equivalents refer to short-term, highly liquid investments that are:

(a) Readily convertible to known amount of cash; and

(b) Subject to an insignificant risk of changes in value.

C. Time deposits that meet the definition above and are held for the purpose of meeting short-term cash commitments in operations (including time deposits within 12 months of the contract period) are classified as cash equivalents.

(5) Financial assets at fair value through profit or loss

A. Financial assets at fair value through profit or loss are financial assets that are not measured at amortized cost or fair value through other comprehensive income. A financial asset is eligible for designation for the overlay approach if, and only if, the following criteria are met:

(a) It is measured at fair value through profit or loss applying IFRS 9 but would not have been measured at fair value through profit or loss in its entirety applying IAS 39; and

(b) It is not held in respect of an activity that is unconnected with contracts within the scope of IFRS 4.

B. On a regular way purchase or sale basis, financial assets at fair value through profit or loss are recognized and derecognized using trade date accounting.

C. At initial recognition, the Company measures the financial assets at fair value plus transaction costs. The Company subsequently measures the financial assets at fair value, and recognizes the gain or loss in profit or loss.

D. The Company recognizes profit or loss when the right to receive payment is established, future economic benefits associated with the dividend will flow to the Company and the amount of the dividend can be measured reliably.

E. The Company values the difference of reclassification amounts of financial assets at fair value through profit or loss and fair value through other comprehensive income for the financial assets applying overlay approach, using:

(a) The amount reported in profit or loss for the designated financial assets applying overlay approach under IFRS 9; and

(b) The amount that would have been reported in profit or loss for the designated financial assets if IAS 39 had been applied.

(6) Financial assets at amortized cost

A. Financial assets at amortized cost are those that meet all of the following criteria:

(a) The objective of the Company's business model is achieved by collecting contractual cash flows; and

(b) The assets' contractual cash flows represent solely payments of principal and interest.

B. On a regular way purchase or sale basis, financial assets at amortized cost are recognized and derecognized using trade date accounting.

C. At initial recognition, the Company measures the financial assets at fair value plus transaction costs. Interest income from these financial assets is included in finance income using the effective interest method. A gain or loss is recognized in profit or loss when the asset is derecognized or impaired.

(7) Non-hedging and embedded derivatives

A. Non-hedging derivatives are initially recognized at fair value on the date a derivative contract is entered into and recorded as financial assets or financial liabilities at fair value through profit or loss. They are subsequently remeasured at fair value and the gains or losses are recognized in profit or loss.

B. Under the financial assets, the hybrid contracts embedded with derivatives are initially recognized as financial assets at fair value through profit or loss, financial assets at fair value through other comprehensive income and financial assets at amortized cost based on the contract terms.

(8) Impairment of financial assets

For financial assets at amortized cost such as accounts receivable, other financial assets and refundable deposits under other assets, etc., at each reporting date, the Company recognizes the impairment provision for 12 months expected credit losses if there has not been a significant increase in credit risk since initial recognition or recognizes the impairment provision for the lifetime expected credit losses (ECLs) if such credit risk has increased or credit impaired since initial recognition after taking into consideration all reasonable and verifiable information that includes forecasts.

(9) Investment property

A. An investment property is stated initially at its cost including related transaction costs; measured subsequently using the cost model and stated at cost less accumulated depreciation and accumulated impairment loss. Subsequent costs of major renewals and betterments are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognized. Repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.

B. The Company uses a portion of the property for its own use and another portion to earn rentals or for capital appreciation. When these portions can be sold separately, the own-use portion is accounted for in accordance with IAS 16, "Property, Plant and Equipment". However, property held either to earn rental income or for capital appreciation or for both is subject to IAS 40, "Investment Property". If part of property cannot be individually sold, and owner-occupied property is insignificant, it is accounted for as investment property.

C. An investment property shall be derecognized on disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from its disposal. When assets are derecognized, the cost and the accumulated depreciation at the time of sale or retirement are written off. Gain or loss on sale of the investment property, rental income, and relevant payment shall be recognized in gain or loss on investment property under net gain from investment. Except for land, property is depreciated on a straight-line basis over its estimated useful life of 3 to 60 years. The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each balance sheet date. If expectations for the assets' residual values and useful lives differ from previous estimates or the patterns of consumption of the assets' future economic benefits embodied in the assets have changed significantly, any change is accounted for as a change in estimate under IAS 8, "Accounting Policies, Changes in Accounting Estimates and Errors", from the date of the change.

(10) Leasing arrangements (lessee)－right-of-use assets/ lease liabilities

A. Leases are recognized as a right-of-use asset and a corresponding lease liability at the date at which the leased asset is available for use by the Company. For short-term leases or leases of low-value assets, lease payments are recognized as an expense on a straight-line basis over the lease term.

B. Leases liabilities include the net present value of the remaining lease payments at the commencement date, discounted using the incremental borrowing interest rate. Lease payments are fixed payments, less any lease incentives receivable. The Company subsequently measures the lease liability at amortized cost using the interest method and recognizes interest expense over the lease term. The lease liability is remeasured and the amount of remeasurement is recognized as an adjustment to the right-of-use asset when there are changes in the lease term or lease payments and such changes do not arise from contract modifications.

C. At the commencement date, the right-of-use asset is stated at cost, which is the amount of the initial measurement of lease liability. The right-of-use asset is measured subsequently using the cost model and is depreciated from the commencement date to the earlier of the end of the asset's useful life or the end of the lease term. When the lease liability is remeasured, the amount of remeasurement is recognized as an adjustment to the right-of-use asset.

D. For lease modifications that decrease the scope of the lease, the lessee shall decrease the carrying amount of the right-of-use asset and remeasure the lease liability to reflect the partial or full termination of the lease, and recognize the difference in profit or loss.

(11) Reinsurance contract assets

Reinsurance contract assets include due from reinsurers and ceding companies, ceded unearned premium reserve, ceded claims reserve, ceded premium deficiency reserve, ceded liability reserve and ceded liability adequacy reserve. Each of the reinsurance contract assets should be in compliance with relevant regulation and policy of "Regulation Governing Financial and Business Operations of Professional Reinsurance Enterprises" and "Regulations Governing the Preparation of Financial Reports by Insurance Enterprises".

(12) Impairment on reinsurance contract assets

Regular evaluation on reinsurance assets should be made to evaluate if there is any impairment. When there is objective evidence, as a result of an event that occurred after initial recognition of the reinsurance asset, that the Company may not receive all amounts due to it under the terms of the contract; and that event has a reliably measurable impact on the amounts that the Company will receive from the reinsurer, the Company should reduce its carrying amount accordingly and recognize impairment loss.

(13) Property and equipment

A. Property and equipment are stated initially at its cost including related transaction costs, measured subsequently using the cost model and stated at cost less accumulated depreciation and accumulated impairment loss. Reserve for land revaluation increment tax set aside for revaluation over the current land value is recognized as deferred income tax liabilities. Subsequent costs of major renewals and betterments are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognized. Repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.

B. Depreciation is computed using straight-line method over the estimated service lives as follows: buildings and equipment, 3 to 60 years; computer equipment, 3 to 6 years; transportation equipment, 3 to 10 years; and miscellaneous equipment, 3 to 10 years.

C. The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each balance sheet date. If expectations for the assets' residual values and useful lives differ from previous estimates or the patterns of consumption of the assets' future economic benefits embodied in the assets have changed significantly, any change is accounted for as a change in estimate under IAS 8, "Accounting Policies, Changes in Accounting Estimates and Errors", from the date of the change.

D. When an asset is retired or disposed, the cost plus revaluation increment, if any, and related accumulated depreciation are removed from the accounts, and the resulting gain or loss is credited or charged to non-operating income and expenses during the financial period in which they are incurred.

(14) Impairment of non-financial assets

The Company assesses at each balance sheet date the recoverable amounts of those assets where there is an indication that they are impaired. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell or value in use. When the circumstances or reasons for recognizing impairment loss for an asset in prior years no longer exist or diminish, the impairment loss is reversed. The increased carrying amount due to reversal should not be more than what the depreciated or amortized historical cost would have been if the impairment had not been recognized. Impairment loss and gain on reversal of impairment loss for investment property are recognized under operating revenue. Impairment loss and gain on reversal of impairment loss for property and equipment are recognized in non-operating income and expenses.

(15) Loss allowance

A. Loss allowance for accounts receivable, other financial assets and refundable deposits under other assets should be assessed and recognized in accordance with IFRS 9 and the "Guidelines for Handling Assessment of Assets, Loans Overdue, Receivable on Demand and Bad Debts by Insurance Enterprises".

B. Loss allowance for reinsurance contract assets and reinsurance liability reserves contributed under other assets should be assessed and recognized in accordance with IFRS 4 and the "Guidelines for Handling Assessment of Assets, Loans Overdue, Receivable on Demand and Bad Debts by Insurance Enterprises".

(16) Financial liabilities at fair value through profit or loss

A. Financial liabilities at fair value through profit or loss are financial liabilities held for trading. Financial liabilities are classified in this category of held for trading if acquired principally for the purpose of repurchasing in the short-term. Derivatives are also categorized as financial liabilities held for trading unless they are designated as hedges.

B. At initial recognition, financial liabilities at fair value through profit or loss are measured at fair value plus transaction costs. The Company subsequently measures the financial liabilities at fair value, and recognizes the gain or loss in profit or loss.

(17) Derecognition of financial assets and financial liabilities

The Company derecognizes a financial asset when one of the following conditions is met:

A. The contractual rights to receive the cash flows from the financial asset expire.

B. The contractual rights to receive cash flows of the financial asset have been transferred and the Company has transferred substantially all risks and rewards of ownership of the financial asset.

C. The contractual rights to receive cash flows of the financial asset have been transferred; however, the Company has not retained control of the financial asset.

A financial liability is derecognized when the obligation specified in the contract is either discharged or cancelled or expires.

(18) Offsetting financial assets and financial liabilities

Financial assets and financial liabilities are offset and reported in the net amount in the balance sheet when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously.

(19) Classification of reinsurance contracts

Classification of reinsurance contracts should be made in compliance with IFRS 4, "Insurance Contracts".

An insurance contract is a contract under which one party (the insurer) accepts significant insurance risk from another party (the policyholder) by agreeing to compensate the policyholder if a specified uncertain future event (the insured event) adversely affects the policyholder. A contract with no significant insurance risk being transferred is not classified as an insurance contract and is recognized by deposit accounting.

A contract that falls within the definition of insurance contract on the initial recognition will still be deemed as insurance contract before its maturity.

(20) Insurance liabilities

The reserves related to Compulsory Automobile Liability Insurance are determined in accordance with "Regulations for Management of the Reserve of Compulsory Automobile Liability Insurance".

The special reserve related to residential earthquake insurance is determined in accordance with "Regulations Governing Implementation of the Residential Earthquake Risk Spreading Mechanism".

The reserve related to nuclear insurance is determined in accordance with "Regulations Governing the Setting Aside of Nuclear Insurance Liability Reserves".

The reserves excluding the reserve listed above were determined in accordance with "Regulations Governing Financial and Business Operations of Professional Reinsurance Enterprises " and "Regulations Governing the Preparation of Financial Reports by Insurance Enterprises" to calculate unearned premium reserve, claims reserve, premium deficiency reserve, liability reserve, liability adequacy reserve and other reserve of inward reinsurance business.

According to “Directions for Strengthening Special Reserve by Reinsurance Enterprises”, “Directions for Strengthening Co-insurance Reserve of Residential Earthquake Insurance” and “Regulations for Reserving Nuclear Energy Insurance Reserve by Non-Life Insurance Enterprises” dated December 28, 2012, subsequent special reserve recognized under liabilities by December 31, 2012 should still be recognized under liabilities. Starting from January 1, 2013, the additional provision for special reserve less income tax should be recognized as special reserve under equity after annual closing and should not be distributed without approval. The release of the special reserve shall be made through special reserve under liabilities first. If such reserves are insufficient for release, then the deficiency shall be released through special reserves under equity based on its net amount after tax in accordance with IAS 12.

Among the reserves above, except for unearned premium reserve for long-term fire insurance which was calculated at a rate of 7.8% based on the coefficient table of unearned premium reserve for long-term fire insurance, the other reserves were not calculated by discounting.

(21) Liability adequacy test

When the estimated future cash flow of insurance contracts recognized as insurance liability at book value is insufficient, the entire deficiency is recognized in current loss in accordance with the requirement of the Actuarial Institution of Republic of China.

(22) Employee benefits

A. Short-term employee benefits

Short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in respect of service rendered by employees in a period and should be recognized as expenses in that period when the employees render service.

B. Pensions

(a) Defined contribution plan

For defined contribution plan, the contributions are recognized as pension expenses when they are due on an accrual basis. Prepaid contributions are recognized as an asset to the extent of a cash refund or a reduction in the future payments.

(b) Defined benefit plan

i. Net obligation under a defined benefit plan is defined as the present value of an amount of pension benefits that employees will receive on retirement for their services with the Company in current period or prior periods. The liability recognized in the balance sheet in respect of defined benefit pension plan is the present value of the defined benefit obligation at the balance sheet date less the fair value of plan assets. The defined benefit net obligation is calculated annually by independent actuaries using the projected unit credit method. The rate used to discount is determined by using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension liability; when there is no deep market in high-quality corporate bonds, the Company uses interest rates of government bonds (at the balance sheet date) instead.

ii. Remeasurement arising on defined benefit plan are recognized in other comprehensive income in the period in which they arise and are recorded as retained earnings.

iii. Past service costs are recognized immediately in profit or loss.

iv. Pension cost for the interim period is calculated on a year-to-date basis by using the pension cost rate derived from the actuarial valuation at the end of the prior financial year, adjusted for significant market fluctuations since that time and for significant curtailments, settlements, or other significant one-off events. And, the related information is disclosed accordingly.

C. Employees' compensation and directors' remuneration

Employees' compensation and directors' remuneration are recognized as expenses and liabilities, provided that such recognition is required under legal or constructive obligation and those amounts can be reliably estimated. Any difference between the resolved amounts and the subsequently actual distributed amounts should be recognized in profit or loss of the following year.

(23) Income tax

A. The income tax expense (benefit) for the period comprises current and deferred income tax. Income tax is recognized in profit or loss, except to the extent that it relates to items recognized in other comprehensive income or items recognized directly in equity, in which cases the tax is recognized in other comprehensive income or equity.

B. The current income tax expense is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Company operates and generates taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in accordance with applicable tax regulations. It establishes provisions where appropriate based on the amounts expected to be paid to the tax authorities. Income tax on undistributed earnings is recorded as expense in the year when the stockholders approve to retain the earnings.

C. Deferred income tax is recognized, using the balance sheet liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the balance sheet. However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit nor loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.

D. Deferred income tax assets are recognized only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized. At each reporting period, unrecognized and recognized deferred income tax assets are reassessed.

E. Current income tax assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously. Deferred income tax assets and liabilities are offset on the balance sheet when the entity has the legally enforceable right to offset current income tax assets against current income tax liabilities and they are levied by the same taxation authority on either the same entity or different entities that intend to settle on a net basis or realize the asset and settle the liability simultaneously.

F. The interim period income tax expense is recognized based on the estimated average annual effective income tax rate expected for the full financial year applied to the pretax income of the interim period, and the related information is disclosed accordingly.

G. If a change in tax rate is enacted or substantively enacted in an interim period, the Company recognizes the effect of the change immediately in the interim period in which the change occurs. The effect of the change on items recognized outside profit or loss is recognized in other comprehensive income or equity while the effect of the change on items recognized in profit or loss is recognized in profit or loss.

(24) Dividends

Dividends are recorded in the Company's financial statements in the period in which they are approved by the Company's shareholders. Cash dividends are recorded as liabilities; stock dividends are recorded as stock dividends to be distributed and are reclassified to common stock on the effective date of new shares issuance.

(25) Reinsurance revenues

Income from reinsurance business refers to various premiums earned from reinsurance operations, including those that meet the requirements in IFRS 4 and can be recognized as income. The Company's estimates for reinsurance premium income are assessed based on estimated premiums of reinsurance contracts, information provided by ceding companies, and historical trends. Reinsurance related revenues are recognized on the accrual basis.

(26) Operating segments

Operating segments are reported in a manner consistent with the internal reporting provided to the Chief Operating Decision-Maker, who is responsible for allocating resources and assessing performance of the operating segments.

5. CRITICAL ACCOUNTING JUDGEMENTS, ESTIMATES AND KEY SOURCES OF ASSUMPTION UNCERTAINTY

The preparation of these financial statements requires management to make critical judgements in applying the Company's accounting policies and make critical assumptions and estimates concerning future events. Assumptions and estimates may differ from the actual results and are continually evaluated and adjusted based on historical experience and other factors. Such assumptions and estimates have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year. The related information is addressed below:

(1) Critical judgements in applying the Company's accounting policies

None.

(2) Critical accounting estimates and assumptions

A. Reinsurance premiums

The Company's estimated reinsurance revenue is based on the ceding company's annual forecasted reinsurance information and then the Company calculates the revenue proportion to be recognized in each quarter based on previous experience of actual statements. Thereafter, when actual statements are received each quarter, original estimates are reversed and actual statements are accrued. The reason for differences between actual statements and estimated amounts is evaluated to adjust the estimated revenues of remaining period, accordingly.

B. Claims reserve (under insurance liabilities)

Aside from statutorily required insurances, the Company estimates the ultimate loss ratio and provisions claims reserve based on assessment factors such as information provided by the ceding company, claim development factors, contract type, insurance risk characteristics, market information, and judgement for the experience of claims and underwriting. Any change in the methodology and assumptions used in calculating the ultimate loss ratio would significantly affect the amount of claims reserve. A part of claims reserve is recognized using the case-by-case estimation method for Reported-But-Not-Paid cases while the remaining is provisioned for Incurred-But-Not-Reported claims.

6. DETAILS OF SIGNIFICANT ACCOUNTS

(1) Cash and cash equivalents

	March 31, 2023	December 31, 2022	March 31, 2022
Cash:			
Petty cash	$ 128	$ 135	$ 139
Checking accounts	27,228	15,664	24,403
Demand deposits	2,864,542	4,273,319	6,592,031
Cash equivalents:			
Time deposits	15,589,978	17,564,492	13,379,846
	$ 18,481,876	$ 21,853,610	$ 19,996,419

A. The Company transacts with a variety of financial institutions all with high credit quality to disperse credit risk, so it expects that the probability of counterparty default is remote.

B. The Company has no cash and cash equivalents pledged to others.

C. Certain time deposits of the Company did not meet the definition of cash equivalents and are presented in other financial assets. Please see Note 6 (5).

(2) Accounts receivable

	March 31, 2023	December 31, 2022	March 31, 2022
Other receivables	$ 302,900	$ 424,506	$ 386,526
Less: Loss allowance	(38)	(28)	(30)
Net amount	$ 302,862	$ 424,478	$ 386,496

As of March 31, 2023, December 31, 2022 and March 31, 2022, without taking into account any collateral held or other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the accounts receivable was $302,862, $424,478 and $386,496, respectively. Information relating to credit risk and movements of loss allowance is provided in Note 13 (1).

(3) Financial assets and financial liabilities at fair value through profit or loss

	March 31, 2023	December 31, 2022	March 31, 2022
Financial assets mandatorily measured at fair value through profit or loss			
Domestic items:			
Listed and over-the-counter common stocks	$ 1,812,869	$ 940,525	$ 1,742,942
Listed and over-the-counter preferred stocks	212,232	212,232	212,232
Open-end funds	400,000	-	200,000
Index funds	929,882	496,756	400,597
Derivatives	25,724	7,025	6,968
Foreign items:			
Listed and over-the-counter common stocks	1,237,673	289,488	571,310
Open-end funds	15,405	-	-
Index funds	1,567,629	1,354,343	222,805
	6,201,414	3,300,369	3,356,854
Valuation adjustment	88,892	291,366	2,287,712
	$ 6,290,306	$ 3,591,735	$ 5,644,566

	March 31, 2023	December 31, 2022	March 31, 2022
Financial liabilities held for trading			
Domestic items:			
Derivatives	$ 99,260	$ 508,430	$ 254,380

A. The non-hedging derivative instruments transaction and contract information are as follows:

Derivative instruments	March 31, 2023 Contract amount (Notional principal)	March 31, 2023 Contract period	December 31, 2022 Contract amount (Notional principal)	December 31, 2022 Contract period
FX swap contracts	$ 9,430,936	2021.11.02~ 2024.03.27	$ 8,586,270	2021.01.04~ 2023.07.13
Forward foreign exchange contracts	880,803	2022.08.30~ 2023.09.13	922,942	2022.08.04~ 2023.09.13
Futures	-	-	237,346	2022.12.09~ 2023.01.08

Derivative instruments	March 31, 2022 Contract amount (Notional principal)	March 31, 2022 Contract period
FX swap contracts	$ 10,488,791	2020.08.24~ 2023.05.04
Forward foreign exchange contracts	989,816	2021.11.23~ 2021.11.28

Note: Contract amount is translated into thousands of New Taiwan dollars using the exchange rates prevailing at the end of the period.

(a) FX swap contracts

The Company entered into FX swap contracts with financial institutions to hedge risk on its foreign investments arising from variations in the exchange rate. However, these FX swap contracts are not accounted for under hedge accounting.

(b) Forward foreign exchange contracts

The Company entered into forward foreign exchange contracts with financial institutions to hedge risk on its foreign investments arising from variations in the exchange rate. However, these forward foreign exchange contracts are not accounted for under hedge accounting.

(c) Futures

The Company entered into futures with financial institutions to hedge risk on its investments arising from variations in stock prices. However, these futures are not accounted for under hedge accounting. As of March 31, 2023, December 31, 2022 and March 31, 2022, the related margins were $116,223, $366,665 and $171,949, respectively.

B. The Company has no financial assets at fair value through profit or loss pledged to others.

C. Information relating to credit risk of financial assets at fair value through profit or loss is provided in Note 13 (1).

D. In adopting IFRS 9 effective January 1, 2018, the Company has elected to apply overlay approach and recognized gain or loss for designated financial assets in accordance with IFRS 4.

(a) The designated financial assets applying overlay approach that are connected with insurance contracts are as follows:

	March 31, 2023	December 31, 2022	March 31, 2022
Financial assets mandatorily measured at fair value through profit or loss			
Domestic items:			
Listed and over-the-counter common stocks	$ 847,113	$ 616,735	$ 1,264,903
Listed and over-the-counter preferred stocks	212,232	212,232	212,232
Open-end funds	400,000	-	200,000
Index funds	405,738	86,919	386,114
Foreign items:			
Listed and over-the-counter common stocks	919,806	267,778	513,875
Open-end funds	15,405	-	-
Index funds	1,344,340	1,223,998	181,478
	4,144,634	2,407,662	2,758,602
Valuation adjustment	67,467	319,338	2,270,169
	$ 4,212,101	$ 2,727,000	$ 5,028,771

(b) Reclassified amounts of the designated financial assets applying overlay approach at fair value through profit and loss and fair value through comprehensive income are listed below:

	Three-month period ended March 31, 2023	Three-month period ended March 31, 2022
Gain (loss) under IFRS 9	$ 132,804	($ 189,082)
Less: (Gain) loss under IAS 39	(384,675)	(233,487)
Amount of reclassification applying overlay approach	($ 251,871)	($ 422,569)
Income tax expense on other comprehensive income	($ 5,785)	($ 8,567)

(4) Financial assets at amortized cost

	March 31, 2023	December 31, 2022	March 31, 2022
Domestic items:			
Securitized financial asset products	$ 119,199	$ 250,000	$ 250,000
Corporate bonds	775,100	775,183	1,100,582
Financial bonds	299,999	299,999	100,000
Government bonds	1,324,301	1,326,716	975,205
Foreign items:			
Securitized financial asset products	156,869	156,861	149,405
Corporate bonds	12,375,848	11,684,786	9,575,014
Financial bonds	944,844	897,562	1,803,832
Government bonds	239,867	-	-
	16,236,027	15,391,107	13,954,038
Less: Loss allowance	(4,172)	(3,928)	(4,049)
Less: Statutory deposits	(1,324,301)	(1,326,716)	(975,205)
	$ 14,907,554	$ 14,060,463	$ 12,974,784

A. Amounts recognized in profit or loss in relation to financial assets at amortized cost are listed below:

	Three-month period ended March 31, 2023	Three-month period ended March 31, 2022
Interest income	$ 112,977	$ 89,592
Impairment (loss) reversal	(244)	(330)
	$ 112,733	$ 89,262

B. As of March 31, 2023, December 31, 2022 and March 31, 2022, without taking into account any collateral held or other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the financial assets at amortized cost held by the Company was $16,231,855, $15,387,179 and $13,949,989, respectively.

C. Under the Insurance Act, the Company is required to deposit an amount equal to 15% of its paid-in capital. As of March 31, 2023, December 31, 2022 and March 31, 2022, the Company provided government bonds with a par value of $1,250,000, $1,250,000 and $900,000 as statutory deposit, respectively.

D. Information relating to credit risk of financial assets at amortized cost is provided in Note 13 (1).

(5) Other financial assets

	March 31, 2023	December 31, 2022	March 31, 2022
Time deposits	$ -	$ -	$ 1,580,618

A. As of March 31, 2023, December 31, 2022 and March 31, 2022, without taking into account any collateral held or other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the other financial assets were $0, $0 and $1,580,618, respectively.

B. The Company transacts with financial institutions all with high credit quality, so it expects that the probability of counterparty default is remote.

C. The Company has no other financial assets pledged to others.

D. Information relating to credit risk of other financial assets is provided in Note 13 (1).

(6) Structured entities

A. Information about the interests in structured entities that are not controlled by the Company is as follows:

March 31, 2023

Type of structured entities	Book value	Nature
Securitized financial asset products	$ 276,038	The risks and rewards associated with the assets of the structured entity were passed on to investors through issuing bonds.

December 31, 2022

Type of structured entities	Book value	Nature
Securitized financial asset products	$ 406,799	The risks and rewards associated with the assets of the structured entity were passed on to investors through issuing bonds.

March 31, 2022

Type of structured entities	Book value	Nature
Securitized financial asset products	$ 399,343	The risks and rewards associated with the assets of the structured entity were passed on to investors through issuing bonds.

The structured entities that are not controlled by the Company are held for the purpose of generating investment income.

B. As of March 31, 2023, December 31, 2022 and March 31, 2022, the structured entities that are not controlled by the Company are all accounted for as financial assets at amortized cost. The entity's maximum exposure is the carrying amount of assets held. The investment position is restricted by contract terms and conditions of issue and exposes the corresponding market risk. The Company has considered risk management approach of relevant market. Please see Note 13 (1).

(7) Investment property

	Land	Buildings	Total
At January 1, 2023			
Cost	$ 355,331	$ 74,739	$ 430,070
Accumulated depreciation	-	(45,450)	(45,450)
	$ 355,331	$ 29,289	$ 384,620
2023			
At January 1	$ 355,331	$ 29,289	$ 384,620
Additions-from subsequent expenditure	-	99	99
Depreciation	-	(449)	(449)
At March 31	$ 355,331	$ 28,939	$ 384,270
At March 31, 2023			
Cost	$ 355,331	$ 74,838	$ 430,169
Accumulated depreciation	-	(45,899)	(45,899)
	$ 355,331	$ 28,939	$ 384,270

	Land	Buildings	Total
At January 1, 2022			
Cost	$ 355,331	$ 74,260	$ 429,591
Accumulated depreciation	-	(43,667)	(43,667)
	$ 355,331	$ 30,593	$ 385,924
2022			
At January 1	$ 355,331	$ 30,593	$ 385,924
Depreciation	-	(445)	(445)
At March 31	$ 355,331	$ 30,148	$ 385,479
At March 31, 2022			
Cost	$ 355,331	$ 74,260	$ 429,591
Accumulated depreciation	-	(44,112)	(44,112)
	$ 355,331	$ 30,148	$ 385,479

A. Rental income from the lease of the investment property and direct operating expenses arising from the investment property are as follows:

	Three-month period ended March 31, 2023	Three-month period ended March 31, 2022
Rental revenue from the lease of the investment property	$ 5,605	$ 4,887
Direct operating expenses arising from the investment property that generated rental income in the period	506	566

The Company recognized rent income based on the operating lease agreement, which does not include variable lease payments.

B. The Company leases investment properties to others under non-cancellable operating lease agreements. Rental contracts are typically made for periods between 1 and 3 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose covenants, but leased assets may not be used as security for borrowing purposes, or a residual value guarantee was required. The maturity analysis of the lease payments under the operating leases is as follows:

	March 31, 2023	December 31, 2022	March 31, 2022
2022	$ -	$ -	$ 14,335
2023	14,830	17,158	12,757
2024	7,788	5,433	2,150
2025	449	-	-
	$ 23,067	$ 22,591	$ 29,242

C. The fair values of the investment property held by the Company were estimated by an accredited external independent appraiser under "Regulations on Real Estate Appraisal" using valuation techniques of both the income approach and comparison approach, based on observable active market prices and the characteristics, locations and conditions of each asset on the measurement date–December 31, 2022 and 2021. The fair values of the investment property as at the aforementioned measurement dates were $1,079,426 and $1,031,859, respectively, which is categorized as Level 3 within the fair value hierarchy. Key assumptions of the income approach are as follows:

	December 31, 2022	December 31, 2021
Capitalization rate	1.30%~1.52%	1.25%~1.50%

In accordance with the "Regulations Governing the Preparation of Financial Reports by Insurance Enterprises", the Company is required to review the validity of the fair value at the balance sheet date. Thus, the Company obtained the review reports as of March 31, 2023 and 2022, issued by an independent appraiser. The market price had no significant changes based on the independent appraiser's assessment.

D. The above assets were not pledged to others as collateral.

(8) Reinsurance contract assets and insurance liabilities

A. Details of reinsurance contract assets are as follows:

	March 31, 2023	December 31, 2022	March 31, 2022
Due from reinsurers and ceding companies	$ 5,649,600	$ 4,455,286	$ 5,475,247
Due from reinsurers and ceding companies-overdue	25,704	25,674	43,701
Reinsurance reserve assets			
Ceded unearned premium reserve	584,557	357,131	585,785
Ceded claims reserve	1,470,630	1,517,405	2,085,985
Ceded liability reserve	361,910	362,447	384,508
Ceded premium deficiency reserve	4,585	2,214	1,968
	8,096,986	6,720,157	8,577,194
Less: Loss allowance-Due from reinsurers and ceding companies	(19,306)	(20,117)	(24,256)
	$ 8,077,680	$ 6,700,040	$ 8,552,938

(a) The credit quality information of reinsurance contract assets that are neither past due nor impaired is as follows, and the evaluation of credit rating was conducted according to the ultimate reinsurers:

	March 31, 2023	December 31, 2022	March 31, 2022
Group 1	$ 22,638	$ 27,991	$ 15,015
Group 2	850,877	718,448	987,974
Group 3	5,995,459	4,759,416	6,287,317
Group 4	191,875	194,044	154,049
Group 5	18,685	7,352	18,688
Group 6	775,533	659,656	805,939
	$ 7,855,067	$ 6,366,907	$ 8,268,982

Group 1: S&P AAA or equivalents.
Group 2: Over S&P AA- or equivalents.
Group 3: Over S&P A- or equivalents.
Group 4: Over S&P BBB- or equivalents.
Group 5: Under S&P BBB- or equivalents.
Group 6: Without credit rating etc.

(b) The balances and ageing analysis of reinsurance contract assets that were past due but not impaired and impaired are as follows:

	March 31, 2023	December 31, 2022	March 31, 2022
Over one month, under three months	$ 68,640	$ 218,188	$ 195,009
Over three months, under six months	65,296	102,529	66,970
Over six months, under nine months	95,578	4,499	18,297
Over nine months	12,405	28,034	27,936
	$ 241,919	$ 353,250	$ 308,212

i. The ages of due from reinsurance and ceding companies, except for the estimated reinsurance receivables or payables on closing date, are classified by its booking date.

ii. The overdue amounts due from reinsurance and ceding companies above indicate the ultimate reinsurers that were due but not paid and were transferred to overdue accounts in nine months after they became due.

(c) Movement analysis on the Company's provision for impairment of reinsurance contract assets is as follows:

	2023	2022
At January 1	$ 20,117	$ 21,866
Provision of loss allowance	-	2,390
Recovery of loss allowance	(811)	-
At March 31	$ 19,306	$ 24,256

(d) The Company does not hold any collateral as security.

B. Details of insurance liabilities are as follows:

	March 31, 2023	December 31, 2022	March 31, 2022
Unearned premium reserve	$ 7,891,336	$ 6,927,049	$ 7,664,007
Claims reserve	21,844,230	21,708,587	21,718,250
Liability reserve	361,910	362,447	384,508
Special reserve	2,839,320	2,909,547	3,547,358
Premium deficiency reserve	52,204	57,789	51,007
	$ 32,989,000	$ 31,965,419	$ 33,365,130

C. Movements of ceded unearned premium reserve and unearned premium reserve are as follows:

	2023	2022
Ceded unearned premium reserve		
At January 1	$ 357,131	$ 428,334
Provision	584,304	585,563
Recovery	(356,736)	(428,790)
Exchange differences on translation of foreign financial statements	(142)	678
At March 31	$ 584,557	$ 585,785

	2023	2022
Unearned premium reserve		
At January 1	$ 6,927,049	$ 7,272,590
Provision	7,887,583	7,660,222
Recovery	(6,921,201)	(7,280,429)
Exchange differences on translation of foreign financial statements	(2,095)	11,624
At March 31	$ 7,891,336	$ 7,664,007

D. Details and movements of ceded claims reserve and claims reserve are as follows:

	March 31, 2023	December 31, 2022	March 31, 2022
Ceded claims reserve			
Outstanding losses	$ 966,365	$ 1,058,720	$ 937,861
Incurred but not reported losses	504,265	458,685	1,148,124
	$ 1,470,630	$ 1,517,405	$ 2,085,985

	March 31, 2023	December 31, 2022	March 31, 2022
Claims reserve			
Outstanding losses	$ 10,297,030	$ 9,882,356	$ 8,119,541
Incurred but not reported losses	11,547,200	11,826,231	13,598,709
	$ 21,844,230	$ 21,708,587	$ 21,718,250

	2023	2022
Ceded claims reserve		
At January 1	$ 1,517,405	$ 1,645,861
Provision	1,470,630	2,085,985
Recovery	(1,517,405)	(1,645,861)
At March 31	$ 1,470,630	$ 2,085,985

	2023	2022
Claims reserve		
At January 1	$ 21,708,587	$ 20,436,561
Provision	21,844,230	21,718,250
Recovery	(21,708,587)	(20,436,561)
At March 31	$ 21,844,230	$ 21,718,250

E. Movements of ceded liability reserve and liability reserve are as follows:

	2023				2022			
	Foreign currency amount (in thousands)	Currency	Exchange rate	NTD (in thousands)	Foreign currency amount (in thousands)	Currency	Exchange rate	NTD (in thousands)
Ceded liability reserve								
At January 1	$ 82,193	CNY	4.410	$ 362,447	$ 86,252	CNY	4.346	$ 374,854
Provision	399			3,592	429			15,634
Recovery	(933)			(4,129)	(1,361)			(5,980)
At March 31	$ 81,659	CNY	4.432	$ 361,910	$ 85,320	CNY	4.507	$ 384,508

	2023				2022			
	Foreign currency amount (in thousands)	Currency	Exchange rate	NTD (in thousands)	Foreign currency amount (in thousands)	Currency	Exchange rate	NTD (in thousands)
Liability reserve								
At January 1	$ 82,193	CNY	4.410	$ 362,447	$ 86,252	CNY	4.346	$ 374,854
Provision	399			3,592	429			15,634
Recovery	(933)			(4,129)	(1,361)			(5,980)
At March 31	$ 81,659	CNY	4.432	$ 361,910	$ 85,320	CNY	4.507	$ 384,508

The provisions above include the effects of foreign exchange gains and losses.

F. Special reserves

(a) Details of special reserves are as follows:

	March 31, 2023	December 31, 2022	March 31, 2022
Special reserve for statutory insurance	$ 1,201,820	$ 1,108,472	$ 966,280
Reserve for fluctuation of risk	1,637,500	1,637,500	2,055,296
Reserve for extraordinary business losses	-	163,575	525,782
	$ 2,839,320	$ 2,909,547	$ 3,547,358

(b) Movement of special reserves is as follows:

	2023	2022
At January 1	$ 2,909,547	$ 3,553,802
Provision	93,348	-
Recovery	(163,575)	(6,444)
At March 31	$ 2,839,320	$ 3,547,358

(c) According to Jin-Kuan-Bao-Tsai Order No. 10102517491, "Directions for Strengthening Special Reserve by Reinsurance Enterprises", Jin-Kuan-Bao-Chan Order No. 10102531541, "Directions for Strengthening Co-insurance Reserve of Residential Earthquake Insurance" and Jin-Kuan-Bao-Tsai Order No. 10102517091, "Regulations for Reserving Nuclear Energy Insurance Reserve by Non-Life Insurance Enterprises" dated December 28, 2012, the Company's accounts applicable or not applicable for the reserve for the three-month periods ended March 31, 2023 and 2022 are as follows:

	Three-month period ended March 31, 2023			
	Net income	Earnings per share (in dollars)	Total liabilities	Total equity
Applicable	$ 651,978	$ 0.81	$ 34,082,301	$ 17,370,919
Not applicable	521,118	0.65	32,619,832	18,833,388
Effect	($ 130,860)	($ 0.16)	($ 1,462,469)	$ 1,462,469

	Three-month period ended March 31, 2022			
	Net income	Earnings per share (in dollars)	Total liabilities	Total equity
Applicable	$ 632,668	$ 1.07	$ 34,913,719	$ 16,831,851
Not applicable	632,668	1.07	32,696,389	19,049,181
Effect	$ -	$ -	($ 2,217,330)	$ 2,217,330

G. Movements of ceded premium deficiency reserve and premium deficiency reserve are as follows:

	2023	2022
Ceded premium deficiency reserve		
At January 1	$ 2,214	$ 3,844
Provision	4,585	1,968
Recovery	(2,214)	(3,844)
At March 31	$ 4,585	$ 1,968

	2023	2022
Premium deficiency reserve		
At January 1	$ 57,789	$ 62,397
Provision	52,204	51,007
Recovery	(57,789)	(62,397)
At March 31	$ 52,204	$ 51,007

H. The Company’s future cash flows of insurance liabilities (excluding special reserve) are as follows:

March 31, 2023	Due in one year	Due after one year	Total
Insurance liabilities			
Unearned premium reserve	$ 3,837,582	$ 2,427,858	$ 6,265,440
Claims reserve	12,016,653	7,602,372	19,619,025
Liability reserve	-	361,910	361,910
Premium deficiency reserve	31,975	20,229	52,204

Note: Insurance liabilities exclude statutory insurance (total amount of compulsory automobile liability insurance, residential earthquake insurance and nuclear insurance is $3,851,101).

December 31, 2022	Due in one year	Due after one year	Total
Insurance liabilities			
Unearned premium reserve	$ 3,244,035	$ 2,058,408	$ 5,302,443
Claims reserve	11,907,160	7,555,344	19,462,504
Liability reserve	-	362,447	362,447
Premium deficiency reserve	35,355	22,434	57,789

Note: Insurance liabilities exclude statutory insurance (total amount of compulsory automobile liability insurance, residential earthquake insurance and nuclear insurance is $3,870,689).

March 31, 2022	Due in one year	Due after one year	Total
Insurance liabilities			
Unearned premium reserve	$ 3,709,602	$ 2,353,820	$ 6,063,422
Claims reserve	11,930,380	7,570,077	19,500,457
Liability reserve	-	384,508	384,508
Premium deficiency reserve	31,206	19,801	51,007

Note: Insurance liabilities exclude statutory insurance (total amount of compulsory automobile liability insurance, residential earthquake insurance and nuclear insurance is $ 3,818,378).

(9) Reserves for unqualified reinsurance

A. Summary of unqualified reinsurance contracts are set forth as follows:

The Company entered into contracts with insurance companies and insurance brokers as follows: The scope of reinsurance is the same as the Company's insurance contracts.

Insurance companies / Insurance brokers	Type of contract
MILLI REASURANS T. A. S. SINGAPORE BRANCH	Fire insurance, engineering insurance, marine hull insurance and marine cargo insurance
BEST RE (L) LIMITED	Fire insurance and casualty insurance
WILSON RE LIMITED	Casualty insurance
M.B. BODA REINSURANCE BROKERS PVT. LTD.	Fire insurance
COSMOS SERVICES CO., LTD.	Fire insurance
INTERLINK INSURANCE & REINSURANCE BROKERS PVT. LTD.	Fire insurance
J B BODA INSURANCE SERVICES (L) BHD	Fire insurance
GUY CARPENTER & COMPANY LTD.	Fire insurance and automobile insurance

B. As of March 31, 2023, December 31, 2022 and March 31, 2022, the Company's unqualified reinsurance premiums ceded were $0, $0 and $4, respectively.

C. Reserve for unqualified reinsurance as of March 31, 2023, December 31, 2022 and March 31, 2022 were as follows:

	March 31, 2023	December 31, 2022	March 31, 2022
Ceded claims reserve	$ 24	$ 24	$ 40

(10) Offsetting financial assets and financial liabilities

A. The Company has derivative assets that do not meet the offsetting criteria in paragraph 42 of IAS 32. However, the Company has transactions that are or are similar to net settled master netting arrangements. If one party breaches the contract (in the case of default and insolvency or bankruptcy), the counterparty can choose to use net settlement. The related amount of offsetting shall not exceed the gross amounts of recognized financial assets and liabilities.

B. The related information of financial assets and financial liabilities that can be settled under agreements of net settled master netting arrangements or similar arrangements are as follows:

(a) Financial assets

Description	Gross amounts of recognized financial assets	Financial instruments not set off in the balance sheet	Net amount
March 31, 2023			
Derivatives	$ 25,724	$ 25,724	$ -
December 31, 2022			
Derivatives	$ 7,025	$ 7,025	$ -
March 31, 2022			
Derivatives	$ 6,968	$ 6,968	$ -

Note: The above-mentioned items are all accounted as financial assets at fair value through profit or loss.

(b) Financial liabilities

Description	Gross amounts of recognized financial liabilities	Financial instruments not set off in the balance sheet	Net amount
March 31, 2023			
Derivatives	$ 99,260	$ 25,724	$ 73,536
December 31, 2022			
Derivatives	$ 508,430	$ 7,025	$ 501,405
March 31, 2022			
Derivatives	$ 254,380	$ 6,968	$ 247,412

Note: The above-mentioned items are all accounted as financial liabilities at fair value through profit or loss.

(11) Property and equipment

	Land	Buildings	Computer equipment	Transportation equipment	Miscellaneous equipment	Prepayments for equipment	Total
At January 1, 2023							
Cost	$ 237,071	$ 110,147	$ 41,341	$ 4,861	$ 4,974	$ 6,060	$ 404,454
Accumulated depreciation	-	(95,605)	(25,008)	(4,861)	(3,252)	-	(128,726)
	$ 237,071	$ 14,542	$ 16,333	$ -	$ 1,722	$ 6,060	$ 275,728
2023							
At January 1	$ 237,071	$ 14,542	$ 16,333	$ -	$ 1,722	$ 6,060	$ 275,728
Additions	-	6,067	1,061	-	1,505	4,895	13,528
Transferred from prepayments for equipment	-	10,955	-	-	-	(10,955)	-
Depreciation	-	(815)	(1,248)	-	(147)	-	(2,210)
At March 31	$ 237,071	$ 30,749	$ 16,146	$ -	$ 3,080	$ -	$ 287,046
At March 31, 2023							
Cost	$ 237,071	$ 127,169	$ 42,402	$ 4,861	$ 6,479	$ -	$ 417,982
Accumulated depreciation	-	(96,420)	(26,256)	(4,861)	(3,399)	-	(130,936)
	$ 237,071	$ 30,749	$ 16,146	$ -	$ 3,080	$ -	$ 287,046

	Land	Buildings	Computer equipment	Transportation equipment	Miscellaneous equipment	Prepayments for equipment	Total
At January 1, 2022							
Cost	$ 237,071	$ 109,793	$ 36,209	$ 4,861	$ 4,246	$ -	$ 392,180
Accumulated depreciation	-	(93,168)	(22,676)	(4,861)	(2,921)	-	(123,626)
	$ 237,071	$ 16,625	$ 13,533	$ -	$ 1,325	$ -	$ 268,554
2022							
At January 1	$ 237,071	$ 16,625	$ 13,533	$ -	$ 1,325	$ -	$ 268,554
Additions	-	-	-	-	-	90	90
Depreciation	-	(606)	(1,055)	-	(86)	-	(1,747)
At March 31	$ 237,071	$ 16,019	$ 12,478	$ -	$ 1,239	$ 90	$ 266,897
At March 31, 2022							
Cost	$ 237,071	$ 109,793	$ 36,209	$ 4,861	$ 4,246	$ 90	$ 392,270
Accumulated depreciation	-	(93,774)	(23,731)	(4,861)	(3,007)	-	(125,373)
	$ 237,071	$ 16,019	$ 12,478	$ -	$ 1,239	$ 90	$ 266,897

The above assets were not pledged to others as collateral.

(12) Accounts payable

	March 31, 2023	December 31, 2022	March 31, 2022
Notes payable	$ 924	$ 2,110	$ -
Due to reinsurers and ceding companies	326,655	322,929	600,072
Other payables	333,262	264,354	151,580
	$ 660,841	$ 589,393	$ 751,652

(13) Employee benefits

A. Defined benefit obligation

(a) The Company has established a defined benefit pension plan in accordance with the Labor Standards Act. Under the defined benefit pension plan, two units are accrued for each year of service for the first 15 years and one un.it for each additional year thereafter, subject to a maximum of 45 units. Pension benefits are based on the number of units accrued and the average monthly salaries and wages of the last 6 months prior to retirement. The Company contributes monthly an amount equal to 2% of the employees' monthly salaries and wages to the retirement fund deposited with Bank of Taiwan, the trustee, under the name of the independent retirement fund committee. Also, the Company would assess the balance in the aforementioned labor pension reserve account by the end of December 31, every year. If the account balance is insufficient to pay the pension calculated by the aforementioned method, to the employees expected to be qualified for retirement next year, the Company will make contributions to cover the deficit once or in installments.

(b) For the aforementioned pension plan, the Company recognized pension costs of ($16) and $84 for the three-month periods ended March 31, 2023 and 2022, respectively.

(c) Expected contributions to the defined benefit pension plans of the Company for the year ended December 31, 2023 amount to $750.

B. Defined contribution plan

(a) Effective July 1, 2005, the Company has established a defined contribution pension plan (the "New Plan") under the Labor Pension Act (the "Act"). Under the New Plan, the Company contributes monthly an amount based on 6% of the employees' monthly salaries and wages to the employees' individual pension accounts at the Bureau of Labor Insurance. The benefits accrued are paid monthly or in lump sum upon termination of employment.

(b) The pension costs under the above-mentioned pension plan of the Company for the three-month periods ended March 31, 2023 and 2022 were $2,399 and $2,178, respectively.

(14) Share-based payment

The subscription price of the Company's cash capital increase reserved for employee preemption for the year ended December 31, 2022 was $15.8 (in dollars). The employees' compensation cost of share-based payment arising from the cash capital increase reserved for employee preemption was $42,000 and recognised as capital surplus. Details of the share-based payment transactions are as follows:

	Cash capital increase reserved for employee preemption
Grant date	2022/10/31
Quantity granted	21,000,000 shares
Employee granted	Employees that are in service on 2022/11/13
Vesting conditions	Vested immediately

(15) Common stock

As of March 31, 2023, December 31, 2022 and March 31, 2022, the Company's authorized capital were $10,000,000, $10,000,000 and $6,000,000, respectively, and the paid-in capital were $8,003,888, $8,003,888 and $5,903,888, respectively, with a par value of $10 (in dollars) per share.

On August 10, 2022, the special shareholders' meeting approved the amendment of the Company's Articles of Incorporation to increase the Company's authorized capital from $6,000,000 to $10,000,000, and the Board of Directors approved the issuance of 210,000,000 new shares through cash capital increase on the same day；the cash capital increase was approved through Jin-Kuan-Zheng-Fa Letter No. 1110359013 on October 19, 2022.

The proposal of cash capital increase has been reported and become effective on December 23, 2022. The amount of shares was $3,318,000. All proceeds from share issuance was completed on February 3, 2023.

(16) Capital reserve

Pursuant to the R.O.C. Company Act, capital surplus arising from paid-in capital in excess of par value on issuance of common stocks and donations can be used to cover accumulated deficit or to issue new stocks or cash to shareholders in proportion to their share ownership, provided that the Company has no accumulated deficit. Further, the R.O.C. Securities and Exchange Act requires that the amount of capital surplus to be capitalized mentioned above should not exceed 10% of the paid-in capital each year. Capital surplus should not be used to cover accumulated deficit unless the legal reserve is insufficient. However, according to Jin-Kuan-Bao-Tsai Letter No. 10202501991, for the purpose of strengthening the solvency and operation, insurance companies having no deficit should submit relevant documents demonstrating the financial soundness and steady operation of their companies to FSC for approval before the stockholders' meeting if they propose to use legal reserve provided under Article 145-1 of Insurance Act and capital surplus to issue cash to shareholders in proportion to their share ownership in accordance with Article 241 of the R.O.C. Company Act.

For the equity-settled share-based payment arrangements, the employee services received are measured at the fair value of the equity instruments granted at the grant date, and are recognized as compensation cost over the vesting period, with a corresponding adjustment to capital reserve.

(17) Retained earnings

A. Limitation on distribution of retained earnings and dividend policy

Under the Company's Articles of Incorporation, the current year's earnings, if any, shall first be used to pay all taxes and offset prior years' operating losses and then 20% of the remaining amount shall be set aside as legal reserve. Afterwards, the Company shall recognize or reverse special reserve in accordance with regulations, and accumulated unappropriated earnings of the prior period. Appropriation of the remainder shall be proposed by the Board of Directors and resolved by the stockholders.

Shareholders' dividend may be distributed either all in cash, or in the combination of cash and stocks, with the cash dividend not less than 50% of the total amount of distribution.

Pursuant to Article 145-1 of R.O.C. Insurance Act, after paying all taxes, an insurance enterprise preparing to distribute earnings shall first set aside 20 percent to legal reserves; provided that this requirement does not apply where legal reserves reach to the enterprise's authorized capital. Except for covering accumulated deficit or issuing new stocks or cash to shareholders in proportion to their share ownership, the legal reserve shall not be used for any other purpose. The use of legal reserve for the issuance of stocks or cash to shareholders in proportion to their share ownership is permitted, provided that the distribution of the reserve is limited to the portion in excess of 25% of the Company’s paid-in capital. In addition, procedures for those requiring approval from competent authorities to use legal reserve for issuance of cash in accordance with Jin-Kuan-Bao-Tsai Letter No. 10202501991 are set out in Note 6 (16).

B. Special reserve

	March 31, 2023	December 31, 2022	March 31, 2022
Special reserve	$ 3,921,030	$ 3,921,030	$ 3,145,711
Unrealized revaluation increment	126,557	126,557	126,557
Employees' education and training	16,027	16,027	16,027
	$ 4,063,614	$ 4,063,614	$ 3,288,295

(a) For the year 2022, the provision for special reserve amounting to $775,319 had been recognized as special reserve under equity upon annual resolution and is not available for distribution.

(b) The amounts previously set aside by the Company as special reserve in accordance with Jin-Kuan-Bao-Tsai Order No. 11004920441, dated June 11, 2021, shall be reversed proportionately when the relevant assets are used, disposed of or reclassified subsequently. The Company had transferred the amount of $126,557 of unrealized gain from real estate value-added to special reserve under equity.

(c) In accordance with the regulations of Jin-Kuan-Bao-Tsai Order No. 10502066461 promulgated on July 13, 2016, upon appropriating the earnings of 2016 through 2018, the Company shall provision 0.5% of income after tax as special reserve. And starting from the subsequent year of the provision of such special reserve, special reserve as mentioned above may be reversed in an amount equal to expenditures that were for employees’ education and training and for the protection of employees’ interest. However, the above-mentioned order was repealed by Jin-Kuan-Bao-Tsai Order No. 10804932431 on July 30, 2019, resulting in the Company no longer having to provide special reserve starting 2019. The remaining special reserve as mentioned above may be reversed in an amount equal to expenditures that were for employees’ education and training and for the protection of employees’ interest. The Company had transferred the amount of $16,027 for expenditures that were for employees’ education and training and for the protection of employees’ interest to special reserve under equity.

C. On May 27, 2022, the distribution of earnings for 2021 as resolved by the stockholders was $1,062,700 (cash dividends of $1.8 (in dollars) per share). On March 8, 2023, the Board of Directors proposed that the Company will not appropriate shareholders' bonus in 2022, but instead cover the accumulated deficit using legal reserve amounting to $164,211.

Proposal for the year 2022 loss restitution has not yet been ratified at the stockholders’ meeting as of the reporting date.

Detailed information on earnings appropriation resolved by the Board of Directors and ratified at the stockholders’ meeting is posted in the “Market Observation Post System” at the website of the Taiwan Stock Exchange.

D. For information relating to employees’ compensation and directors’ remuneration, please see Note 6 (19).

(18) Income tax

A. Components of income tax expense:

	Three-month period ended March 31, 2023	Three-month period ended March 31, 2022
Current income tax:		
Current income tax on profits for the period	$ 41,416	$ 76,127
Deferred income tax:		
Origination and reversal of temporary difference	71,285	29,391
Income tax expense	$ 112,701	$ 105,518

B. The income tax relating to components of other comprehensive income are as follows:

	Three-month period ended March 31, 2023	Three-month period ended March 31, 2022
Exchange differences on translation of foreign financial statements	($ 5,287)	$ 19,477
Other comprehensive income upon reclassification of applying overlay approach	5,785	8,567
	$ 498	$ 28,044

C. The Company's income tax returns have been assessed and approved by the Tax Authority up to 2020.

(19) Employee benefits expense, depreciation and amortization

Employee benefits expense, depreciation and amortization by function are as follows:

Function / Expense	Three-month period ended March 31, 2023		Three-month period ended March 31, 2022	
	Operating Costs	Operating Expenses	Operating Costs	Operating Expenses
Employee benefits expense	$ -	$ 78,186	$ -	$ 61,386
Salaries	-	67,206	-	49,919
Employees' insurance	-	4,890	-	5,866
Pension	-	2,383	-	2,262
Other employee benefits expense (Note 1)	-	3,707	-	3,339
Depreciation (Note 2)	449	2,346	445	1,864
Amortization	-	4,077	-	1,009

Note 1:Other employee benefits expense include employees' welfare and training expenses.

Note 2:The depreciation, which is classified as operating cost, is accounted for as deduction to gain on investment property.

A. As of March 31, 2023, and 2022, the average numbers of employees were 174 and 159, respectively.

B. According to the Company's Articles of Incorporation, after covering accumulated deficits with current year earnings, the remainder, if any, shall provision employees' compensation of no less than 0.5% and directors' remunerations of no more than 1%.

C. The Company's estimated employees' compensation of $7,502 and $6,790 for the three-month periods ended March 31, 2023 and 2022, respectively, were determined from earnings and the distribution in the past on a pro-rata basis, which fell within the scope of the Company's Articles of Incorporation's requirements. The Company's estimated directors' remuneration were both $1,213 for the three-month periods ended March 31, 2023 and 2022. The estimates, which were within the scope of the Company's Articles of Incorporation's requirements, were determined from earnings and the past distribution experiences during the tenure of directors. The aforementioned amounts were recognized in salary expense.

The 2022 employees' compensation of $754 and directors' remuneration of $240 as approved by the Board of Directors of the Company were in agreement with the amounts recognized in the 2022 financial statements, and employees' compensation and directors remuneration are distributed in the form of cash.

Information about the appropriation of employees' compensation and directors' remuneration by the Company as resolved by the Board of Directors will be posted in the "Market Observation Post System" at the website of the Taiwan Stock Exchange.

7. RELATED PARTY TRANSACTIONS

(1) Names of related parties and their relationship with the Company

Names of related parties	Relationship with the Company
Evergreen International Corporation	Parent company
Evergreen Insurance Company Limited	Other related parties
Evergreen Marine Corporation	Other related parties
Directors, general managers, vice general managers, etc.	Key management of the Company

(2) Significant related party transactions and balances

A. Due from reinsurers and ceding companies (shown under reinsurance contract assets)

	March 31, 2023	December 31, 2022	March 31, 2022
Other related parties	$ 204	$ 203	$ 825

B. Other payables (shown under accounts payable)

	March 31, 2023	December 31, 2022	March 31, 2022
Parent	$ 512	$ 650	$ 512
Other related parties	-	-	6
	$ 512	$ 650	$ 518

C. Operating revenues and operating costs

	Three-month period ended March 31, 2023	Three-month period ended March 31, 2022
Other related parties		
Gross premiums written	$ 6,357	$ 5,303
Reinsurance premiums ceded	(1)	6
Reinsurance commission expenses	529	148
Reinsurance claims paid	2,094	2,575
Reinsurance claims recovery	-	(1)

D. Operating expenses

	Three-month period ended March 31, 2023	Three-month period ended March 31, 2022
Parent		
System service charge, fees paid to stock transfer agent and printing expenses, etc.	$ 1,831	$ 1,804
Rent expense (Note)	-	214
Other related parties		
Service fees-Others	-	18
	$ 1,831	$ 2,036

Note：The Company leased the building from the parent company in 2022, and the lease contract period is 3.5 months. Rents are calculated per square meter and paid by the end of each month.

The differences of prices and conditions between related parties and non-related parties were not significant.

(3) Key management compensation

	Three-month period ended March 31, 2023	Three-month period ended March 31, 2022
Salaries and other short-term employee benefits	$ 9,586	$ 7,638
Post-employment benefits	107	118
	$ 9,693	$ 7,756

8. PLEDGED ASSETS

Please see Note 6 (4).

9. COMMITMENTS

None.

10. SIGNIFICANT ACCIDENTAL LOSS

None.

11. SIGNIFICANT SUBSEQUENT EVENTS

None.

12. OTHERS

(1) Fair value information

A. The fair value of the Company’s financial instruments not measured at fair value is provided in Note 12 (1) G. The fair value of the Company’s investment property measured at cost model is provided in Note 6 (7).

B. The different levels that the inputs to valuation techniques are used to measure fair value of financial instruments have been defined as follows:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date. A market is regarded as active where a market in which transactions for the asset or liability takes place with sufficient frequency and volume to provide pricing information on an on-going basis. The fair value of the

Company’s investment in listed and over-the-counter stocks and beneficiary certificates is included in Level 1.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. The fair value of the Company’s investment in off-the-run government bonds, corporate bonds, financial bonds and derivative instruments is included in Level 2.

Level 3: Unobservable inputs for the asset or liability. The fair value of the Company’s investment in part of investments in debt instrument without active market, unlisted stocks and investment property is included in Level 3.

C. The related information of financial instruments measured at fair value by level on the basis of the nature, characteristics and risks of the assets and liabilities As of March 31, 2023, December 31, 2022 and March 31, 2022 is as follows:

March 31, 2023	Level 1	Level 2	Level 3	Total
Non-derivatives				
Assets				
Recurring fair value measurements				
Financial assets at fair value through profit or loss				
Financial assets mandatorily measured at fair value through profit or loss				
Listed and over-the-counter common stocks	$ 3,159,785	$ -	$ -	$ 3,159,785
Listed and over-the-counter preferred stocks	-	222,420	-	222,420
Index funds	2,461,980	-	-	2,461,980
Open-end funds	420,397	-	-	420,397
Derivatives				
Assets				
Recurring fair value measurements				
Financial assets at fair value through profit or loss				
FX swap contracts	$ -	$ 18,860	$ -	$ 18,860
Forward foreign exchange contracts	-	6,864	-	6,864
Liabilities				
Recurring fair value measurements				
Financial liabilities at fair value through profit or loss				
FX swap contracts	$ -	$ 96,426	$ -	$ 96,426
Forward foreign exchange contracts	-	2,834	-	2,834

December 31, 2022	Level 1	Level 2	Level 3	Total
Non-derivatives				
Assets				
Recurring fair value measurements				
Financial assets at fair value through profit or loss				
Financial assets mandatorily measured at fair value through profit or loss				
Listed and over-the-counter common stocks	$ 1,538,794	$ -	$ -	$ 1,538,794
Listed and over-the-counter preferred stocks	-	221,128	-	221,128
Index funds	1,824,788	-	-	1,824,788
Derivatives				
Assets				
Recurring fair value measurements				
Financial assets at fair value through profit or loss				
FX swap contracts	$ -	$ 420	$ -	$ 420
Forward foreign exchange contracts	-	6,064	-	6,064
Futures	-	541	-	541
Liabilities				
Recurring fair value measurements				
Financial liabilities at fair value through profit or loss				
FX swap contracts	$ -	$ 501,248	$ -	$ 501,248
Forward foreign exchange contracts	-	1,222	-	1,222
Futures	-	5,960	-	5,960

March 31, 2022	Level 1	Level 2	Level 3	Total
Non-derivatives				
Assets				
Recurring fair value measurements				
Financial assets at fair value through profit or loss				
Financial assets mandatorily measured at fair value through profit or loss				
Listed and over-the-counter common stocks	$ 4,604,573	$ -	$ -	$ 4,604,573
Listed and over-the-counter preferred stocks	-	233,365	-	233,365
Index funds	612,442	-	-	612,442
Open-end funds	187,218	-	-	187,218
Derivatives				
Assets				
Recurring fair value measurements				
Financial assets at fair value through profit or loss				
FX swap contracts	$ -	$ 6,766	$ -	$ 6,766
Forward foreign exchange contracts	-	202	-	202
Liabilities				
Recurring fair value measurements				
Financial liabilities at fair value through profit or loss				
FX swap contracts	$ -	$ 232,757	$ -	$ 232,757
Forward foreign exchange contracts	-	21,623	-	21,623

D. The methods and assumptions the Company used to measure fair value are as follows:

(a) The instruments the Company used market quoted prices as their fair values (that is, Level 1) are listed below by characteristics:

Listed shares	Index funds	Open-end funds
Closing price	Closing price	Net asset value

(b) Except for financial instruments with active markets, the fair value of other financial instruments is measured by using valuation techniques or by reference to counterparty quotes. The fair value of financial instruments measured by using valuation techniques method can be referred to current fair value of instruments with similar terms and characteristics in substance, discounted cash flow method or other valuation methods, including calculated by applying model using market information available at the balance sheet date (i.e. yield curves on the Taipei Exchange, average commercial paper interest rates quoted from Reuters).

(c) When assessing non-standard and low-complexity financial instruments, for example, debt instruments without active market and swap contracts, the Company adopts valuation technique that is widely used by market participants. The inputs used in the valuation method to measure these financial instruments are normally observable in the market.

(d) The valuation of derivatives is based on valuation model widely accepted by market participants, such as present value techniques. Forward exchange contracts are usually valued based on the current forward exchange rate.

(e) The output of valuation model is an estimated value and the valuation technique may not be able to capture all relevant factors of the Company's financial instruments. Therefore, the estimated value derived using valuation model is adjusted accordingly with additional inputs, for example, model risk or liquidity risk and etc. In accordance with the Company's management policies and relevant control procedures relating to the valuation models used for fair value measurement, management believes adjustment to valuation is necessary in order to reasonably represent the fair value of financial instruments at the balance sheet. The inputs and pricing information used during valuation are carefully assessed and adjusted based on current market conditions.

(f) The Company takes into account adjustments for credit risks to measure the fair value of financial instruments to reflect credit risk of the counterparty and the Company's credit quality.

E. For the three-month periods ended March 31, 2023 and 2022, there were no transfer between Level 1 and Level 2.

F. The unlisted stocks held by the Company became listed stocks on January 3, 2022, amounting to \$2,798,704. As of March 31, 2023, December 31, 2022 and March 31, 2022, the Company does not hold any financial asset with Level 3 fair value measurement.

G. Fair value of the financial instruments not measured at fair value

Except for the following financial instruments below and investment property, the carrying amounts of the Company's financial instruments not measured at fair value (including cash and cash equivalents, accounts receivable, other financial assets and accounts payable) are approximate to their fair values.

	March 31, 2023				December 31, 2022			
		Fair value				Fair value		
	Book value	Level 1	Level 2	Level 3	Book value	Level 1	Level 2	Level 3
Financial assets								
Financial assets at amortized cost	$ 16,231,855	$ -	$ 15,371,070	$ -	$ 15,387,179	$ -	$ 14,282,182	$ -

	March 31, 2022			
		Fair value		
	Book value	Level 1	Level 2	Level 3
Financial assets				
Financial assets at amortized cost	$ 13,949,989	$ -	$ 13,673,102	$ -

The different levels that the inputs to valuation techniques are used to measure fair value of financial instruments have been defined in Note 12 (1) B, and the methods and assumptions are as follows:

If recent transaction prices or market maker quotes are available, the fair value is based on such information. If there is no quoted market price available, the fair value is determined by using valuation techniques and calculated as the present value of the estimated cash flows.

(2) Assets and liabilities recoverable or payable within or over 12 months from the reporting date are as follows:

	March 31, 2023			December 31, 2022		
		Within	Over		Within	Over
Assets	Book value	12 months	12 months	Book value	12 months	12 months
Cash and cash equivalents	$ 18,481,876	$ 18,481,876	$ -	$ 21,853,610	$ 21,853,610	$ -
Accounts receivable	302,862	302,862	-	424,478	424,478	-
Current income tax assets	18,217	-	18,217	18,217	-	18,217
Financial assets at fair value through profit or loss	6,290,306	6,290,306	-	3,591,735	3,591,735	-
Financial assets at amortized cost	14,907,554	893,604	14,013,950	14,060,463	1,401,923	12,658,540
Investment property	384,270	-	384,270	384,620	-	384,620
Reinsurance contract assets	8,077,680	6,917,608	1,160,072	6,700,040	5,609,038	1,091,002
Property and equipment	287,046	-	287,046	275,728	-	275,728
Right-of-use asset	1,673	-	1,673	1,808	-	1,808
Intangible assets	15,404	-	15,404	13,811	-	13,811
Other assets	2,308,459	193,921	2,114,538	2,484,909	422,170	2,062,739
Liabilities						
Accounts payable	$ 660,841	$ 660,716	$ 125	$ 589,393	$ 587,855	$ 1,538
Current income tax liabilities	36,788	36,788	-	2,962	2,962	-
Financial liabilities at fair value through profit or loss	99,260	99,260	-	508,430	508,430	-
Lease liabilities	1,692	564	1,128	1,824	564	1,260
Insurance liabilities	32,989,000	19,737,311	13,251,689	31,965,419	19,057,239	12,908,180
Provisions	2,661	-	2,661	2,853	-	2,853
Other liabilities	171,416	169,664	1,752	69,803	68,062	1,741

	March 31, 2022		
Assets	Book value	Within 12 months	Over 12 months
Cash and cash equivalents	$ 19,996,419	$ 19,996,419	$ -
Accounts receivable	386,496	386,496	-
Financial assets at fair value through profit or loss	5,644,566	5,644,566	-
Financial assets at amortized cost	12,974,784	2,009,171	10,965,613
Other financial assets	1,580,618	1,580,618	-
Investment property	385,479	-	385,479
Reinsurance contract assets	8,552,938	7,130,484	1,422,454
Property and equipment	266,897	-	266,897
Right-of-use asset	1,220	79	1,141
Intangible assets	6,391	-	6,391
Other assets	1,792,072	207,863	1,584,209
Liabilities			
Accounts payable	$ 751,652	$ 750,426	$ 1,226
Current income tax liabilities	349,100	349,100	-
Financial liabilities at fair value through profit or loss	254,380	252,885	1,495
Lease liabilities	1,231	320	911
Insurance liabilities	33,365,130	19,489,566	13,875,564
Other liabilities	150,671	148,110	2,561

(3) Calculation of retention earned premiums are shown below:

	Three-month period ended March 31, 2023				
Category of insurance	Gross premiums written (1)	Reinsurance premiums ceded (2)	Retention premiums (3)=(1)-(2)	Net change in unearned premium reserve (4)	Retention earned premiums (5)=(3)-(4)
Non-Compulsory insurance	$ 5,364,028	$ 504,028	$ 4,860,000	$ 739,516	$ 4,120,484
Compulsory insurance	703,762	-	703,762	(702)	704,464
	$ 6,067,790	$ 504,028	$ 5,563,762	$ 738,814	$ 4,824,948

	Three-month period ended March 31, 2022				
Category of insurance	Gross premiums written (1)	Reinsurance premiums ceded (2)	Retention premiums (3)=(1)-(2)	Net change in unearned premium reserve (4)	Retention earned premiums (5)=(3)-(4)
Non-Compulsory insurance	$ 4,990,812	$ 528,636	$ 4,462,176	$ 204,421	$ 4,257,755
Compulsory insurance	712,615	-	712,615	18,599	694,016
	$ 5,703,427	$ 528,636	$ 5,174,791	$ 223,020	$ 4,951,771

(4) Calculation of retention reinsurance claims paid are shown below:

	Three-month period ended March 31, 2023		
Category of insurance	Reinsurance claims paid (1)	Reinsurance claims recovery (2)	Retention reinsurance claims paid (3)=(1)-(2)
Non-Compulsory insurance	$ 2,464,096	$ 223,075	$ 2,241,021
Compulsory insurance	635,321	-	635,321
	$ 3,099,417	$ 223,075	$ 2,876,342

	Three-month period ended March 31, 2022		
Category of insurance	Reinsurance claims paid (1)	Reinsurance claims recovery (2)	Retention reinsurance claims paid (3)=(1)-(2)
Non-Compulsory insurance	$ 1,831,701	$ 158,505	$ 1,673,196
Compulsory insurance	680,576	-	680,576
	$ 2,512,277	$ 158,505	$ 2,353,772

(5) Balance sheets for compulsory automobile liability insurance are as follows:

	March 31, 2023	December 31, 2022	March 31, 2022
Assets			
Cash and cash equivalents	$ 4,380,645	$ 4,311,137	$ 4,121,759
Due from reinsurers and ceding companies	455,809	453,549	446,804
	$ 4,836,454	$ 4,764,686	$ 4,568,563
Liabilities			
Unearned premium reserve	$ 1,600,033	$ 1,600,735	$ 1,575,095
Claims reserve	2,225,186	2,246,064	2,217,773
Special reserve	1,011,235	917,887	775,695
	$ 4,836,454	$ 4,764,686	$ 4,568,563

Note: As of March 31, 2023, December 31, 2022 and March 31, 2022, certain time deposits, which amounted to $0, $0 and $100,000, respectively, included above as cash and cash equivalents of compulsory automobile liability insurance did not meet the definition of cash equivalents, consequently they are presented under other financial assets.

(6) Details of revenues and costs for compulsory automobile liability insurance are as follows:

	Three-month period ended March 31, 2023	Three-month period ended March 31, 2022
Operating revenues		
Reinsurance premiums	$ 703,762	$ 712,615
Net change in unearned premium reserve	702	(18,599)
Retention earned premiums	704,464	694,016
Interest income	3,327	1,477
	$ 707,791	$ 695,493
Operating costs		
Reinsurance claims paid	$ 635,321	$ 680,576
Net change in claims reserve	(20,878)	21,361
Net change in special reserve	93,348	(6,444)
	$ 707,791	$ 695,493

13. RISK MANAGEMENT

The Company has established risk management policy being the highest directive of promoting enterprise risk management, to efficiently identify, assess, respond and monitor all the risks assumed and to ensure that all risks are within the limitations as planned. Reasonable consideration relationship between risk and reward has been taken into account to maximize the value of equity, maintain the capital adequacy and solvency capability and strengthen the long-term operations of business. The Company has set up risk management committee which is in charge of executing risk management decisions made by the Board of Directors, as well as independent risk management unit which is responsible for executive affairs in daily monitoring, assessment and evaluation of risks.

With regard to various circumstances of the risk management and the monitoring specification, the Company implemented “Risk Managing Mechanism” covering market, credit, liquidity, operation, insurance, asset and liability, climate change and other risks. In addition, in order to better improve the strategic risk management efficiency, risk quantitative module, finance of risk variance are put to use to analyze various businesses. In addition, the Company sets up risk capacity and risk limit as the basis for risk management, and strengthening the management mechanism of various risks to strengthen the efficiency of risk management at the same time.

(1) Financial instruments

A. Financial risk management policies

Except for derivatives held by the Company, the Company’s financial instruments mainly comprise cash and cash equivalents, and all kinds of investments. The Company utilizes those instruments to achieve adjustments to operating cash flows. The Company holds other financial assets and liabilities as well, such as notes receivable from operating activities, due from (to) reinsurers and ceding companies, reinsurance receivables (payables), other accounts receivable, and other accounts payable.

The Company undertakes derivative financial instruments such as futures, forward foreign exchange contracts and FX swap contracts to hedge fair value risk arising from fluctuations in stock prices and exchange rates.

B. Significant financial risks and degrees of financial risks

(a) Market risk

i. Foreign exchange risk

To hedge cash flow fair value risk arising from fluctuations in exchange rates, the Company undertakes derivative financial instruments such as FX swap contracts and forward foreign exchange contracts to hedge recognized assets and liabilities denominated in foreign currencies.

The Company estimates that the conditions of the hedge instruments and the hedged items are the same, thus maximizing the hedging effectiveness.

(i) The Company's businesses involve some non-functional currency operations (the Company's functional currency: NTD, the Offshore Insurance Branch's currency: USD). The information on assets and liabilities denominated in foreign currencies whose values would be materially affected by the exchange rate fluctuations is as follows:

	March 31, 2023		
	Foreign currency amount (in thousands)	Exchange rate	Book value
Assets			
Monetary items			
CAD	2,391	22.460	53,711
CHF	870	33.298	28,980
CNY	366,894	4.432	1,626,071
DKK	18,247	4.451	81,209
EUR	21,436	33.152	710,663
GBP	3,847	37.659	144,881
HKD	62,915	3.880	244,083
ILS	50,097	8.411	421,370
JPY	636,054	0.229	145,631
KRW	3,532,306	0.023	82,648
RUB	330,907	0.394	130,490
SEK	10,331	2.939	30,366
SGD	4,441	22.913	101,752
THB	266,141	0.892	237,496
TRY	30,650	1.586	48,619
USD	568,271	30.454	17,306,114
Non-monetary items			
CNY	120,512	4.432	534,110
HKD	65,500	3.880	254,109
JPY	648,186	0.229	148,409
USD	62,979	30.454	1,917,962
Liabilities			
Monetary items			
CNY	219,600	4.432	973,266
EUR	19,052	33.152	631,626
GBP	1,401	37.659	52,770
HKD	9,570	3.880	37,128
IDR	24,259,964	0.002	49,277
ILS	40,863	8.411	343,700
INR	318,195	0.370	117,835
JPY	1,209,808	0.229	276,997
KRW	23,164,603	0.023	541,997
NOK	19,479	2.911	56,701
RUB	330,469	0.394	130,317
SGD	1,705	22.913	39,067
THB	114,541	0.892	102,213
TRY	116,206	1.586	184,334
USD	143,748	30.454	4,377,695

	December 31, 2022		
	Foreign currency amount (in thousands)	Exchange rate	Book value
Assets			
Monetary items			
CNY	393,037	4.410	1,733,187
EUR	16,613	32.735	543,831
GBP	3,640	37.037	134,832
HKD	68,338	3.938	269,123
ILS	48,273	8.728	421,335
JPY	1,389,528	0.233	323,353
KRW	3,268,339	0.024	79,632
RUB	330,907	0.424	140,211
SGD	3,816	22.865	87,256
THB	268,432	0.889	238,734
USD	546,364	30.708	16,777,745
Non-monetary items			
HKD	43,505	3.938	171,329
USD	45,323	30.708	1,391,784
Liabilities			
Monetary items			
CNY	227,082	4.410	1,001,369
EUR	16,578	32.735	542,672
HKD	18,611	3.938	73,293
ILS	40,904	8.728	357,011
INR	438,975	0.371	162,925
JPY	1,147,506	0.233	267,033
KRW	27,315,467	0.024	665,523
RUB	330,469	0.424	140,026
THB	111,298	0.889	98,985
USD	135,981	30.708	4,175,711

	March 31, 2022		
	Foreign currency amount (in thousands)	Exchange rate	Book value
Assets			
Monetary items			
CAD	2,025	22.870	46,306
CNY	385,560	4.507	1,737,600
DKK	7,918	4.288	33,952
EUR	19,971	31.893	636,957
GBP	2,442	37.609	91,840
HKD	133,270	3.656	487,204
ILS	43,704	9.016	394,035
INR	90,774	0.378	34,324
JPY	1,035,686	0.235	243,458
KRW	3,715,615	0.024	87,758
NOK	8,878	3.304	29,335
RUB	353,624	0.241	85,276
SEK	8,784	3.083	27,082
SGD	2,888	21.151	61,095
THB	291,313	0.859	250,374
TRY	16,601	1.954	32,442
USD	592,173	28.622	16,949,170
Non-monetary items			
CNY	15,020	4.507	67,688
HKD	27,482	3.656	100,469
JPY	152,735	0.235	35,903
USD	20,545	28.622	588,043
Liabilities			
Monetary items			
CNY	213,443	4.507	961,922
EUR	12,748	31.893	406,591
GBP	1,197	37.609	45,024
HKD	8,610	3.656	31,477
IDR	28,442,173	0.002	56,659
ILS	21,696	9.016	195,612
INR	435,077	0.378	164,515
JPY	1,109,327	0.235	260,769
KRW	20,503,729	0.024	484,267
SGD	1,394	21.151	29,475
THB	107,969	0.859	92,796
TRY	14,268	1.954	27,881
USD	160,435	28.622	4,591,980

(ii) Sensitivity analysis of foreign exchange risk for monetary financial assets and liabilities listed in the table below is performed for reasonably possible changes in foreign exchange rates with other conditions held constant and without considering foreign exchange derivatives for hedge, the effects on profit or loss before tax for the three-month periods ended March 31, 2023 and 2022 are as follows:

	March 31, 2023	March 31, 2022
Foreign currencies to NTD appreciate by 1%	$ 122,549	$ 132,388
Foreign currencies to NTD depreciate by 1%	(122,549)	(132,388)

ii. Price risk

(i) The values of financial instruments may be changed by economic situations, industrial circumstances, market capital flows and government monetary policies. To hedge market value risk exposures, the Company adopts diversified assets allocation strategy taking into account the current trends of financial markets to flexibly adjust assets portfolio under the provisions of Article 146 (1) ~ (8) of the Insurance Act, regulating the limits of funds utilization ratios and accordingly, disperse the market value risk.

(ii) The Company adopts the FX swap contracts and forward foreign exchange contracts to hedge exchange rate fluctuations risk on foreign-currency denominated assets. As the gain (loss) arising from exchange rate changes will mostly offset against the loss (gain) on hedged objectives, the Company estimates no material market value risk would arise. The Company is exposed to price risk because of investments in stock-related futures, which have fair value in the active market and are used for hedging purposes. The Company sets limits to control the transaction volume to reduce its market risk.

(iii) The Company's investments comprise equity securities and REITs, etc. Their fair value would change due to the change of the prices of equity securities. If the prices of these equity securities and REITs had increased/decreased by 5% with all other variables held constant, the effects on profit and loss and equity in the three-month periods ended March 31, 2023 and 2022 are as follows:

	March 31, 2023		
	Changes in variables	Changes in profit or loss before tax	Changes in other comprehensive income (before tax)
Financial assets at fair value through profit or loss	Increased/ decreased by 5%	$ 102,624	$ 210,605

	March 31, 2022		
	Changes in variables	Changes in profit or loss before tax	Changes in other comprehensive income (before tax)
Financial assets at fair value through profit or loss	Increased/ decreased by 5%	$ 30,441	$ 251,439

(b) Credit risk

i. When investing in financial instruments, the Company will encounter the risks that the transaction or credit counterparties may default on contracts and the custodians may incur operating difficulties. The Company utilizes funds and makes investments in accordance with the Article 146 of Insurance Act and relevant laws, and conducts transactions only with counterparties with good credit ratings, or ensures that financial instruments are issued or guaranteed by reputable financial institutions, or acquires adequate collaterals. The Insurance Act also puts a limit to the transaction amount on an individual transaction or credit counterparty. Accordingly, the maximum loss to the Company is the total amount of all book value.

ii. The Company utilizes funds and makes investments in financial instruments except for short-term notes and bills, time deposits, demand deposits and cash equivalents in accordance with the Article 146 of Insurance Act and related laws, and sets limits to control the investment volume with an individual institution. Therefore, the Company has lower significant concentrations of credit risk. As for the management of credit risk of debt instruments, the Company identifies the credit risk by its rating provided by external institutions, credit quality, conditions of locations, and risk of counterparties. For credit ratings of transaction or credit counterparties, the Company strictly complies with the Article 146 of Insurance Act, the relevant legal interpretations and the Company's internal regulations on risk control. The transaction or credit counterparties of bond investments are those financial institutions and companies with a certain degree of credit rating.

iii. The Company undertakes FX swap contracts and forward foreign exchange contracts only with high-credit-quality financial institutions. If the counterparties of Taiwan Stock Index Futures default, the futures brokers will be liable for the losses incurred on the default. Accordingly, the Company estimates no material credit risk would arise.

iv. The Company recognizes the following events as financial instruments' credit risk increases significantly:

(i) Bond interest receivable and debt instrument investments at amortized cost:

a. When an independent external rating system has rated such investment instrument as investment grade, then it is classified as low credit risk;

b. When an independent external rating system has downgraded such investment instrument 2 notches and to non-investment grade; or

c. When an independent external rating system has rated such investment instrument as non-investment grade and decline in market value (against to the cost) exceeds 30%, then it is classified as the credit risk increases significantly.

(ii) Accounts receivable (excluding bond interest receivable) and other financial assets at amortized cost:

When contractual payments (excluding the debt instruments) are more than 30 days past due but less than 90 days, then it is classified as the credit risk increases significantly.

v. The Company uses the following indicators to assess whether a financial asset has a credit impairment:
   (i) A breach of contract, such as a default or delinquency in interest or principal payments; when a contract (excluding the debt instruments) is overdue more than 90 days, it is deemed breached.
   (ii) The issuer enters into bankruptcy or reorganization that significantly affects its business.

vi. The Company wrote-off the financial assets partially or entirely to the extent of the amount which cannot be reasonably expected to be recovered. The indicators for reasonably expected to be unrecoverable include:
   (i) The recourse procedure has ceased.
   (ii) The debtor's assets or income is evaluated to be insufficient to repay outstanding payments.

vii. The Company uses credit ratings (including forward-looking information), probability of default and loss given default figures periodically published by international credit rating agencies to estimate expected credit loss of bond interest receivable and debt instruments at amortized cost. Information about expected loss rate is as follows:

	March 31, 2023		December 31, 2022		March 31, 2022	
	12 Months	Lifetime Significant increase in credit risk	12 Months	Lifetime Significant increase in credit risk	12 Months	Lifetime Significant increase in credit risk
Bond interest receivable						
Group 1	0.0000%	-	0.0000%	-	0.0000%	-
Group 2	0.0000%~0.0248%	-	0.0000%~0.0248%	-	0.0000%~0.0248%	-
Group 3	0.0182%~0.0372%	-	0.0182%~0.0372%	-	0.0182%~0.0372%	-
Group 4	0.0620%~0.0897%	-	0.0620%~0.0897%	-	0.0620%~0.0806%	-
Group 5	-	-	-	-	-	0.2418%
Debt instruments at amortized cost						
Group 1	0.0000%	-	0.0000%	-	0.0000%	-
Group 2	0.0000%~0.0248%	-	0.0000%~0.0248%	-	0.0000%~0.0248%	-
Group 3	0.0182%~0.0372%	-	0.0182%~0.0372%	-	0.0182%~0.0372%	-
Group 4	0.0620%~0.0897%	-	0.0620%~0.0897%	-	0.0620%~0.0806%	-
Group 5	-	-	-	-	-	0.2418%

Group 1: S&P AAA or equivalents.
Group 2: Over S&P AA- or equivalents.
Group 3: Over S&P A- or equivalents.
Group 4: Over S&P BBB- or equivalents.
Group 5: Under S&P BBB- or equivalents.

The following credit risk information for the accounts receivable – bond interest receivable and investments in debt instruments at amortized cost is rated in 12-month period as of March 31, 2023, December 31, 2022 and March 31, 2022:

	March 31, 2023		December 31, 2022		March 31, 2022	
	12 Months	Lifetime Significant increase in credit risk	12 Months	Lifetime Significant increase in credit risk	12 Months	Lifetime Significant increase in credit risk
Bond interest receivable						
Group 1	$ 2,583	$ -	$ 6,664	$ -	$ 2,425	$ -
Group 2	37,840	-	39,370	-	33,222	-
Group 3	87,565	-	64,190	-	62,465	-
Group 4	6,502	-	3,759	-	4,348	-
Group 5	-	-	-	-	-	627
	$ 134,490	$ -	$ 113,983	$ -	$ 102,460	$ 627
Debt instruments at amortized cost						
Group 1	$ 1,000,645	$ -	$ 765,494	$ -	$ 715,815	$ -
Group 2	4,864,962	-	5,618,203	-	5,191,098	-
Group 3	9,595,321	-	8,232,228	-	7,146,543	-
Group 4	775,099	-	775,182	-	700,582	-
Group 5	-	-	-	-	-	200,000
	$ 16,236,027	$ -	$ 15,391,107	$ -	$ 13,754,038	$ 200,000

Movements of loss allowance for bond interest receivable and investments in debt instruments at amortized cost as of March 31, 2023 and 2022 are as follows:

	2023		2022	
	12 Months	Lifetime Significant increase in credit risk	12 Months	Lifetime Significant increase in credit risk
Bond interest receivable				
At January 1	$ 28	$ -	$ 23	$ -
Provision	10	-	6	1
At March 31	$ 38	$ -	$ 29	$ 1

	2023		2022	
	12 Months	Lifetime Significant increase in credit risk	12 Months	Lifetime Significant increase in credit risk
Debt instruments at amortized cost				
At January 1	$ 3,928	$ -	$ 3,208	$ 511
Provision	244	-	357	-
Recovery	-	-	-	(27)
At March 31	$ 4,172	$ -	$ 3,565	$ 484

viii. The Company considers expected loss rate based on historical and current information and takes into account forecasts of future economic conditions to estimate expected credit loss of accounts receivable (excluding bond interest receivable) and other financial assets at amortized cost. As of March 31, 2023, December 31, 2022 and March 31, 2022, the Company's accounts receivable (excluding bond interest receivable) and other financial assets at amortized cost are not overdue or past due no more than 30 days. The Company therefore assessed credit risk as low and do not recognize loss allowance for credit loss. The book value as of March 31, 2023, December 31, 2022 and March 31, 2022, are as follows:

	March 31, 2023	December 31, 2022	March 31, 2022
	12 Months	12 Months	12 Months
Accounts receivable (excluding bond interest)	$ 168,410	$ 310,523	$ 283,439
Other financial assets	-	-	1,580,618
Refundable deposits under other assets	137,664	388,107	193,379

(c) Liquidity risk

i. The Company uses time deposits to adequately adjust its cash flows. When conducting investment evaluation, the Company will take into account the liquidity of financial instruments in secondary markets and may allocate some funds to lower-liquidity but higher-yield-rate financial instruments on condition that the risk is controlled. Even if those financial instruments are sold in the short-term, there is a less likelihood that liquidity risk would arise due to the selling price being significantly lower than the fair value. However, those financial instruments are not intended to be sold in the short-term.

ii. The notional principal of FX swap contracts and forward foreign exchange contracts is normally used as a calculation basis of receivables and payables for these transactions, and is not the actual settlement amount, except for new undertaking or non-renewing transactions. The actual settlement amount is usually lower than the notional principal. The Company has paid margins in advance before undertaking stock-related futures transactions, and daily evaluates the unsettled futures positions. In case additional margins have to be paid later on, the Company has sufficient working capital to fulfill its payment obligations. Accordingly, the Company estimates no material cash flow risk would arise.

iii. The table below analyzes the Company's non-derivative financial liabilities and net-settled derivative financial liabilities into groupings based on the remaining period at the end of the reporting period to the contractual maturity date.

(i) Non-derivative financial liabilities

March 31, 2023	Due in one year	Due after one year through three years	Total
Accounts payable	$ 660,716	$ 125	$ 660,841
Deposits-in (under other liabilities)	2,953	1,752	4,705

December 31, 2022	Due in one year	Due after one year through three years	Total
Accounts payable	$ 587,855	$ 1,538	$ 589,393
Deposits-in (under other liabilities)	2,964	1,741	4,705

March 31, 2022	Due in one year	Due after one year through three years	Total
Accounts payable	$ 750,426	$ 1,226	$ 751,652
Deposits-in (under other liabilities)	1,690	2,561	4,251

(ii) Net-settled derivative financial liability

March 31, 2023		Due in three months		Due after three months through one year		Due after one year through two years	Total
FX swap contracts	$	43,524	$	52,902	$	-	$ 96,426
Forward foreign exchange contracts		2,014		820		-	2,834

December 31, 2022		Due in three months		Due after three months through one year		Due after one year through two years	Total
FX swap contracts	$	457,882	$	43,366	$	-	$ 501,248
Forward foreign exchange contracts		241		981		-	1,222
Futures		5,960		-		-	5,960

March 31, 2022		Due in three months		Due after three months through one year		Due after one year through two years	Total
FX swap contracts	$	39,887	$	191,375	$	1,495	$ 232,757
Forward foreign exchange contracts		21,623		-		-	21,623

(2) Risk management of insurance contracts

All insurance contracts assumed by the Company, after assessment, were considered risks transferred by reinsurance. Risk management and procedures are summarized below:

A. Measurement and management of insurance risk:

Insurance risk occurs when loss frequency, severity, timing and other possible risk factors are far from past experience. For example, natural and man-made catastrophes risk may occur randomly and thus actual claims may be more than expected.

The Company follows underwriting and risk management related guidelines to assume reinsurance business. The Company's internal quantitative model, external monitoring model, internal control system and other related systems are developed to ensure insurance risks are efficiently identified, measured, steered and monitored.

(a) Underwriting policy

The reinsurance portfolio of the Company consists of various types of reinsurance and businesses from different countries and territories. The insurance types include life insurance, property and casualty insurance and others which are in compliance with regulatory requirement. The Company’s development direction is to actively deepen the domestic market and steadily expand the international market to diversify risks of regional concentration.

(b) Retrocession strategy

In consideration of financial strength, capacity and the operation strategies, the Company arranges retrocession to increase the capacity, diversify risks, mitigate retained risk and increase business competitiveness. Furthermore, the Company has purchased catastrophe cover to minimize the exposure to catastrophe loss which may greatly impact the Company’s financial performance. Stringent evaluation of the reputation and credit rating of the reinsurer is taken into account when the Company arranges a retrocession contract.

Although the Company adopts various prescribed methods to control insurance risk, given the random and unpredictable nature of insured incidents, deviation may occur between the actual result and the expectation derived from historical experience.

B. Concentration of insurance risk

Premium income and retention premium income ratio based on the business type are as follows:

Type \ Year	Three-month period ended March 31, 2023		Three-month period ended March 31, 2022	
	Reinsurance premiums	Retention premiums	Reinsurance premiums	Retention premiums
Domestic inward property reinsurance business	66.60%	65.30%	64.29%	63.27%
Domestic inward life reinsurance business	14.15%	15.10%	13.50%	14.54%
Subtotal-Domestic inward reinsurance business	80.75%	80.40%	78.42%	77.81%
Foreign inward reinsurance business	19.25%	19.60%	21.58%	22.19%
Total	100.00%	100.00%	100.00%	100.00%

C. Sensitivity analysis of insurance risk

The retention earned premium income of the Company (excluding the compulsory automobile liability insurance business) for the three-month periods ended March 31, 2023 and 2022 were $4,120,484 and $4,257,755, respectively. If the change of combined ratio of the Company is 1%, the estimated effect on gains and losses of underwriting for the three-month periods ended March 31, 2023 and 2022 would be approximately $41,205 and $42,578, respectively.

D. Loss development pattern

(a) As of March 31, 2023, the following table indicates the loss development pattern of the Company’s inward business:

Year of underwriting	2018	2019	2020	2021	2022	Three-month period ended March 31, 2023	Total
Non-statutory insurance							
Accumulated estimated claim amount							
At the end of the year	$ 4,930,116	$ 5,429,011	$ 6,182,109	$ 7,121,181	$ 6,244,330	$ 856,962	
After the first year	8,375,507	8,960,138	10,391,862	17,191,845	8,247,126		
After the second year	8,368,857	8,642,445	9,750,131	17,035,078			
After the third year	8,047,413	8,631,181	9,653,451				
After the fourth year	7,847,939	8,656,199					
After the fifth year	7,830,407						
Accumulated estimated claim amount	7,830,407	8,656,199	9,653,451	17,035,078	8,247,126	856,962	$ 52,279,223
Accumulated claim payment	(7,390,668)	(7,629,836)	(7,403,171)	(11,263,556)	(1,528,989)	153,162	(35,063,058)
Accumulated unpaid claim	439,739	1,026,363	2,250,280	5,771,522	6,718,137	1,010,124	17,216,165
Accumulated unpaid claim before 2017							2,402,860
Subtotal							19,619,025
Provision for statutory insurance claims reserve (Note)	-	-	140,265	761,707	1,274,296	48,937	2,225,205
Total							$ 21,844,230

Note: Statutory insurance includes compulsory automobile liability insurance, residential earthquake insurance and nuclear insurance.

(b) As of March 31, 2023, the following table indicates the loss development pattern of the Company's retention business:

Year of underwriting	2018	2019	2020	2021	2022	Three-month period ended March 31, 2023	Total
Non-statutory insurance							
Accumulated estimated claim amount							
At the end of the year	$ 4,566,834	$ 4,965,602	$ 5,507,600	$ 6,488,150	$ 5,713,533	$ 813,061	
After the first year	7,512,520	8,197,721	9,303,467	16,256,724	7,582,220		
After the second year	7,418,997	7,937,308	8,729,938	16,088,289			
After the third year	7,159,109	7,966,700	8,656,677				
After the fourth year	7,006,103	7,991,451					
After the fifth year	6,985,918						
Accumulated estimated claim amount	6,985,918	7,991,451	8,656,677	16,088,289	7,582,220	813,061	$ 48,117,616
Accumulated claim payment	(6,593,559)	(7,014,941)	(6,680,683)	(10,694,466)	(1,448,705)	133,912	(32,298,442)
Accumulated unpaid claim	392,359	976,510	1,975,994	5,393,823	6,133,515	946,973	15,819,174
Accumulated unpaid claim before 2017							2,329,221
Subtotal							18,148,395
Provision for statutory insurance claims reserve (Note)	-	-	140,265	761,707	1,274,296	48,937	2,225,205
Total							$ 20,373,600

Note: Statutory insurance includes compulsory automobile liability insurance, residential earthquake insurance and nuclear insurance.

(c) As of December 31, 2022, the following table indicates the loss development pattern of the Company's inward business:

Year of underwriting	2017	2018	2019	2020	2021	2022	Total
Non-statutory insurance							
Accumulated estimated claim amount							
At the end of the year	$ 4,676,211	$ 4,930,116	$ 5,429,011	$ 6,182,109	$ 7,121,181	$ 6,244,330	
After the first year	7,200,462	8,375,507	8,960,138	10,391,862	17,191,845		
After the second year	7,175,700	8,368,857	8,642,445	9,750,131			
After the third year	7,025,963	8,047,413	8,631,181				
After the fourth year	6,916,847	7,847,939					
After the fifth year	6,691,771						
Accumulated estimated claim amount	6,691,771	7,847,939	8,631,181	9,750,131	17,191,845	6,244,330	$ 56,357,197
Accumulated claim payment	(6,344,413)	(7,369,819)	(7,537,201)	(7,131,127)	(10,251,711)	(370,910)	(39,005,181)
Accumulated unpaid claim	347,358	478,120	1,093,980	2,619,004	6,940,134	5,873,420	17,352,016
Accumulated unpaid claim before 2016							2,110,488
Subtotal							19,462,504
Provision for statutory insurance claims reserve (Note)	-	-	34,790	474,193	1,146,030	591,070	2,246,083
Total							$ 21,708,587

Note: Statutory insurance includes compulsory automobile liability insurance, residential earthquake insurance and nuclear insurance.

(d) As of December 31, 2022, the following table indicates the loss development pattern of the Company's retention business:

Year of underwriting	2017	2018	2019	2020	2011	2022	Total
Non-statutory insurance							
Accumulated estimated claim amount							
At the end of the year	$ 4,427,596	$ 4,566,834	$ 4,965,602	$ 5,507,600	$ 6,488,150	$ 5,713,533	
After the first year	6,686,191	7,512,520	8,197,721	9,303,467	16,256,724		
After the second year	6,712,808	7,418,997	7,937,308	8,729,938			
After the third year	6,546,353	7,159,109	7,966,700				
After the fourth year	6,461,136	7,006,103					
After the fifth year	6,252,331						
Accumulated estimated claim amount	6,252,331	7,006,103	7,966,700	8,729,938	16,256,724	5,713,533	$ 51,925,329
Accumulated claim payment	(5,917,335)	(6,574,014)	(6,928,745)	(6,438,719)	(9,755,470)	(417,834)	(36,032,117)
Accumulated unpaid claim	334,996	432,089	1,037,955	2,291,219	6,501,254	5,295,699	15,893,212
Accumulated unpaid claim before 2016							2,051,887
Subtotal							17,945,099
Provision for statutory insurance claims reserve (Note)	-	-	34,790	474,193	1,146,030	591,070	2,246,083
Total							$ 20,191,182

Note: Statutory insurance includes compulsory automobile liability insurance, residential earthquake insurance and nuclear insurance.

(e) As of March 31, 2022, the following table indicates the loss development pattern of the Company's inward business:

Year of underwriting	2017	2018	2019	2020	2021	Three-month period ended March 31, 2022	Total
Non-statutory insurance							
Accumulated estimated claim amount							
At the end of the year	$ 4,676,211	$ 4,930,116	$ 5,429,011	$ 6,182,109	$ 7,121,181	$ 1,174,242	
After the first year	7,200,462	8,375,507	8,960,138	10,391,862	9,274,495		
After the second year	7,175,700	8,368,857	8,642,445	10,087,318			
After the third year	7,025,963	8,047,413	8,792,814				
After the fourth year	6,916,847	8,034,548					
After the fifth year	6,901,188						
Accumulated estimated claim amount	6,901,188	8,034,548	8,792,814	10,087,318	9,274,495	1,174,242	$ 44,264,605
Accumulated claim payment	(6,290,383)	(7,212,406)	(7,109,933)	(5,876,508)	(1,402,914)	128,111	(27,764,033)
Accumulated unpaid claim	610,805	822,142	1,682,881	4,210,810	7,871,581	1,302,353	16,500,572
Accumulated unpaid claim before 2016							2,999,885
Subtotal							19,500,457
Provision for statutory insurance claims reserve (Note)	-	-	216,437	1,007,682	971,651	22,023	2,217,793
Total							$ 21,718,250

Note: Statutory insurance includes compulsory automobile liability insurance, residential earthquake insurance and nuclear insurance.

(f) As of March 31, 2022, the following table indicates the loss development pattern of the Company's retention business:

Year of underwriting	2017	2018	2019	2020	2021	Three-month period ended March 31, 2022	Total
Non-statutory insurance							
Accumulated estimated claim amount							
At the end of the year	$ 4,427,596	$ 4,566,834	$ 4,965,602	$ 5,507,600	$ 6,488,150	$ 980,376	
After the first year	6,686,191	7,512,520	8,197,721	9,303,467	8,378,872		
After the second year	6,712,808	7,418,997	7,937,308	9,037,112			
After the third year	6,546,353	7,159,109	8,009,886				
After the fourth year	6,461,136	7,144,537					
After the fifth year	6,424,455						
Accumulated estimated claim amount	6,424,455	7,144,537	8,009,886	9,037,112	8,378,872	980,376	$ 39,975,238
Accumulated claim payment	(5,865,563)	(6,486,310)	(6,521,806)	(5,283,635)	(1,341,918)	96,817	(25,402,415)
Accumulated unpaid claim	558,892	658,227	1,488,080	3,753,477	7,036,954	1,077,193	14,572,823
Accumulated unpaid claim before 2016							2,841,649
Subtotal							17,414,472
Provision for statutory insurance claims reserve (Note)	-	-	216,437	1,007,682	971,651	22,023	2,217,793
Total							$ 19,632,265

Note: Statutory insurance includes compulsory automobile liability insurance, residential earthquake insurance and nuclear insurance.

(3) Climate-related risk

The Company's Board of Directors had approved the polices on task force on climate-related risk financial disclosures to strengthen the management and disclosure of climate-related risks and opportunities and amended the policies on sustainable development to promote ESG (Environmental, Social, and Governance) in keeping with the times, including reaching the goal of sustainable coexistence with the environment. The Board of Directors takes the ultimate responsibility for the management of climate-related risk, sets up risk management committee and sustainable development committee under it to periodically review the climate-related risks and opportunities and includes the procedures for identification, assessment and management of climate change risk into the Company's overall risk management system.

By reference to the 'Guidelines on Climate-related Financial Disclosures of Insurance Companies' issued by the FSC, the Company identifies physical risk and transition risk of climate change and assesses their impact to the Company using qualitative or quantitative method through analysing the indicators of the occurrence probability and the impact degree of relevant risk factors, including potential impact that may arise from physical risk such as extreme weather, changes in climate patterns, sea levels and rising temperatures and transition risk impact such as policies and regulations, technology, market and reputation. After comprehensively considering the assessment results and conducting significance sequence, the Company formulated corresponding strategies for the assessment results of its own operations, insurance products and investment and financing. The Company will continue to optimise the risk management mechanism related to climate change, mitigate and adjust operational impacts arising from climate change and demonstrate the Company's resilience in facing climate risk to reach the goal of sustainable management.

14. THE OBJECTIVE, POLICY AND PROCEDURE OF CAPITAL MANAGEMENT

The Company's primary objectives when managing capital are to safeguard capital adequacy and solvency of the Company in order to support the Company's sustainable development and continuously create interests for shareholder.

In practice, Taiwan insurance enterprises usually measure whether the capital is adequate by using the ratio of self-owned capital to risk-based capital (the "capital adequacy ratio")and the net worth ratio. Pursuant to Article 5 of "Regulations Governing Capital Adequacy of Insurance Companies", the capital adequacy level of an insurance enterprise refers to the capital adequacy ratio equaling or exceeding 200% and the net worth ratio being at least 3% in one of the most recent two periods. The Company calculates the capital adequacy ratio every six months in accordance with the "Regulations Governing Capital Adequacy of Insurance Companies" to ensure that it can continuously meet the statutory capital requirement.

In accordance with the "Regulations Governing Capital Adequacy of Insurance Companies", the capital adequacy ratio is calculated as self-owned capital divided by risk-based capital. Self-owned capital is the total capital approved by the competent authority, which includes recognized owners' equity and other adjustment items as regulated by the competent authority; risk-based capital is the total capital calculated based on the extent of risk that an insurance enterprise assumes in its actual operations.

Capital adequacy ratios and the net worth ratio of the Company of the latest two years were all at capital adequacy level. In addition, the net worth ratio of the Company as of March 31, 2023, December 31, 2022 and March 31, 2022 is 33.76%, 33.81% and 32.53%, respectively, in accordance with the Article 15 of the "Regulations Governing the Preparation of Financial Reports by Insurance Enterprises".

15. OTHER DISCLOSURES

(1) Information of significant transactions

A. Acquisition of real estate in excess of $300,000 or 20% of the paid-in capital: None.

B. Disposals of real estate in excess of $300,000 or 20% of the paid-in capital: None.

C. Related party transactions in excess of $100,000 or 20% of the paid-in capital: None.

D. Accounts receivable from related parties in excess of $100,000 or 20% of the paid-in capital: None.

E. Derivative business transactions: Please see Note 6 (3).

F. Business and significant transactions between the parent company and subsidiaries, and those between subsidiaries: None.

(2) Information related to long-term investments

None.

(3) Investments in Mainland China and business transactions

None.

(4) Major shareholders information

Shares / Names of major shareholders	Number of shares held	Shareholding ratio(%)
Evergreen International Corporation	266,442,113	33.28%
Ministry of Finance	78,603,773	9.82%
Evergreen International Storage and Transport Corporation	50,353,414	6.29%
Evergreen Marine Corporation	49,866,466	6.23%

Note: Major shareholders information on this exhibit refers to the shareholders who own 5% or more dematerialized registered and delivered shares of the Company on the last business day of each quarter.

16. SEGMENT INFORMATION

The Company operates business only in reinsurance services. The Company allocates resources and assesses performance of the Company as a whole, and has identified that the Company has only one reportable operating segment.

17. BORROWINGS RESULTED FROM PAYMENT OF CLAIMS

None.

18. ACQUISITION, CONSTRUCTION, IDLELIZATION AND SALES OF MAIN OPERATING ASSETS AND REAL ESTATE INVESTMENTS

None.

19. IMPORTANT LAWSUITS IN PROGRESS OR ADJUDICATED

    None.

20. IMPORTANT CONTRACTS SIGNED, DISCHARGED BY PERFORMANCE, AGREEMENT, OR BREACHED

    Aside from regular contracts related to the insurance business, the Company had no important contracts signed, discharged by performance, agreement, or breached.

21. INVESTMENT ITEMS AND INVESTMENT CEILINGS WITH THE INVESTMENT FUNDS BEING HANDLED AND MANAGED BY THE SECURITIES INVESTMENT TRUST COMPANIES OR SECURITIES INVESTMENT CONSULTING COMPANIES

    None.

22. ADJUSTMENT OF ORGANIZATION AND SIGNIFICANT CHANGE OR REFORM OF MANAGEMENT MECHANISM

    None.

23. EFFECTS OF SIGNIFICANT CHANGES IN GOVERNMENT LAWS

    None.

24. INFORMATION ON DISCONTINUED OPERATIONS

    None.

25. MAJOR OPERATIONS, ASSETS, AND LIABILITIES RECEIVED FROM OR TRANSFERRED TO OTHER INSURANCE BUSINESSES

    None.