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ShinKong Insurance Co., Ltd.
Financial Statements With Independent Auditors’
Report
For the Years Ended December 31, 2022 and 2021

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.

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Independent Auditor's Report
Independent Auditors' Report Translated from Chinese

To: ShinKong Insurance Co., Ltd.

Opinion

We have audited the accompanying balance sheets of ShinKong Insurance Co., Ltd.(the "Company") as of December 31, 2022 and 2021, and the related statements of comprehensive income for the years ended 31 December 2022 and 2021, changes in equity and cash flows for the years ended 31 December 2022 and 2021, and notes to the financial statements, including the summary of significant accounting policies.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Company as of December 31, 2022 and 2021, and its financial performance and cash flows for the years ended 31 December 2022 and 2021 in conformity with the requirements of the Regulations Governing the Preparation of Financial Reports by Insurance Enterprises and International Financial Reporting Standards, International Accounting Standards, Interpretations developed by the International Financial Reporting Interpretations Committee or the former Standing Interpretations Committee as endorsed and became effective by Financial Supervisory Commission of the Republic of China.

Basis for Opinion

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of 2022 financial statement. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Independent Auditor's Report (Continued)

Actuarial Calculation of Insurance Liability Reserves

The estimate of the insurance reserve is highly dependent on the subjective judgment of the internal actuarial experts of the Company. The actuarial assumptions are highly sensitive and the actuarial calculation of the insurance liability reserve is complex. Therefore, we have decided that it is a key audit matter. Our auditing procedures include, but are not limited to, obtaining an understanding of the internal controls relevant to the actuarial calculations of the insurance liability reserve, including the process of applying the assumptions and methods used by the experts engaged by the management, and the process by which the management reviews the actuarial results. This process includes a sampling review of the insurance liability reserve calculation source data, and engaging the internal actuarial experts to assist in reviewing and evaluating the actuarial assumptions and models, as well as the actuarial judgments made by the Company, including evaluating if various reserve assumptions and calculation methods are reasonable, and if the compulsory insurance complies with the regulations of the competent authorities. We also consider the appropriateness of the disclosures of insurance liabilities in Notes IV.14, V and VI.12 of the Financial Statements.

Valuation of Financial Instruments Measured at Fair Value

The fair value measurement of the Company's financial instruments are mainly based on publicly quoted prices in active markets. As frequent changes in the fair value of financial instruments have a significant effect on the Financial Statements, we have determined that this process is a key audit matter. Our auditing procedures include, but are not limited to: evaluating and testing the effectiveness of internal controls, relevant to the fair value of financial instruments, including the processes and methods established by management to maintain appropriate fair values, and the process by which management reviews the results of these evaluations. The recorded fair values are randomly checked on a sampling basis for the accuracy of the quoted prices in active markets. We also consider the appropriateness of the disclosures of fair value information in Notes IV.6, VI.3, VI.4 and VII.11 of the Financial Statements.

Responsibilities of Management and Those Charge with Governance of the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the requirements of the Regulations Governing the Preparation of Financial Reports by Insurance Enterprises and International Financial Reporting Standards, International Accounting Standards, Interpretations developed by the International Financial Reporting Interpretations Committee or the former Standing Interpretations Committee as endorsed and became effective by Financial Supervisory Commission of the Republic of China and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Independent Auditor's Report (Continued)

The charged with governance, including audit committee, are responsible for overseeing the financial reporting process of the Company.

Auditors' Responsibilities for Audit of the Financial Statements

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

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

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

Independent Auditor's Report (Continued)

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

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

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

Ernst & Young, Taiwan

The competent authorities approved the processing of financial reports of
the public company

Auditing and Certification No. : (93) Chin-Kuan-Certificate-Zi No. 0930133943

(103)Chin-Kuan-Cheng-Shen-Zi No. 1030025503

Hsu Daniel

CPA:

Chang Bob

March 07, 2023

Notice to Readers

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

Accordingly, the accompanying financial statements and report of independent accountants are not intended for use by those who are not informed about the accounting principles or auditing standards generally accepted in the Republic of China, and their applications in practice. As the financial statements are the responsibility of the management, Ernst & Young cannot accept any liability for the use of, or reliance on, the English translation or for any errors or misunderstandings that may derive from the translation.

(English Translation of Financial Statements Originally Issued in Chinese)

ShinKong Insurance Co., Ltd

Balance Sheets

As at December 31, 2022 and December 31, 2021

Unit: NTD thousands

Assets			December 31, 2022		December 31, 2021	
Code	Account titles	Note	Amount	%	Amount	%
11000	Cash and cash equivalents	IV、VI、VII	\$10,852,136	25	\$11,766,660	27
12000	Accounts receivable	IV、VI、VII	1,598,331	4	1,945,038	4
14110	Financial assets at fair value through profit or loss	IV、VI、VII	6,747,161	15	8,823,185	20
14145	Financial assets based on cost after amortization	IV、VI、VII	11,149,971	25	6,941,041	16
14190	Financial assets at fair value through other comprehensive profit or loss	IV、VI、VII	1,352,772	3	1,388,344	3
14200	Investment property	IV、VI	2,561,706	6	2,408,457	5
15000	Reinsurance contract assets	IV、VI	7,530,740	17	8,246,645	19
16000	Property, plant, and equipment	IV、VI	1,146,939	3	1,308,644	3
16700	Right-of-use assets.	IV、VI	33,204	-	34,393	-
17000	Intangible assets	IV、VI	22,846	-	27,455	-
17800	Deferred income tax assets	IV、VI	212,032	-	262,673	1
18000	Other assets	VI	796,848	2	732,945	2
1XXXX	Total assets		<u>\$44,004,686</u>	<u>100</u>	<u>\$43,885,480</u>	<u>100</u>

(Please refer to Notes to the Financial Statements)

Chairman: WU, HSIN-HUNG

President: HO, YING-LAN

Accounting Supervisor: TSENG, YA-FANG

(English Translation of Financial Statements Originally Issued in Chinese)

ShinKong Insurance Co., Ltd

Balance Sheets (continue)

As at December 31, 2022 and December 31, 2021

Unit: NTD thousands

Liabilities and equity			December 31, 2022		December 31, 2021	
Code	Account titles	Note	Amount	%	Amount	%
21000	Accounts Payables	VI、VII	\$2,691,211	6	\$2,894,222	7
21700	Current income tax liabilities	IV、VI	168,798	-	275,164	1
23200	Financial liabilities at fair value through profit or loss	IV、VI、VII	249,174	1	-	-
23800	Lease liabilities	IV、VI	33,836	-	34,924	-
24000	Insurance liabilities	IV、VI	25,503,894	58	25,067,097	57
27000	Reserve for liabilities	IV、VI	47,837	-	119,280	-
28000	Deferred tax liabilities	IV、VI	36,699	-	34,389	-
25000	Others		243,282	1	203,172	-
2XXXX	Total liabilities		<u>28,974,731</u>	<u>66</u>	<u>26,248,641</u>	<u>65</u>
31000	Capital stock	VI	3,159,633	7	3,159,633	8
32000	Capital reserves	IV、VI	64,800	-	64,800	-
33000	Retained earnings					
33100	Legal reserve	IV	3,651,093	8	3,200,891	7
33200	Special reserve	IV	6,504,748	15	5,669,201	13
33300	Undistributed earnings	VI	1,214,500	3	1,466,970	3
34000	Other equity		435,181	1	1,695,737	4
3XXXX	Total equity		<u>15,029,955</u>	<u>34</u>	<u>15,257,232</u>	<u>35</u>
	Total Liabilities and Equity		<u>\$44,004,686</u>	<u>100</u>	<u>\$41,505,873</u>	<u>100</u>

(Please refer to Notes to the Financial Statements)

Chairman: WU, HSIN-HUNG

President: HO, YING-LAN

Accounting Supervisor: TSENG, YA-FANG

(English Translation of Financial Statements Originally Issued in Chinese)
ShinKong Insurance Co., Ltd.
Statement of Comprehensive Income
January 1 to December 31, 2022 and 2021
(Expressed in Thousands of New Taiwan dollars, except for Earnings Per Share)

Unit: NTD thousands

Code	Account titles	Notes	2022		2021	
			Amount	%	Amount	%
41000	Operating revenues:					
41110	Written premiums	IV、VII	\$22,402,424	118	\$21,732,070	118
41120	Reinsurance premium income	IV、VII	710,725	4	747,369	4
41100	Premium revenues		23,113,149	122	22,479,439	122
51100	Less: Reinsurance premiums ceded	IV、VII	(4,530,827)	(24)	(4,921,603)	(27)
51310	Unearned premium reserve net change	IV、VII	(630,942)	(3)	(717,027)	(4)
41130	Retained earned premium		17,951,380	95	16,840,809	91
41300	Reinsurance commission income	VII	281,148	2	357,737	2
41400	Income from handling fees		40,034	-	38,612	-
41500	Net gain from investment		618,172	3	1,200,969	7
41510	Interest revenue		364,795	2	308,794	2
41521	Gain (loss) on financial assets and liabilities at fair value through profit or loss		(1,491,116)	(8)	1,253,429	7
41526	Net gains from derecognition of financial assets at amortized cost		5,386	-	-	-
41527	Realized gain on financial assets at fair value through other comprehensive profit or loss		57,822	-	66,179	-
41550	Profit or loss from foreign exchange		552,704	3	(138,099)	(1)
41570	Profit or loss from investment property		83,201	-	80,635	1
41585	Expected credit impairment loss and reversal gain on investment	VI	1,929	-	389	-
41600	Profit or loss reclassified using the overlay approach	VI	1,043,451	6	(370,358)	(2)
41800	Other operating revenue		39,872	-	25,930	-
	Total operating revenues		18,930,606	100	18,464,057	100
51000	Operating cost:					
	Insurance claims and benefits		(11,390,344)	(60)	(10,747,868)	(58)
41200	Less: Benefits & Claims Recovered from reinsurers		2,225,393	12	2,431,197	13
51260	Retained claims and benefits		(9,164,951)	(48)	(8,316,671)	(45)
51300	Other insurance liabilities net change		(458,632)	(2)	(782,472)	(4)
51500	Commission expense	VII	(2,990,908)	(16)	(2,911,973)	(16)
51800	Other operating cost		(90,913)	(1)	(129,162)	(1)
	Total operating cost		(12,705,404)	(67)	(12,140,278)	(66)
58000	Operating expenses:					
58100	Business expense	VI	(3,338,017)	(18)	(3,240,781)	(18)
58200	Administrative expenses	VI	(404,225)	(2)	(382,838)	(2)
58300	Employee training expense		(4,263)	-	(16,078)	-
58400	Expected credit impairment reversal from non-investments		(18,053)	-	(19,322)	-
	Total operating expenses		(3,764,558)	(20)	(3,659,019)	(20)
61000	Operating revenues		2,460,644	13	2,664,760	14
59000	Non-operating revenues and expenses		13,172	-	(9,777)	-
62000	Income from continuing operations before tax		2,473,816	13	2,654,983	14
63000	Income tax expense	IV、VI	(470,246)	(2)	(400,990)	(2)
66000	Net income		2,003,570	11	2,253,993	12
83000	Other comprehensive income	VI				
83100	The items that are not re-classified as profit or loss					
83110	Reevaluation of determined benefit plan		50,990	-	2,413	-
83180	Incomes tax related to titles not subject to reclassification		(10,198)	-	(483)	-
83190	Evaluation of the capital gain/loss from equity instrument at fair value through comprehensive income statement as other comprehensive income		(114,440)	-	19,856	-
83200	Items that may be re-classified subsequently under profit or loss					
83290	Capital gain/loss of debts instrument at fair value through comprehensive income statement as other comprehensive income		(128,320)	(1)	(14,285)	-
83295	Other comprehensive income reclassified using the overlay approach		(1,043,451)	(6)	370,358	2
83280	Income tax related to items possibly be reclassified		25,655	-	17,808	-
	Other Comprehensive income in current period (net after tax)		(1,219,764)	(7)	395,667	2
85000	Total comprehensive income in current period		\$783,806	4	\$2,649,660	14
	Earnings per share					
97500	Basic earnings per share (denominated in New Taiwan dollars)	VI	\$6.34		\$7.13	

(Please refer to Notes to the Financial Statements)

Chairman: WU, HSIN-HUNG

President: HO, YING-LAN

Accounting Supervisor: TSENG, YA-FAN

(English Translation of Financial Statements Originally Issued in Chinese)

ShinKong Insurance Co., Ltd.

Statement of Changes in Equity

January 1 to December 31, 2022 and 2021

Unit: NTD thousands

Item	Capital stock	Capital reserves	Retained earnings			Other equity		Total equity
			Legal reserve	Special reserve	Undistributed earnings	Unrealized gain on financial assets measured at fair value through other comprehensive profit or loss	Other comprehensive income reclassified using the overlay approach	
Balance as of January 1, 2021	\$3,159,633	\$64,800	\$2,873,498	\$4,881,819	\$946,864	\$77,583	\$1,219,503	\$13,223,700
The 2020 appropriation and distribution of earnings								
Appropriation of Legal reserve	-	-	327,393	-	(327,393)	-	-	-
Common Stocks cash dividends distributed	-	-	-	-	(616,128)	-	-	(616,128)
Appropriation of Special reserves	-	-	-	785,453	(785,453)	-	-	-
Appropriation of Special reserves-Personal Travel Insurance Accidental Death and Disability Reserve	-	-	-	1,929	(1,929)	-	-	-
Net income in January 1 to December 31, 2021	-	-	-	-	2,253,993	-	-	2,253,993
Other comprehensive income in January 1 to December 31, 2021	-	-	-	-	1,930	8,372	385,365	395,667
Total comprehensive income in current period	-	-	-	-	2,255,923	8,372	385,365	2,649,660
Disposal of equity instrument at fair value through other comprehensive income	-	-	-	-	(4,914)	4,914	-	-
Balance as of December 31, 2021	\$3,159,633	\$64,800	\$3,200,891	\$4,883,748	\$2,252,423	\$90,869	\$1,604,868	\$15,257,232
Balance as of January 1, 2022	\$3,159,633	\$64,800	\$3,200,891	\$5,669,201	\$1,466,970	\$90,869	\$1,604,868	\$15,257,232
The 2021 appropriation and distribution of earnings								
Appropriation of Legal reserve	-	-	450,202	-	(450,202)	-	-	-
Common Stocks cash dividends distributed	-	-	-	-	(1,011,083)	-	-	(1,011,083)
Appropriation of Special reserves	-	-	-	833,464	(833,464)	-	-	-
Appropriation of Special reserves-Personal Travel Insurance Accidental Death and Disability Reserve	-	-	-	2,083	(2,083)	-	-	-
Net income in January 1 to December 31, 2022	-	-	-	-	2,003,570	-	-	2,003,570
Other comprehensive income in January 1 to December 31, 2022	-	-	-	-	40,792	(217,105)	(1,043,451)	(1,219,764)
Total comprehensive income in current period	-	-	-	-	2,044,362	(217,105)	(1,043,451)	783,806
Balance as of December 31, 2022	\$3,159,633	\$64,800	\$3,651,093	\$6,504,748	\$1,214,500	\$(126,236)	\$561,417	\$15,029,955

(Please refer to Notes to the Financial Statements)

Chairman: WU, HSIN-HUNG

President: HO,YING-LAN

Accounting Supervisor: TSENG, YA-FANG

(English Translation of Financial Statements Originally Issued in Chinese)
ShinKong Insurance Co., Ltd.
Statements of Cash Flows
January 1 to December 31, 2022 and 2021

Unit: NTD thousands

Item	2022	2021
Cash flow from operating activities:		
Income from continuing operations before tax	\$2,473,816	\$2,654,983
Adjusted Items:		
Revenue, expense and loss		
Depreciation expenses	82,813	79,693
Amortization expenses	23,844	26,963
Net income on financial assets and liabilities at fair value through profit and loss	1,491,116	(1,253,429)
Net income on financial assets at fair value through other comprehensive profit or loss	(57,822)	(66,179)
Derecognise of financial assets at amortized cost	(5,386)	-
Interest expenses	694	740
Interest revenue	(364,795)	(308,794)
Various insurance liabilities net change	1,089,574	1,499,499
Expected credit impairment loss and reversal gain/loss on investment	(1,929)	(389)
Expected credit impairment reversal from non-investments	18,053	19,322
Losses (gains) from adoption of overlay approach	(1,043,451)	370,358
Profit or loss from disposal and scrapping of property and equipment	(749)	(1,644)
Profit or loss from disposal of investment property	(5,029)	-
Impairment losses on non-financial assets	-	20,660
Changes in assets/liabilities related to business activities		
Decrease (increase) of accounts receivable	364,210	(99,169)
Decrease (increase) of financial assets measured at fair value through profit or loss	609,504	(570,582)
Increase of financial assets measured at fair value through other comprehensive profit or loss	(207,141)	(63,911)
Increase of financial assets on the basis of cost after amortization	(4,201,991)	(1,163,316)
Decrease (increase) of reinsurance contracts assets	53,565	(121,831)
Increase of other assets	(70,423)	(3,050)
Increase (decrease) of payables	(203,011)	455,633
Provisions decrease	(20,453)	(5,853)
Other liabilities increase	40,110	7,622
Cash inflow from operating activities	65,119	1,477,326
Interest received	336,525	301,219
Dividend received	284,678	240,856
Interest paid	(104)	(113)
Income tax paid	(508,204)	(324,148)
Net cash inflow from operating activities	178,014	1,695,140
Cash flows from investment activities:		
Purchase of property and equipment	(72,176)	(54,671)
Disposal of property and equipment	870	4,377
Purchase of investment property	-	(213,631)
Disposal of investment property	14,383	-
Purchase of intangible asset	(7,354)	(8,038)
Net cash outflows used in investing activities	(64,277)	(271,963)
Cash flows from financing activities:		
Cash dividends paid	(1,011,083)	(616,128)
Repayment of the principal portion of lease liabilities	(17,178)	(16,157)
Net cash outflows from financing activities	(1,028,261)	(632,285)
Increase (decrease) of cash and cash equivalents in current period	(914,524)	790,892
Balance of cash and cash equivalents at the beginning of period	11,766,660	10,975,768
Balance of cash and cash equivalents at the ending of period	\$10,852,136	\$11,766,660

(Please refer to Notes to the Financial Statements)

Chairman: WU, HSIN-HUNG

President: HO, YING-LAN

Accounting Supervisor: TSENG, YA-FANG

(English Translation of Financial Statements Originally Issued in Chinese)
ShinKong Insurance Co., Ltd.
Notes to financial statements
January 1 to December 31, 2022
and January 1 to December 31, 2021
(Expressed in thousands of New Taiwan dollars, unless otherwise stated)

(I.) Company history and business scope

Shin Kong Insurance Co., Ltd. (hereinafter referred to as the Company) held a founding shareholders' meeting on March 20, 1963, and officially started the business on May 1 of the same year. With the main business of property insurance, the Company was initially settled at No. 43 Guanqian Road, Taipei City, and later moved to No. 35, Section 1, Wuchang Street, Taipei City on April 24, 1965 to meet the business expansion, and then moved to No. 34, Baoqing Road, Taipei City on January 30, 1973, and then again moved to the new corporate building at No. 15, Section 2, Jianguo North Road on January 20, 1983 for business expansion and restructuring. Capital: Initially NT\$ 32,000 thousand in 1963, and increased to NT\$ 54,400 thousand in 1977. Through the years of capital increase, as of December 31, 2022, the paid-in capital amounted to NT\$ 3,159,633 thousand.

Organization:

The Company has a total of 25 branches, including offices in Banqiao, Taoyuan, Hsinchu, Miaoli, Taichung, Shalu, Changhua, Yunlin, Chiayi, Tainan, Kaohsiung, Pingtung, Shilin, Xinying, Yuanlin, Fengshan, Nantou, Zhongli, Lanyang, Xizhi, Shuanghe, Neihu, Fengyuan, Xinzhuang, and international insurance businesses. The branches have a total of 4 communications offices, with service posts established all over Taiwan.

Head office: 11F., No. 15, Sec. 2, Jianguo N. Rd., Taipei City
Tel: (02) 2507-5335 (pilot)

Branches:

- (1) Banqiao Branch: 15F, No. 266, Section 1, Wenhua Road, Banqiao District, New Taipei City
TEL: (02) 2254-5568
- (2) Taoyuan Branch: 21F, Building A, No. 205, Fuxing Road, Taoyuan City
Tel: (03) 338-4003
- (3) Hsinchu Branch: 5F, No. 192 Minsheng Road, Hsinchu City
TEL: (03) 533-9121
- (4) Miaoli Branch: 4F, No. 462, Zhongzheng Road, Miaoli City
TEL: (037) 352-311
- (5) Taichung branch: 12F, No. 340, Section 2, Taiwan Boulevard, North District, Taichung City
Tel: (04) 2322-1158
- (6) Shalu Branch: No. 609, Section 2, Zhonghua Road, Wuqi District, Taichung City
Tel: (04) 2662-0099
- (7) Changhua Branch: No. 326, Section 2, Zhongshan Road, Changhua City
Tel: (04) 724-2147
- (8) Yunlin Branch: 3F, No. 148, Xincheng Road, Huwei Town, Yunlin County
Tel: (05) 632-1389

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Notes to financial statements (Continued)

(Expressed in thousands of New Taiwan dollars, unless otherwise stated)

- (9) Chiayi Branch: 5F, No. 427, Minquan Road, Chiayi City
Tel: (05) 225-3190
- (10) Tainan Branch: 12F, No. 32, Section 1, Yonghua Road, West Central District, Tainan City
Tel: (06) 227-1313
- (11) Kaohsiung Branch: 12F, No. 154, Zhongzheng 3rd Road, Xinxing District, Kaohsiung City
Tel: (07) 235-3197
- (12) Pingtung Branch: Suite 1-2, 8F, No. 450, Ziyou Road, Pingtung City
Tel: (08) 738-2000
- (13) Shilin Branch: 2F, No. 222, Wenlin North Road, Beitou District, Taipei City
Tel: (02) 2828-7010
- (14) Xinying Branch: 5F, No. 10, Zhongzheng Road, Xinying District, Tainan City
Tel: (06) 635-6569
- (15) Yuanlin Branch: 2F, No. 2, Section 2, Datong Road, Yuanlin City, Changhua County
Tel: (04) 835-5151
- (16) Fengshan Branch: Suite 1, 10F, No. 224, Ziyou Road, Fengshan District, Kaohsiung City
Tel: (07) 745-6131
- (17) Nantou Branch: No. 601-7, Zhongzheng Rd., Caotun Township, Nantou County
Tel: (049) 232-0203
- (18) Zhongli Branch: Suite A, 9F, No. 121, Huanxi Road, Zhongli District, Taoyuan City
Tel: (03) 491-1808
- (19) Lanyang Branch: 1F, No. 398, Gongzheng Road, Luodong Town, Yilan County
Tel: (03) 955-2640
- (20) Xizhi Branch: 13F, Building D, No. 82, Section 1, Xintai 5th Road, Xizhi District, New Taipei City
Tel: (02) 2696-0606
- (21) Shuanghe Branch: 14F, No. 2, Jianba Road, Zhonghe District, New Taipei City
Tel: (02) 8226-2620
- (22) Neihu Branch: No. 51, Ln. 258, Ruiguang Road, Neihu District, Taipei City
Tel: (02) 2627-2026
- (23) Fengyuan Branch: 6F, No. 23 Yuanhuan West Road, Fengyuan District, Taichung City
Tel: (04) 2529-0748
- (24) Xinzhuang Branch: 4F, No.149, Zhongzheng Road, Xinzhuang District, New Taipei City
Tel: (02) 2277-0903
- (25) International Insurance Branch: 10F, No. 15, Section 2, Jianguo North Road, Taipei City
Tel: (02) 2507-5335

(II.) Financial Reporting Date and Procedures

This financial report was approved by the Board of Directors and released on March 07, 2023.

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ShinKong Insurance Co., Ltd.

Notes to financial statements (Continued)

(Expressed in thousands of New Taiwan dollars, unless otherwise stated)

(III.) Application of New and Revised Standards and Interpretation

1. Changes in accounting policies resulting from the first application of International Financial Reporting Standards (IFRS)

The Company has adopted the International Financial Reporting Standards, International Accounting Standards, International Financial Reporting Interpretations or Interpretation Announcements that have been approved by the Financial Supervisory Committee (FSC) and applicable for fiscal years beginning after January 1, 2022. The first application of the new standards and amendments does not have significant impact on the Company.

2. The Company has not yet adopted the following newly issued, revised and amended standards or interpretations that have been released by the International Accounting Standards Board (IASB) and approved by the FSC as of the financial report publication date:

No.	New/amended/revised standards and interpretation	The IASB's issuance is effective for the years after the following dates
1	Disclosure Initiative – Accounting policy (amendments to IAS 1)	January 1, 2023
2	Definition of accounting estimates (amendments to IAS 8)	January 1, 2023
3	Deferred tax related to assets and liabilities arising from a single transaction (amendments to IAS 12)	January 1, 2023

(1) Disclosure Initiative – Accounting Policy (Amendments to IAS 1)

This amendment is to improve the disclosure of accounting policies in order to provide more useful information to investors and other main users of financial statements.

(2) Definition of Accounting Estimates (Amendments to IAS 8)

This amendment directly defines accounting estimates and makes other amendments to IAS 8 “Accounting Policies, Changes in Accounting Estimates and Errors” in order to help companies classify changes in accounting policies and accounting estimates.

(3) Deferred tax related to assets and liabilities arising from a single transaction (amendments to IAS 12)

The amendments restrict the scope of the exemption of recognition deferred tax in paragraphs 15 and 24 of IAS 12 — Income Taxes; therefore, the exemption does not apply to the same taxable amount upon initial recognition and the deductible temporary differences.

The above are the new, revised, and amended standards or interpretations that have been announced by the IASB, endorsed by the FSC, and will apply for the fiscal years beginning on or after January 1, 2023. Based on the Company's assessment, the new or amended or interpretations do not have material impact on the Company.

3. The company did not adopt the following new/amended/revised standards and interpretations that are issued by IASB but not yet recognized by the FSC as of the financial report publication date:

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Notes to financial statements (Continued)

(Expressed in thousands of New Taiwan dollars, unless otherwise stated)

No.	New/amended/revised standards and interpretation	The IASB's issuance is effective for the years after the following dates
1	Amendments to IFRS 10 "Consolidated Financial Statements" and IAS 28 "Investment in Associates and Joint Ventures" – Assets sales or investment of investors and their associates or joint ventures	To be determined by IASB
2	IFRS 17 "Insurance contracts"	January 1, 2023
3	Classification of liabilities as current or non-current and postpone of effective date (amendments to IAS 1)	January 1, 2024
4	Lease liabilities in sale and leaseback (amendments to IFRS 16)	January 1, 2024
5	Non-current liabilities in contracts (amendments to IAS 1)	January 1, 2024

- (1) Amendments to IFRS 10 "Consolidated Financial Statements" and IAS 28 "Investment in Associates and Joint Ventures" – Assets sales or investment of investors and their associates or joint ventures

This plan is to handle the inconsistency between IFRS 10 "Consolidated Financial Statements" and IAS 28 "Investment in Associates and Joint Ventures" regarding the loss of control by investing in associates or joint ventures at the cost of the subsidiary. According to IAS 28, the profit or loss amount should be eliminated in accordance with the downstream transaction when exchange non-monetary assets for the equity of the associates or joint ventures. According to IFRS 10, the entire profit and loss should be recognized at the time of losing the control over the subsidiary. This amendment restricts the aforementioned provisions of IAS 28. The profit or loss arising from the sales or investment of business assets that meet the definition in IFRS 3 shall be fully recognized.

According to this amendment to IFRS 10, the sales or investment between the investors and associates or joint ventures for the subsidiary that does not meet the definition in IFRS 3, the profit or loss incurred shall be recognized for the amount that is not attributable to the investors.

- (2) IFRS 17 "Insurance Contracts"

IFRS 17 provides a comprehensive model of insurance contracts, including all accounting-related matters (recognition, measurement, presentation, and disclosure principles). The core of IFRS 17 is a general model. Under this model, the original recognition is based on the sum of the fulfillment cash flow and contractual service margin to measure the insurance contracts, of which, the fulfillment cash flows include:

- A. Estimated value of future cash flows
- B. Discount rate: reflect the adjustment to the time value of money and the financial risks (to the extent when financial risks are not included in the estimated value of future cash flows) related to the future cash flows; and
- C. Adjustments to non-financial risks

The book amount of the insurance contract group at the end of each reporting period is the sum of the remaining coverage liabilities and the incurred claims liabilities.

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In addition to the general model, it also provides:

- A. Specific applicable methods (variable fee approach) for contracts with direct participation characteristics
- B. Simplified method (premium allocation approach) for short-term contracts

Upon the initial application of the standards, enterprises adopted IFRS9 may re-designate and re-classify the financial assets that comply with the requirements of the standards. Enterprises are not required to re-prepare the comparison information to reflect the changes in the classification of such assets; the differences between the former carrying amount and the carrying amount on the date of initial application shall be recognized in the opening retained earnings or other equity as at the date of initial application. When an enterprise has restated its comparison information, the comparison information shall reflect the requirements of IFRS9 on such financial assets being affected. In addition, for financial assets derecognized during the comparison period after the date of initial application of the standards, enterprises may elect the applicable overlay approach based on the individual financial assets, as if such assets have been re-classified according to the re-designation requirements under the standards during the comparison period.

This standard was announced in May of 2017 and amended in June 2021. This amendment, except for having the effective date postponed for 2 years (that is, postponed from January 1, 2022 to January 1, 2023) in the transitional clause with additional exemptions provided; also, reducing the cost of adopting this standard by simplifying some regulations and amend some regulations to make some situations easier to interpret. This standard in effect will replace the transitional standard (that is, IFRS 4 “Insurance Contracts”).

(3) Classification of liabilities as current or noncurrent (Amendments to IAS 1)

This is to amend the classification of liabilities as current or noncurrent in paragraphs 69 to 76 of IAS 1 “Presentation of Financial Statements.”

(4) Lease liabilities in sale and leaseback (amendments to IFRS 16)

The amendments provide additional accounting regarding sale and leaseback transactions for seller who is concurrently a lessor in IFRS 16 “Lease” to improve the consistent application of the standards.

(5) Non-current liabilities in contracts (amendments to IAS 1)

The amendments increase the information provided by enterprises regarding their long-term liability contracts. The amendments explain that the contractual agreements to be observed within 12 months after the reporting period shall not affect the classification of such liabilities as current or non-current at the end of the reporting period.

The aforementioned standards and explanations issued by IASB but not yet recognized by the FSC are applicable on the date determined by the FSC. The company is currently assessing the potential impact of the new/amended standards and explanations in (2) and is not yet able to reasonably estimate the impact of the aforementioned standards or interpretations on the company; however, the other new/amended standards and explanations have no significant impact on the company.

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Notes to financial statements (Continued)

(Expressed in thousands of New Taiwan dollars, unless otherwise stated)

(IV.) Summary of Significant Accounting Policies

1. Compliance Statement

This financial statements are prepared in accordance with Regulations Governing the Preparation of Financial Reports by Insurance Enterprises, as well as IFRS, IAS, and interpretations and interpretation announcements released by the International Financial Reporting Interpretations Committee (IFRIC), which have been approved and promulgated by the FSC.

2. Basis of Preparation

The financial statements are prepared on the basis of historical costs, except for financial instruments measured at fair value and the net defined benefit liabilities recognized by deducting the present values of defined benefit obligations from the fair value of plan assets. Unless otherwise specified, amounts in financial statements are expressed in thousand NT dollars.

3. Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, demand deposits, and time deposits or investments that are short-term, highly liquid, convertible to fixed amounts of cash at any time with little risk of value changes (including time deposits within 12 months of contractual period).

4. Transactions in Foreign Currencies

The Company's financial statements are expressed in NT dollars, which is the Company's functional currency. Transactions in foreign currencies are converted to the functional currency based on the exchange rate on the transaction date. At the end of each reporting period, monetary items in foreign currencies are converted at the closing exchange rate of that day; non-monetary items in foreign currencies measured at fair value are converted at the exchange rate on the day that the fair value is determined; non-monetary items in foreign currencies measured at historical cost are converted at the exchange rate of the transaction day.

Except for the following, the exchange differences arising from the delivery or conversion of monetary items are recognized as gains or losses of the current period:

- (1) If the exchange differences from foreign currencies borrowed to obtain qualified assets are regarded as adjustments to interest costs, becoming part of the borrowing costs, they are capitalized as the costs of the assets.
- (2) Foreign currencies applicable to IFRS 9 "Financial Instruments" are treated in accordance with the accounting policies of financial instruments.
- (3) For monetary items that form part of the reporting entity's net investment in foreign institutions, the exchange differences resulting from initial recognition are recognized as other comprehensive profit or loss, and reclassified from equity to gains and losses when the net investment is disposed.

When the profits and losses of non-monetary items are recognized as other comprehensive gains or losses, any components of the conversion of the profits and losses are recognized as other comprehensive profit or loss. When the profits and losses of non-monetary items are recognized as gains and losses, any components of the conversion of the profits and losses are recognized as gains and losses.

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5. Financial Instruments

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

Financial assets and financial liabilities applicable to IFRS 9 “Financial Instruments” are measured at fair value on initial recognition, and are directly attributable to the transaction cost of acquisition or issuance of the financial assets and financial liabilities (except for those measured at fair value through profit or loss), to be deducted from or added to the fair values of the financial assets and financial liabilities.

(1) Recognition and measurement of financial assets

All the recognition and delisting of financial assets through the Company’s normal trade practice are accounted for on the transaction day.

The Company classifies financial assets into the following categories: those subsequently measured at amortized cost, those measured at fair value through other comprehensive profit or loss, and those measured at fair value through profit or loss, based on the following features:

- A. Operating models
- B. Contractual cash flows

Financial Assets Based on Cost After Amortization

Financial assets that meet the following two conditions are measured at amortized cost and listed on the balance sheet as financial assets and other assets measured at accounts receivable and amortized cost:

- A. Operating models: holding financial assets to collect contractual cash flows
- B. Contractual cash flows: cash flows entirely for paying principals and interests on the principals in circulation

Such financial assets (excluding those involved in hedging) are subsequently measured at amortized cost [the amount measured on initial recognition, minus the principal paid, plus or minus the accumulated amortization of the difference between the original amount and the maturity amount (using the effective interest method), and adjustment of allowance for losses]. Upon derecognition, through amortization or recognition of impaired profits or losses, the profits or losses are recognized as gains and losses.

The interests calculated by the effective interest method (multiplying the effective interest rate by the total book value of the financial asset) or based on following conditions are recognized as gains and losses:

- A. For purchased or originated credit-impaired (POCI) financial assets, it is calculated as the credit-adjusted effective interest rate multiplied by the amortized cost.
- B. For financial assets other than the aforementioned, but subsequently become credit impairment, it is calculated as the effective interest rate multiplied by the amortized cost.

Financial Assets at Fair Value through Other Comprehensive Profit or Loss

Financial assets that meet the following two conditions are measured at fair value through other comprehensive profit or loss, and are listed on the balance sheet as financial assets measured at

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fair value through other comprehensive profit or loss:

- A. Operating model: collecting contractual cash flows and selling financial assets.
- B. Contractual cash flows: cash flows entirely for paying principals and interests on the principals in circulation

Recognition of gains and losses related to such financial assets are explained as follows:

- A. Before derecognition or reclassification, except for impaired profits or losses and foreign exchange profits or losses that are recognized as gains and losses, the profits and losses of the financial assets are recognized as other comprehensive profit or loss.
- B. Upon derecognition, the cumulative profits or losses previously recognized as other comprehensive gains and loss are reclassified from equity to gains or losses for adjustment.
- C. The interests calculated by the effective interest method (multiplying the effective interest rate by the total book value of the financial asset) or based on following conditions are recognized as gains and losses:
 - (a) For POCI financial assets, it is calculated as the credit-adjusted effective interest rate multiplied by the amortized cost.
 - (b) For financial assets other than the aforementioned, but subsequently become credit impairment, it is calculated as the effective interest rate multiplied by the amortized cost.

In addition, for equity instruments applicable for IFRS 9 and are neither held for trading, nor recognized as contingent consideration by the acquirer in a merger under IFRS 3, and on initial recognition, it is optional (irrevocably) to list its subsequent fair value changes as other comprehensive profit and loss. The amount listed as other comprehensive profit or loss shall not subsequently be transferred to gains and loss (when disposing such equity instruments, the cumulative amount listed as other equity are directly transferred to retained earnings), and shall be listed on the balance sheet as financial assets measured at fair value through other comprehensive profit or loss. Dividends from investments are recognized as gains or losses, unless the dividends clearly represent part of the recovery of investment costs.

Financial Assets at Fair Value through Profit or Loss

Except for the measurement by amortized cost under specific conditions as mentioned above or at fair value through other comprehensive profit or loss, financial assets are measured at fair value through profit or loss, and are listed on the balance sheet as financial assets and accounts receivable measured at fair value through profit or loss.

The profits or losses generated from remeasurement of such financial assets measured at fair value are recognized as gains and losses, whose profits or losses include any and all dividends or interests generated from the financial assets.

(2) Impairment of Financial Assets

The Company's debt instruments measured at fair value through other comprehensive profit or loss and financial assets measured at amortized cost are recognized as expected credit losses to measure allowance for losses. For the debt instruments measured at fair value through other comprehensive profit or loss, the allowance for losses is recognized as other comprehensive profit or loss, without reducing the book value of the investment.

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The Company measures expected credit losses to reflect the following:

- A. unbiased and probability-weighted amounts determined by evaluating all possible outcomes.
- B. Time value of money
- C. Reasonable and supportable information related to past events, current conditions and forecasts of future economic conditions (that can be obtained without excessive costs or investment on the balance sheet date)

Measurement of allowance for losses is explained as follows:

- A. It is measured by the amount of 12-month expected credit losses: including financial assets whose credit risk has not significantly increased since initial recognition, or those that are determined to be low in credit risk at the balance sheet date. In addition, it also includes the allowance for losses which are measured at lifetime expected credit losses in the duration of previous financial reports, but on the current balance sheet day no longer meets the criteria for a significant increase in credit risk since initial recognition.
- B. Measurement of lifetime expected credit losses: including financial assets with credit risk significantly increased since initial recognition, or POCI financial assets.
- C. For accounts receivable or contract assets arising from transactions under IFRS 15, the Company uses lifetime expected credit losses to measure allowance for losses.
- D. For lease receivables arising from transactions under IFRS 16, the Company uses lifetime expected credit losses to measure allowance for losses.

In addition to the above assessments, the Company has also provided adequate allowance for bad debts in accordance with the “Guidelines for Handling Assessment of Assets, Overdue and Non-Performing Loans and Bad Debts by Insurance Enterprises,” and the amount shall not be lower than the following standards: (1) 0.5% of the 1st type loan assets after deducting from life insurance loans, advanced premiums, and the balance of claims to government agencies, and 2%, 10%, 50%, respectively, of the balances of claims of loan assets from 2nd to 5th types (attention required, recovery expected, recovery difficult, and recovery hopeless), as well as the total of all the balances. 2. 1% of the total of the 1st to 5th types of loan assets after deducting from life insurance loans, advanced premiums and the balance of claims to government agencies. 3. Overdue and non-performing loans that have been reasonably assessed as free of secured claims. 4. If the sum of the minimum allowances for bad debts assessed in accordance with the criteria stated above in the 1st to 3rd subparagraphs is lower than the amount required by generally accepted accounting principles, the latter shall prevail. If the competent authority requires that the allowance for bad debts of specific loan assets be increased in accordance with its standards and deadlines in order to strengthen the capacity for losses of the specific loan assets, the Company shall comply.

On each balance sheet day, the Company compares the changes in the default risk of financial instruments from the initial recognition day, in order to assess whether the credit risk of the financial instruments has increased significantly after the initial recognition. For further information about the credit risks, please see Note (VII.)

(3) Derecognition of Financial Assets

The Company’s financial assets are derecognized when one of the following conditions is met:

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Notes to financial statements (Continued)

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- A. The contractual rights from the cash flows of financial assets are terminated.
- B. The financial assets have been transferred and almost all the risks and rewards from the ownership of the assets have been transferred to others.
- C. Almost all risks and rewards of asset ownership have neither been transferred nor retained, but control of the assets has been transferred.

When a financial asset is derecognized as a whole, the difference between its book value and the received or receivable consideration plus any cumulative profits or losses recognized as other comprehensive profit or loss is recognized as gains and loss.

(4) Financial Liabilities and Equity Instruments

Classification of Liabilities or Equity

The liabilities and equity instruments issued by the Company are classified as financial liabilities or equity based on the substance of the contractual agreement and the definitions of financial liabilities and equity instruments.

Equity Instruments

The Company's equity instruments refer to any contract with remaining equity after deducting all liabilities from assets. Equity instruments issued by the Company are recognized with the amount received deducting the cost of direct issuance.

Financial Liabilities

Financial liabilities applicable to IFRS 9 are classified on initial recognition as financial liabilities measured at fair value through profit or loss or financial liabilities measured at amortized cost.

Financial liabilities at fair value through profit and loss

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

When one of the following conditions is met, financial liabilities are classified as held for trading:

- A. The main purpose of acquisition is to sell them in a short time;
- B. on initial recognition, it is a part of the portfolio of identifiable financial instruments under merger management, and there is evidence that the portfolio is to be operated for short-term profits in the near future; or
- C. Derivative instruments (except for financial guarantee contracts or designated derivatives that are effective hedging instruments).

For a contract containing one or more embedded derivatives, the overall hybrid (combined) contract can be designated as a financial liability measured at fair value through profit and loss; when one of the following factors is met to provide more relevant information, the hybrid contract can be designated on initial recognition as measured at fair value through profit and loss:

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- A. The designation can eliminate or significantly reduce inconsistencies in measurement or recognition; or
- B. A group of financial liabilities or a group of financial assets and financial liabilities are managed and evaluated on the fair value basis, based on written risk management or investment strategies, and the information on the investment portfolio provided to the management within the consolidated company is also based on fair value.

The profits or losses out of remeasurement of such financial liabilities are recognized as gains and losses, including any interests paid for the financial liabilities.

Financial Liabilities Measured at Mortized Cost

Financial liabilities measured at amortized cost include payables and lease liabilities, which are measured by the effective interest method after initial recognition. When financial liabilities are derecognized and amortized by the effective interest method, the related profit or loss and amortization are recognized as gains and losses.

The calculation of the amortized cost considers the discount or premium at the time of acquisition and transaction costs.

Derecognition of Financial Liabilities

A financial liability is derecognized when its obligation is discharged, cancelled or invalidated.

When the Company and creditors exchange debt instruments with materially different terms, or make major changes to all or part of the terms of existing financial liabilities (whether or not due to financial difficulties), the original liabilities are derecognized and new ones recognized, and when the financial liabilities are derecognized, the difference between their book values and the total considerations paid or payable (including transferred non-cash assets or liabilities assumed) is recognized as gains and losses.

(5) Offset of Financial Assets and Liabilities

Financial assets and financial liabilities can be offset and listed on the balance sheet as a net amount only when the recognized amount currently has legal exercise rights of mutual offsetting and is intended to settle on a net amount or to realize assets and liquidate liabilities at the same time.

(6) Derivative Instruments

The derivative instruments signed by the Company include forward foreign exchange contracts and exchange contracts, mainly for managing the risk of changes in exchange rates. The initial recognition and subsequent measurement of such derivatives are based on fair value, and when the fair value is positive, the derivatives are recognized as assets, otherwise recognized as liabilities.

(7) Overlay Approach for Financial Assets

When the Company applied IFRS 9 for the first time, the overlay approach described in IFRS 4 “Insurance Contracts” was adopted, and for the designated financial assets, an amount was

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reclassified between gains and losses and other comprehensive profit or loss, making the gains and losses of the designated assets at the closing day of the reporting period equal to the gains and losses of such financial assets if designated to comply with IAS 39. Accordingly, the reclassified amount is the difference between the following two items:

- A. Gains and losses of the designated financial assets applicable to IFRS 9; and
- B. Gains and losses of such financial assets if designated to comply with IAS 39.

A financial asset meets the specific requirements of the overlay approach only when the following conditions are met:

- A. The financial asset is applicable to IFRS 9 through gains and losses measured at fair value, but if IAS 39 is applied, it will not be measured at fair value through gains or losses as a whole; and
- B. The financial asset is not held for activities linked to contracts within the scope of IFRS 4 “Insurance Contracts.”

Thereafter, a financial asset is designated as qualified for overlay approach only when one of the following conditions is met:

- A. The asset is initially recognized; or
- B. The asset is newly qualified for being held for activities linked to the contract within the scope of the IFRS 4 “Insurance Contracts,” but previously did not meet the requirements.

The overlay approach should continue to be applied to the designated financial asset until it is derecognized; however, when the financial asset no longer meets the requirements of being held for activities linked to contracts within the scope of IFRS 4 “Insurance Contracts,” it should be de-designated; also, on the beginning day of any annual period, designations of financial assets to the overlay approach may all be ceased, and when such an act occurs, IAS 8 “Accounting Policy Changes” should be applied.

6. Measurement at Fair Value

Fair value refers to the price under which an amount is received from selling an asset or paid for transferring a liability in an orderly transaction among market participants on the measurement day. The measurement of fair value assumes that the sale of assets or transfer of liabilities takes place in one of the following markets:

- (1) The main market for such assets or liabilities, or
- (2) If there is no such a main market, the most favorable market shall apply.

The main market or the most favorable market must be accessible by the market participants.

The fair value of an asset or a liability is assumed by the market participants to price the asset or liability, and it is assumed that the market participants are acting in their best economic interests.

The measurement at fair value of a non-financial asset takes into account the efficacy that the buyer will take the asset to its highest and best use or the seller will sell the asset to the counterpart who will take the asset to its highest and best use, in order to generate economic benefits.

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The Company adopts evaluation techniques which allow collection of appropriate and sufficient information under relevant circumstances so as to measure fair values, as well as maximize the use of observable input values and minimize the use of unobservable input values.

7. Property, Plant, and Equipment

Property, plant, and equipment are recognized based on the acquisition costs, and are listed after deducting accumulated depreciation and accumulated impairment. The said costs include the costs of dismantling and removing the property, plant and equipment and restoring the venue, as well as the necessary interests incurred out of unfinished projects. Significant components of the property, plant, and equipment are depreciated separately. Significant components of the property, plant and equipment that need to be periodically replaced are treated as individual assets, recognized based on their individual service life and depreciated separately. The book value of the replacement cost is derecognized in accordance with IAS 16 “Property, Plant and Equipment.” A major maintenance cost qualified for recognition is regarded as replacement cost and recognized as part of the book value of the equipment, while other repair and maintenance expenses are recognized as gains and losses.

Depreciation of the following assets is accrued using the straight-line method, based on the estimated service life:

Buildings and structures	5–50 years
Miscellaneous equipment	5 years

The property, plant and equipment or any of its significant components after initial recognition that are disposed of or not expected to generate inflow of economic benefits from future use or disposal are derecognized into gains and losses.

The residual value, service life and depreciation method of the property, plant and equipment are assessed at the end of each fiscal year, and if the expected value is different from the previous estimate, the change is regarded as a change in accounting estimates.

8. Investment Property

The company’s own investment property is measured at the original cost, including the acquisition cost. The book value of investment property includes the cost of repairing or adding new investment to the property if only the cost is recognizable; however, the maintenance expenses incurred from day to day are not regarded as part of the cost. After initial recognition, the investment property, except for being qualified as a non-current asset held for sale (or included in the disposal group of being held for sale) according to IFRS 5 “Non-current Assets held for Sale and Discontinued Operations,” the measurement of investment property is based on the cost model in accordance with IAS 16 “Property, Plant and Equipment”; however, if it is held by the lessee as a right-of-use asset and regarded as not being held for sale according to IFRS 5, the stipulations of IFRS 16 are applied.

Depreciation of the following assets is accrued using the straight-line method, based on the estimated service life:

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Buildings and structures 30–50 years

Investment property is derecognized into gains and losses when it is disposed of or will no longer be used and economic benefits out of future disposal are not expected.

Assets are transferred into or out of investment property based on their actual use.

When a property either meets or no longer meets the definition of investment property and evidence shows change of use, the property is either transferred into or out of investment property, accordingly.

9. Leases

On the execution date, a contract is assessed whether it is attributed to, or includes, leasing. If a contract has transferred control of use of identified assets for a period of time in exchange for consideration, it is (or includes) a lease. Whether a contract has transferred control of use of identified assets for a period of time is determined on the basis of the following two factors over the entire period of use:

- (1) Obtaining the right to almost all economic benefits from the use of the identified assets; and
- (2) The right to direct the use of the identified assets.

For a contract that is attributed to (or includes) a lease, the lease components in the contract are regarded as individual ones and are treated separately from the non-lease components. For a contract that includes one lease component and one or more additional lease or non-lease components, the consideration is allocated to the lease components, based on the relative stand-alone price of each lease component and the aggregate of stand-alone prices of the non-lease components. The relative stand-alone prices of lease and non-lease components are determined on the basis of the prices charged by the lesser (or similar suppliers) separately for the components (or similar components). If the observable stand-alone price is not readily available, the maximized observable information is used to estimate the stand-alone price.

The Company as a Lessee

In addition to compliance and selection of short-term leases or leases of low-value target assets, when the Company is the lessee of the lease contract, all the leases are recognized using the right-of-use assets and lease liabilities.

The lease liabilities are measured at present value of the lease payment not yet paid on the commencement date. If the lease implied interest rate is easy to determine, the lease payment is discounted at the said implied interest rate. If it is not, the interest rate for the lessee's incremental borrowing is used. On the commencement date, the lease payments included in the lease liabilities include the following due payments related to the right-to-use assets during the lease period but not yet paid on that date:

- (1) Fixed payments (including substantive fixed payments), minus any collectable lease incentives;
- (2) Lease payments that vary depending on changes in an index or rate (initial measurement by the

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index or rate on the commencement date);

- (3) The amount expected to be paid by the lessee under the residual value guarantee;
- (4) The price of exercising the purchase option, if exercising the option is reasonably assured; and
- (5) The penalty payable for the termination of the lease, if in the lease period it shows that the lessee will exercise the option to terminate the lease.

After the commencement date, the lease liabilities are measured at amortized cost, and the effective interest rate method is used to increase the book value of the lease liabilities to reflect the interests on lease liabilities; fulfilled lease payments reduce the book value of lease liabilities.

On the commencement date, the right-of-use asset is measured by the costs, which include:

- (1) The amount from initial measurement of the lease liabilities;
- (2) Any lease payments paid on or before the commencement date, minus any lease incentives received;
- (3) Any initial direct costs incurred by the lessee; and
- (4) The estimated cost for the lessee to dismantle and remove the target asset and restore the venue, or restore the target asset to the state required by the lease terms and conditions.

The right-of-use asset is subsequently measured by deducting the accumulated depreciation and accumulated impairment loss from the cost, i.e. using the cost model to measure the right-of-use asset.

If the ownership of the target asset is transferred to the Company, or if the cost of the right-of-use asset reflects that the company will exercise the purchase option, when the lease period expires, the right-of-use asset is depreciated from the commencement date till the end of the service life of the target asset. Otherwise, the right-of-use asset is depreciated from the commencement date till the end of the service life of the right-of-use asset or till the expiration of the lease period, whichever is earlier.

The Company applies IAS 36 “Impairment of Assets” to determine whether the right-of-use asset is impaired and deal with any identified impairment losses accordingly.

In addition to compliance and selection of short-term leases or leases of low-value target assets, the right-of-use assets and lease liabilities are listed in the balance sheet, and the lease-related depreciation and interests are listed in the consolidated income statement.

For short-term leases and leases of low-value target assets, the lease payments are recognized as expenses on a straight-line basis or another systematic basis during the lease period.

The Company as a Lesser

The leases are classified into operating and financial ones on the date of contract establishment. A lease transferring almost all the risks and rewards attached to the ownership of the target asset is classified as a financial lease; otherwise, as an operating lease. On the commencement date, the assets held under the financial leases are listed in the balance sheet as financial lease payments receivable based on the net lease investment.

For contracts including lease and non-lease components, the consideration in the contract is allocated

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in accordance with IFRS 15.

The lease payments out of operating leases are recognized as rental income on a straight-line basis or another systematic basis. Variable lease payments of operating leases that are not dependent on a certain index or rate are recognized as rental income when they occur.

10. Intangible Assets

Intangible assets acquired separately are initially recognized at cost. The cost of an intangible asset acquired through a merger is the fair value on the acquisition date. An intangible asset after being initially recognized has its book value based on its cost minus accumulated amortization and accumulated impairment losses. An internally generated intangible asset not qualified for recognition is not capitalized; instead, it is recognized as gains and losses when it occurs.

The service life of intangible assets is assessed as limited.

The intangible asset with a limited service life is amortized over its service life, and an impairment test is performed when a sign of impairment appears. The amortization period and amortization method of intangible assets with limited service life are reviewed at least at the end of each fiscal year. If the estimated service life of an asset is different from the previous estimate or the expected pattern of future economic benefit consumption has changed, the amortization method or amortization period are adjusted and considered as changes in accounting estimates.

The profit or loss arising from derecognition of intangible assets is recognized as gains and losses.

11. Impairment of Non-Financial Assets

On the closing date of each reporting period, assets applicable to IAS 36 are assessed for signs of impairment. If an asset has signs of impairment or is scheduled for an annual impairment test, the asset or the cash-generating unit of the asset is the test target. If the book value of the tested asset or its cash-generating unit is greater than its recoverable amount, an impairment loss is recognized. The recoverable amount is the net fair value or use value, whichever is greater.

At the end of each reporting period, assets other than goodwill are assessed for signs that the impairment loss previously recognized is reduced or no longer exists. If such signs appear, the recoverable amount of the asset or its cash-generating unit is assessed. If the recoverable amount increases due to changes in the estimated service potential of the asset, the impairment loss is reversed. However, if the book value after the reversal does not exceed the value before the impairment loss was recognized, the accrued depreciation or amortization is deducted from the book value.

The impairment loss and the number of reversals of continuing operations are recognized as gains and losses.

12. Segmentation Requirements for Specific Assets

The Company's business of compulsory automobile liability insurance (hereinafter referred to as the Insurance) is based on Article 4 of the "Regulations for the Accounting Arrangement and Procedure of Submitting Business and Financial Reports of Compulsory Automobile Liability Insurance" stipulated in Article 47, Paragraph 3 of the "Compulsory Automobile Liability Insurance Act" for the insurance-related accounting.

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The special reserve fund for the Insurance in accordance with Article 5 of the “Regulations for the Management of the Various Reserves for Compulsory Automobile Liability Insurance” is used for purchase of treasury bills or time deposits in financial institutions. However, funds approved by the competent authority may be used to purchase the following domestic securities:

- (1) Non-exchangeable government bonds;
- (2) Financial bonds, negotiable certificates of deposit, bank acceptance drafts, commercial promissory notes guaranteed by financial institutions. However, financial bonds are limited to general financial bonds.

The amount of the purchased treasure bills and the time deposits in financial institutions shall not be less than 30% of the total retained pure premiums earned that has been certified by a CPA in the most recent period, and the competent authority may also consider the Company’s operations to appropriately increase the lower limit of loan-deposit ratio of the time deposits.

If the balance of the special reserve fund has not reached 30% of the retained pure premiums earned that has been certified by a CPA in the most recent period, the reserve shall be fully used to purchase treasure bills or for time deposits in financial institutions.

In accordance with Article 6 of the “Regulations for the Management of the Various Reserves for Compulsory Automobile Liability Insurance,” the funds (various reserves, payables, temporary credits and pending transfers) held for the Insurance, except for special reserves as stipulated above, shall be used for demand deposits and time deposits in financial institutions. However, funds approved by the competent authority may be used to purchase the following domestic securities:

- (1) Treasury bills;
- (2) Negotiable certificates of deposit, bank acceptance drafts, and commercial promissory notes guaranteed by financial institutions;
- (3) Repurchase government bonds.

The above demand deposits in financial institutions shall neither be less than 45% of the funds held by the Company for the Insurance after deducting the special reserve and nor be less than 30% of the retained pure premiums earned that has been certified by a CPA in the most recent period, and the competent authority may appropriately increase the loan-deposit ratio of the demand deposits based on the Company’s operating conditions.

If the total amount of unearned premium reserve and claims reserve of the Insurance is less than 30% of the retained pure premiums earned that has been certified by a CPA in the most recent period, the funds held for the Insurance shall be fully used for demand deposits in financial institutions.

In accordance with Article 11 of the “Regulations for the Management of the Various Reserves for Compulsory Automobile Liability Insurance,” when the property insurance business ceases to operate or ceases to deal with the aforementioned insurance, the various reserves of such insurance shall be transferred and merged into the various reserves of other insurers undertaking such insurance. If there is no other insurer to undertake such insurance, and the liability for the Insurance is over and the special reserve has a positive balance, the asset corresponding to the special reserve shall be transferred to the Motor Vehicle Accident Compensation Fund.

When the property insurance business is ordered to suspend operations for liquidation, or ordered to

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dissolve, or its license for the Insurance is revoked, if no other insurer undertakes the Insurance, and the liability for the Insurance is over and the special reserve has a positive balance, the asset corresponding to the special reserve shall be transferred to the Motor Vehicle Accident Compensation Fund.

13. Classification of Insurance Contracts

An insurance contract refers to an agreement in which the insurer accepts the transfer of significant insurance risks from the policyholder, and agrees to compensate the policyholder when an uncertain event (insurance event) occurs in the future and causes damage to the policyholder. The significant insurance risks refer to the occurrence of any insurance event that causes the Company to pay significant amounts of additional benefits.

An insurance contract with a financial product nature refers to a contract that transfers significant financial risks. The financial risk refers to the risk that one or more specific interest rates, financial product prices, commodity prices, exchange rates, price indices, rate indices, credit ratings, credit indices or other variables may change in the future. If any of the above variables is non-financial, it is not regarded as held by a party to the contract.

An insurance policy that meets the definition of an insurance contract at initial judgment remains an insurance contract before all its rights and obligations disappear or expire, even if the insurance risks it undertakes during the policy period has been significantly reduced. However, if an insurance contract with a financial product nature transfers significant insurance risks to the Company after its renewal, it is reclassified as an insurance contract.

14. Insurance Liability

The insurance liability reserve provided for insurance contracts is based on the “Regulations on Insurance Companies Various Reserves,” “Regulations for the Management of the Various Reserves for Compulsory Automobile Liability Insurance,” “Risk Spreading Mechanism of Residential Earthquake Insurance,” “Regulations on Property Insurance Companies Various Reserves for Energy Insurance,” “Property Insurance Companies Reserves for Commercial Earthquake Insurance and Typhoon Flood Insurance,” and “Notes on Strengthening Property Insurance Companies Reserves for Natural Disaster Insurances (Commercial Earthquake Insurance and Typhoon Flood Insurance),” and certified by an FSC-licensed actuary. The insurance liability reserves are provided as follows:

(1) Unearned Premium Reserve

For valid contracts not yet expired or underwriting risks not yet terminated during the insurance period, the unearned premium reserve is set aside based on calculated unexpired risks of individual insurances.

(2) Claims Reserve

The claims reserve is calculated based on the insurance types and past claims experience and expenses by actuarial principles, and provided in accordance with the reported but not settled (RBNS) and unreported claims, while the RBNS claims are calculated on a case-by-case basis by the insurance types.

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(3) Special Reserves

Special reserves are divided into “Special Reserves for Major Accidents” and “Special Reserves for Risk Changes,” and in accordance with IAS 12 “Income Taxes,” the annually added provisions are deducted by the income taxes and listed in the special surplus reserve under equity. The amount to be written down or recovered as required by statutory regulations and deducted by income tax in accordance with IAS 12 can be carried out from the appropriated retained earnings of the special surplus reserve under equity.

On January 1, 2013, the special reserves initially set aside under insurance liabilities, including special reserves for major accidents and special reserves for risk changes for insurance types other than compulsory automobile liability insurance, nuclear energy insurance, policy-based basic residential earthquake insurance, commercial earthquake insurance, and typhoon flood insurance, have the highest priority to supplement the special reserves for major accidents and special reserves for risk changes to full level, listed under liabilities, and in accordance with IAS 12, the special reserves for major accidents and special reserves for risk changes of other insurance types are deducted by income taxes and listed in the special surplus reserve under equity.

Special Reserves for Major Accidents

The reserve for each insurance type is set aside in accordance with the ratio of special reserve for major accidents as stipulated by the competent authority.

For an accident qualified for the major disaster conditions issued by the authority, where the total amount of individual company’s accumulated retained claims for each insurance type amounts to NT\$30,000 thousand, and the total amount of the overall property insurance industry’s claims payable for each insurance type exceeds NT\$2,000,000 thousand, the claims can be written down from the special reserve for the major accidents.

Major accident special reserves for commercial earthquake insurance and typhoon flood insurance provided for more than 30 years can be withdrawn; major accident reserves for other insurance types provided for more than 15 years can have a withdrawal mechanism established by an actuary and sent to the competent authority for reference.

Special Reserves for Risk Changes

When the balance of the actual indemnity of an insurance written down from the insurance’s major accident special reserve exceeds the expected indemnity, if it is a commercial earthquake insurance or a typhoon flood insurance, a special reserve for risk changes equal to 75% of the difference is set aside, and for the other insurance types, the special reserve is 15% of the difference.

When the balance of the actual indemnity of an insurance written down from its special reserve for major accidents exceeds the expected indemnity, the excess may be written down from the special reserve for risk changes. If the special reserve for risk changes is insufficient to write down the indemnity, special reserves for risk changes provided for other insurance types may be used for the write-down, and the insurance types as well as the amounts of the substitute write-down should

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comply with relevant regulations set by the competent authority and sent to the authority for reference.

When the accumulated special reserve for the risk changes in commercial earthquake insurance exceeds 18 times its current year's retained premiums earned, or such a reserve for the typhoon flood insurance exceeds 8 times its current year's retained premiums earned, or such a reserve for the accident insurance or the health insurance exceeds 30% of its current year's retained premiums earned, or such a reserve for other type insurance exceeds 30% of its current year's retained earned premium, the excess is withdrawn.

(4).Premium Insufficiency Reserve

The unexpired contracts or undertaken risks during the insurance period are assessed for possible claims and expenses in the future, and if the assessment exceeds the unearned premium reserve and expected future premium revenues, the premium insufficiency reserve is provided.

(5).Reserve for Liabilities

The minimum liability reserve of a health insurance with a period of more than one year is regularly revised on an annual basis. The liability reserve for a health insurance with special features is determined by the competent authority.

15.Liability Adequacy Ttest

In accordance with Article 24-1 of the "Regulations on Insurance Companies Various Reserves" to test an insurance contract for its liability adequacy required by IFRS 4, the insurance's future cash flow is assessed based on the current information on each balance sheet date to test the adequacy of recognized insurance liabilities, and a reserve for the inadequacy is provided based on the principle of actuarial practice.

16.Treasury Stock

Treasury stocks are recognized at the acquisition cost and listed as a deduction of equity. The trading spread of treasury stocks is recognized under equity.

17.Share-Based Payment Transactions

The cost of stock-based payment transactions between the Company and employees for equity delivery is measured at fair value of the equity instrument on the date of grant, and the fair value is measured by an appropriate pricing model. The date that the subscription price and the number of shares are confirmed is the grant date, on which the expenses are recognized at the fair value of the equity instruments, and the equity is increased accordingly.

18.Insurance Premium Revenues and Acquisition Costs

The insurance premium revenues of the direct underwriting business are recognized based on all the insurance policies undertaken and approved in the current period; the ceded-in reinsurance premium

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revenues are regularly booked on the bill arrival date, and on the balance sheet date the unreached reinsurance premium revenues are assessed with a reasonable and systematic method. The related acquisition costs (such as commission expenses, agency fees, handling fees and reinsurance commissions) are recognized in the same period without being deferred.

The unearned premium reserve is set aside for valid insurance contracts not expired or with undertaking risks not yet terminated during the insurance period, and the unearned premiums are calculated based on the unexpired risks of individual insurances, for which the reserves are set aside by the insurance categories.

The unearned premium reserve for the compulsory automobile liability insurance is set aside in accordance with the provisions of the “Regulations for the Various Reserves for Compulsory Automobile Liability Insurance.”

The unearned premium reserve for the residential earthquake insurance is set aside in accordance with the “Enforcement Rules for the Risk Spreading Mechanism of Residential Earthquake Insurance.”

The unearned premium reserve for the nuclear energy insurance is set aside in accordance with the “Regulations on Property Insurance Companies Various Reserves for Energy Insurance” (Jinguanbaocai Zi No. 10102517091).

Unless otherwise stipulated by laws, provision for the unearned premium reserve is decided by an actuary based on the insurance attributes, and the amount (no change permitted unless approved by the competent authority) is certified by a certified actuary.

Taxes related to insurance business incomes are recognized on an accrual basis in accordance with the laws of value-added taxes, non-value-added taxes and stamp taxes.

19. Costs of Insurance Claims

Insurance claims of direct underwriting are recognized based on the reported and settled claims (including indemnity expense) incurred and accepted in the current period, and if the claims department has determined the amount of the claims while the accounting and financial department has not yet performed the payment procedure, or if the claims department has not yet determined the amount of the claims, the claims are estimated according to actual data on a case-by-case basis by insurance category, and recognized as a net change in reserve for RBNS claims.

The reinsurance claims of ceded-in reinsurance are booked on the bill arrival date, and on the balance sheet date, unreached reinsurance claims are estimated with a reasonable and systematic method and recognized as a net change in the claims reserve.

Unreported insurance claims of ceded-in reinsurance and direct underwriting are calculated based on past claims experience and expenses by the insurance type, in accordance with actuarial principles, and are recognized as a net change in the reserve for unreported claims.

The claims recoverable from reinsurers (including claim expenses) of a ceded reinsurance contract, if already paid, are recognized as claims recovered from reinsurers; if they are RBNS or unreported (including claim expenses), they are recognized as a net change in the claims reserve.

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The claims reserve is not calculated by discount.

Claims reserve for the compulsory automobile liability insurance is set aside in accordance with the “Regulations for the Management of the Various Reserves for Compulsory Automobile Liability Insurance.”

Claims reserve for the residential earthquake insurance is set aside in accordance with the “Risk Spreading Mechanism of Residential Earthquake Insurance.”

Claims reserve for the nuclear energy insurance is set aside in accordance with the “Regulations on Property Insurance Companies Various Reserves for Energy Insurance” (Jinguanbaocai Zi No. 10102517091).

20. Undertaking Remnants and Subrogation Rights

The remnants of the direct underwriting business that are accepted by law as a result of the claims settlement are recognized at fair value; for the right of recovery of the equity of an underwriting object obtained by law, if the actual recovery situation is clear (likely future inflow of economic benefits) and the amount can be reliably measured, it is recognized.

21. Reinsurance

In order to limit the amount of losses that may be caused by certain risk exposure events, the Company operates the reinsurance business in accordance with the business needs and relevant insurance laws and regulations. For the ceded reinsurance, the Company shall not refuse to perform its obligations to the insured on the grounds that the reinsurer has failed to perform its obligations.

The ceded reinsurance business is recognized as reinsurance expenses by ceded reinsurance contracts. Its financial report includes considerations for the deadline and should be consistent with the premium revenues. On the balance sheet date, unreached reinsurance expenses are estimated with a reasonable and systematic method. Its related income (e.g. reinsurance commission income) are recognized in the same period. The relevant reinsurance gains and losses are not deferred.

Reinsurance reserves include: ceded unearned premium reserve, ceded claims reserve, ceded liability reserve, ceded premium insufficiency reserve, and ceded liabilities adequacy reserve, which are the rights to the reinsurer in accordance with the “Regulations on Insurance Companies Various Reserves” and the reinsurance contracts.

The Company’s rights to the reinsurer are reinsurance contract assets, including reinsurance reserve assets, claims recoverable from reinsurers, and net due from reinsurers and ceding companies, which are regularly assessed to determine whether they have been impaired or cannot be recovered. When objective evidence shows that events that occurred after the initial recognition of the reinsurance contract assets may make it impossible to recover all of the receivables specified in the contract, and the impact on the amounts recoverable from the reinsurer can be reliably measured, the portion of the recoverable amounts less than the book value of the reinsurance contract assets is recognized as impairment losses. The reinsurance contracts are classified by determining whether they transfer significant insurance risks to the reinsurer, and if not, the contracts are measured and recognized by deposit accounting.

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22. Co-insurance Organization, Co-insurance and Guarantee Fund Agreement

The Company has entered into a “Compulsory Automobile Liability Insurance Co-Insurance Contract” with all member companies that have been approved by the competent authority to operate compulsory automobile liability insurance, agreeing that all the underwritten business is included in the co-insurance, and violators must pay liquidated damages, and the co-insurance organization may audit the business. The underwritten co-insurance business is calculated based on pure premiums, which are allocated according to the agreed co-insurance ratio. Any member company participating in the co-insurance shall not arbitrarily withdraw from the business, except for liquidation or closure. Ceasing to operate the automobile liability insurance business spells withdrawal from the co-insurance at the same time, and the natural maturity mechanism is applied to the unexpired liabilities.

The company has entered into a “Travel Agency Performance Bond Co-Insurance Contract” with property insurance companies in the underlying business and reinsurance companies, agreeing that all the underwritten business is included in the co-insurance, and violators must pay liquidated damages, and the co-insurance organization may audit the business. The underwritten co-insurance business is calculated based on the inclusion of co-insurance premiums (i.e. risk premiums), and each member company bears its own co-insurance liabilities according to its underwriting portion, and is not jointly liable. A member company may notify the co-insurance organization in writing to withdraw from the co-insurance three months before the beginning of the following year; its initial co-insurance underwriting portion remains till the end of the current year, and it continues to be responsible for the unfulfilled liabilities till their natural maturity.

23. Stability Fund

To protect the basic rights and interests of the insured and maintain financial stability according to Article 143-1 of the Insurance Law, a stability fund is established, of which a fund for compulsory insurance is set aside with the contribution rate based on Article 44 of the Compulsory Automobile Insurance Act, and another fund for non-compulsory insurance is also set aside according to the “Life Insurance and Property Insurance Stability Fund Contribution Standard,” both of which are deposited in the Property Insurance Stability Fund, and booked under the account of Stability Fund Expenditure.

24. Retirement Benefits Plan

The Company’s employee retirement plan is applicable to all employees who are officially employed, and a retirement fund is fully set aside for the management by the Supervisory Committee of Business Entities’ Labor Retirement Reserve and deposited into a dedicated pension fund account; since the retirement fund is deposited in the name of the committee, it is completely separated from the Company, and therefore not included in the above financial statements.

For the post-retirement benefit plan of the defined contribution plan, the monthly pension contribution rate shall not be less than 6% of the employee’s monthly salary, and the amount allocated is recognized as current expenses.

The post-retirement benefit plan of the defined benefit plan is listed based on an actuarial report with the projected unit credit method on the closing date of the reporting period. The remeasurement of the net defined benefit liability (asset) includes any changes in the return of plan assets and the impact of the asset ceiling, minus the net interest of the net defined benefit liability (asset), and actuarial gains and losses. When the remeasurement of the net defined benefit liability (asset) occurs, it is listed under other comprehensive profit or loss, and immediately recognized in retained surplus. The

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service cost of previous period is the amount of change in the present value of the defined benefit obligation caused by the planned revision or reduction, and is recognized as an expense on the earlier date of the following two:

- (1) When the planned revision or reduction occurs; and
- (2) When the related restructuring costs or resignation benefits are recognized.

The net interest of the net definite benefit liability (asset) is determined by multiplying the net defined benefit liability (asset) by the discount rate, both of which are determined at the beginning of the annual reporting period, and then in consideration of any change in the net defined benefit liability (asset) due to the appropriated amount and benefit payment.

When the loss is recognized as gains and losses, any exchange component of the profit or loss is recognized as gains and losses.

25. Taxation

The income tax expense (benefit) refers to the aggregate amount related to the current income tax and deferred income tax included in the current gains and losses.

Income tax expenses in the current period

The current income tax liability (asset) related to the current and previous periods is measured by the tax rate and tax laws that have been legislated or substantively legislated at the end of the reporting period. The current income tax and those recognized as other comprehensive profit or loss or directly recognized as equity are respectively recognized as other comprehensive profit or loss other than gains and losses.

The additional profit-making enterprise income tax on the undistributed surplus is recognized as income tax expense on the day when the shareholders' meeting decides the surplus distribution.

Deferred tax

The deferred income tax is calculated based on the temporary difference between the tax basis of assets and liabilities and the book value on the balance sheet at the end of the reporting period.

Except for the following two, all the taxable temporary differences are recognized as deferred income tax liabilities:

- (1) The initial recognition of goodwill; or the initially recognized assets or liabilities that are not generated by a business merger and does not affect accounting profits at the time of the transaction, nor does it affect the taxable incomes (losses);
- (2) Taxable temporary differences arising from investment in subsidiaries, affiliates and joint agreement equity, whose reversal timing is controllable and is unlikely to be reversed in the foreseeable future.

Except for the following two, deductible temporary differences, unused tax losses and deferred income tax assets arising from unused tax deductions are recognized within the range of possible future taxable incomes:

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(1) Deductible temporary differences related to the initially recognized assets or liabilities from non-merger transactions that neither affect accounting profits nor taxable incomes (losses) at the time of the transaction;

(2) Deductible temporary differences related to investment in subsidiaries, affiliates, and joint agreement equity that are likely to be reversed only in the foreseeable future, and recognized with sufficient taxable income at the time of reversal for use by the temporary differences.

Deferred income tax assets and liabilities are measured by the tax rate for the period in which the assets are expected to be realized or the liabilities settled, and the tax rate is based on the tax rate and tax law that has been legislated or substantively legislated at the end of the reporting period. The measurement of deferred income tax assets and liabilities reflects the tax consequences arising from the book value of the assets expected to be recovered or the liabilities to be settled at the end of the reporting period. The deferred income tax related to items not recognized as gains and losses is not recognized as gains and losses; instead, it is recognized as other comprehensive profit or loss or directly as equity depending on its transaction. Deferred income tax assets are reviewed and recognized at the end of the reporting period.

The deferred income tax assets and liabilities have the statutory enforcement power to offset only the current income tax assets and liabilities, where the deferred income tax belongs to the same taxpayer and levied by the same tax authority.

(V.) Main Source of Significant Accounting Judgment, Estimates and Assumptions Uncertainty

The preparation of the Company's financial statements requires the corporate management to make judgments, estimates and assumptions at the end of the reporting period, which affects the disclosure of revenues, expenses, and assets and liabilities as well as contingent liabilities. However, the uncertainties in these major assumptions and estimates may result in significant future adjustments to the book value of the assets or liabilities.

1. Judgments

In the process of adopting the Company's accounting policies, the corporate management makes the following judgments that have a significant impact on the amounts recognized in the financial statements:

(1) The level of significance of insurance risk transfer measured based on the risk ratio of the initial insurance policy.

Insurance policy risk ratio

= (Amount paid by the insurance company under the scenario of an insured accident/Amount paid by the insurance company under the scenario of a non-insured accident-1)×100%

The initial insurance policy that meets one of the following conditions is recognized as an insurance contract:

A. The insurance period is greater than or equal to 5 years, and at least 5 policy years with the risk ratio greater than 10% (or 5%);

B. The insurance period is less than 5 years, and more than half of the policy years with the risk ratio

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greater than 10% (or 5%).

The formula to calculate the insurance risk ratio shows that apparently property insurance policies usually meet the conditions for transferring significant insurance risks, and therefore insurers can often directly recognize most property insurance policies as insurance contracts without calculating the risk ratio of the initial insurance policy.

- (2) Use the risk ratio of the reinsurance policy to measure the level of significance of the insurance risk transfer.

The reinsurance policy risk ratio = $(\Sigma \text{ present value of the net loss incurred by the ceded-in reinsurer} \times \text{probability of occurrence} / \text{present value of the expected premium of the ceded-in reinsurer}) \times 100\%$

The reinsurance policy with risk ratio greater than 1% is recognized as a reinsurance contract.

2. Estimates and Assumptions

The main information source of uncertainty about the future estimates and assumptions made at the end of the reporting period has a significant risk of causing significant adjustments in the book value of assets and liabilities in the next fiscal year. It is described as follows:

- (1) Fair value of financial instruments

When the fair value of financial assets and financial liabilities recognized on the balance sheet cannot be obtained from the active market, the fair value is determined using valuation techniques, including income approach (such as discounted cash flow model) or market approach, whose assumed changes will affect the fair value of the reported financial instruments. Please see Note 7 for details.

- (2) Insurance liabilities

The insurance liabilities are measured in accordance with the “Regulations on Insurance Companies Various Reserves”

The unearned premium reserve is calculated based on the unexpired risks by risk types, and the reserves are set aside in accordance with the risk characteristics determined by the actuary.

The claim reserve is estimated based on the past claim experiences and settlement expenses and actuarial principles. The main assumptions are the loss development factor and the expected claim rate, leading to the final indemnity cost. The loss development factors and expected claim rates are based on the Company’s historical claim experiences, taking into account adjustments to the Company’s policies such as fee rates and claims management.

The estimation of the liability adequacy reserve complies with the “Actuarial Standards of Practice of Promulgation 40 - Contract Classification and Liability Adequacy Test” promulgated by the Actuarial Association of Chinese Taipei. When the liability adequacy reserve is assessed, the current estimate of the insurance contract future cash flow is based on reasonable estimation of future insurance benefits, premium revenues and related expenses.

The professional judgment used in the above liability assessment affects the net change in insurance liabilities and the insurance liabilities recognized in the financial statements.

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(3) Reinsurance reserve asset

It includes ceded unearned premium reserve, ceded claims reserve, ceded liability reserve, ceded premium deficiency reserve, and ceded liability adequacy reserve. The reserves are estimated in accordance with the “Regulations on Insurance Companies Various Reserves” and by the terms of the reinsurance contracts.

(4) Post-retirement benefit plan

The pension costs of the post-retirement benefit plan and the present value of the defined benefit obligations are decided by the actuarial valuation. The actuarial valuation involves a variety of assumptions, including: determined discount rates as well as increases in future wages, mortality and pension payments. For detailed descriptions of the assumptions used to measure the pension costs and the defined benefit obligations, please see Note (VI.)

(VI.) Major Accounting Items Described

1. Cash and Cash Equivalents

(1) This item is detailed as follows: :

Item	2022.12.31	2021.12.31
Cash on hand	\$8,677	\$10,396
Working capital	1,553	1,623
Check deposit	87,533	62,666
Demand deposits	1,362,672	2,027,204
Time deposits	9,391,701	9,310,166
Cash equivalents RP	-	354,605
Total	<u>\$10,852,136</u>	<u>\$11,766,660</u>

(2) For the guarantee provided with the Company’s bank deposits, please see Note (XI.)

2. Accounts Receivable

(1) This item is detailed as follows:

Item	2022.12.31	2021.12.31
Notes receivable	\$243,559	\$270,908
Notes receivable- Non-performing loans	157	-
Less: Allowance for losses	(2,593)	(2,709)
Net amount	<u>\$241,123</u>	<u>\$268,199</u>
Insurance premium receivable	\$802,626	\$1,253,962
Insurance premium receivable – Non-performing loans	204,518	139,299
Less: Allowance for losses	(36,405)	(28,372)
Net amount	<u>\$970,739</u>	<u>\$1,364,889</u>
Other receivables	\$388,777	\$313,469
Other receivable- Non-performing loans	3	220
Less: Allowance for losses	(2,311)	(1,739)
Net amount	<u>\$386,469</u>	<u>\$311,950</u>

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(2) The aging analysis of accounts receivable:

Item	2022.12.31	2021.12.31
Notes receivable		
Less than 90 days	\$243,644	\$270,908
91–365 days	72	-
More than 366 days	-	-
Total	<u>\$243,716</u>	<u>\$270,908</u>
Insurance premium receivable		
Less than 90 days	\$802,626	\$1,253,962
91–365 days	184,029	133,043
More than 366 days	20,489	6,256
Total	<u>\$1,007,144</u>	<u>\$1,393,261</u>
Other receivables		
Less than 90 days	\$388,777	\$269,976
91–365 days	3	43,615
More than 366 days	-	98
Total	<u>\$388,780</u>	<u>\$313,689</u>

- (3) The Impairment is assessed according to the “Guidelines for Handling Assessment of Assets, Overdue and Non-Performing Loans and Bad Debts by Insurance Enterprises” and IFRS 9. For the details of allowance for losses, please see Note(VII.)

3. Financial Assets and Financial Liabilities Measured at Fair Value through Profit or Loss

- (1) This item is detailed as follows:

Item	2022.12.31	2021.12.31
Financial assets compulsorily measured at fair value through profit or loss:		
Fund	\$2,630,099	\$2,468,560
Stock	3,108,697	5,295,282
Financial bonds	51,137	51,137
Asset securities	956,996	960,234
Derivatives	232	47,972
Total	<u>\$6,747,161</u>	<u>\$8,823,185</u>
Financial liabilities compulsorily measured at fair value through profit or loss:		
Derivatives	<u>\$249,174</u>	<u>\$-</u>

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- (2) No guarantee provided for the financial assets measured at fair value through profit or loss.
- (3) For the details of derivatives, please see Note(XXIII.).2
- (4) Since the application of IFRS 9, the Company has also adopted the overlay approach of IFRS 4 “Insurance Contracts” to express the gains and losses of designated financial assets. The financial assets related to the invested insurance contracts and designated to the overlay approach are as follows:

Item	2022.12.31	2021.12.31
Financial assets compulsorily measured at fair value through profit or loss:		
Fund	\$2,630,099	\$2,468,560
Stock	3,108,697	5,295,282
Asset securities	956,996	960,234
Total	<u>\$6,695,792</u>	<u>\$8,724,076</u>

- (5) In 2022 and 2021 respectively, the amounts of reclassification between gains and losses and other comprehensive profit or loss of such financial assets designated to the overlay approach are as follows:

	For the years ended 31 December	
	2022	2021
The profits (losses) of gains and losses applied with IFRS 9.	\$(936,215)	\$1,171,216
If IAS 39 is applied for the (profits) losses of gains and losses,	(107,236)	(800,858)
The reclassified profits (losses) are applied with the overlay approach.	<u>\$(1,043,451)</u>	<u>\$370,358</u>

Due to the adjustment of the overlay approach, the losses of the 2022 and 2021 financial assets measured at fair value through profit or loss are decreased from NT\$1,491,116 thousand to NT\$447,665 thousand and the profits are decreased from NT\$1,253,429 thousand to NT\$883,071 thousand respectively.

4. Financial Assets measured at Fair Value through Other Comprehensive Profit or Loss

- (1) This item is detailed as follows:

Item	2022.12.31	2021.12.31
Equity instruments measured at fair value through other comprehensive profit or loss:		
Unlisted stocks (including OTC)	\$240,217	\$270,647
Preference shares	818,173	730,767
Debt instruments measured at fair value through other comprehensive profit or loss:		
Corporate bonds	294,382	386,930
Total	<u>\$1,352,772</u>	<u>\$1,388,344</u>

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- (2) The 2022 and 2021 dividend incomes from equity instruments measured at fair value through other comprehensive profit or loss are as follows:

Item	For the years ended 31 December	
	2022	2021
Investments still held on the balance sheet date	\$57,822	\$66,138
Realized gain on investment related	-	41
Dividend income recognized in the current period	\$57,822	\$66,179

- (3) The 2022 and 2021 dividend incomes from equity instruments measured at fair value through other comprehensive profit or loss are as follows:

Item	For the years ended 31 December	
	2022	2021
The fair value on the derecognition date	\$-	\$903
The cumulative unrealized valuation profits (losses) from the disposal of retained earnings transferred from other equity.	-	(4,914)

- (4) No guarantee provided for the financial assets measured at fair value through other comprehensive profit or loss. For details of relevant credit risks, please see Note(VII.)

5. Financial Assets at Amortized Cost

Item	2022.12.31	2021.12.31
Government bonds	\$525,895	\$529,856
Corporate bonds	8,244,311	6,105,924
Financial liabilities	2,913,479	844,489
minus: Refundable deposits	(525,822)	(529,455)
Less: Allowance for losses	(7,892)	(9,773)
Total	\$11,149,971	\$6,941,041

There was disposal gains of NT\$5,386 thousand from January 1 to December 31, 2022, due to the disposal of its partial corporate bonds in advance in response to the increase in credit risks. From January 1 to December 31, 2021, there was no disposal of financial asset at amortized costs.

The security deposit takes the government bonds as its collateral and re-recognized as a refundable deposit. Please see Note (IX.) for more information. For information about the credit risks, please see Note (VII.)

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6. Reinsurance Contract Assets

Item	2022.12.31	2021.12.31
Claims Recoverable from Reinsurers - net	\$228,393	\$279,531
Claims Recoverable from Reinsurers – Non-Performing Loans	-	-
Less: Allowance for losses	(2,284)	(2,795)
Net amount	<u>\$226,109</u>	<u>\$276,736</u>
Due from Reinsurers & Ceding Companies	\$596,297	\$603,361
Due from Reinsurers & Ceding Companies – Non-Performing Loans	42,464	43,595
Less: Allowance for losses	(21,693)	(17,387)
Net amount	<u>\$617,068</u>	<u>\$629,569</u>
Reinsurance reserve assets		
Ceded unearned premium reserve	\$2,664,570	\$3,042,421
Ceded Reserve for Claims	4,007,455	4,297,919
Ceded premium deficiency reserve	15,538	-
Total	<u>\$6,687,563</u>	<u>\$7,340,340</u>

7. Property, Pplant, and Equipment

(1) This item is detailed as follows:

	Land	Buildings and structures	Miscellaneous equipment	Prepayments for equipment	Total
Costs:					
2022.1.1	\$891,007	\$525,973	\$440,130	\$23,279	\$1,880,389
Additions	-	-	23,696	48,480	72,176
Disposition	-	-	(27,783)	-	(27,783)
Transfer	(142,624)	(35,758)	20,957	(36,690)	(194,115)
2022.12.31	<u>\$748,383</u>	<u>\$490,215</u>	<u>\$457,000</u>	<u>\$35,069</u>	<u>\$1,730,667</u>
2021.1.1	\$687,236	\$481,559	\$422,407	\$19,633	\$1,610,835
Additions	-	-	23,005	31,666	54,671
Disposition	-	-	(17,056)	-	(17,056)
Transfer	203,771	44,414	11,774	(28,020)	231,939
2021.12.31	<u>\$891,007</u>	<u>\$525,973</u>	<u>\$440,130</u>	<u>\$23,279</u>	<u>\$1,880,389</u>

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Depreciation &

impairment:

2022.1.1	\$-	\$(227,980)	\$(343,765)	\$-	\$(571,745)
Depreciation	-	(8,416)	(41,027)	-	(49,443)
Disposition	-	-	27,659	-	27,659
Transfer	-	9,801	-	-	9,801
2022.12.31	<u>\$-</u>	<u>\$(226,595)</u>	<u>\$(357,133)</u>	<u>\$-</u>	<u>\$(583,728)</u>

2021.1.1	\$-	\$(212,657)	\$(318,143)	\$-	\$(530,800)
Depreciation	-	(8,330)	(39,918)	-	(48,248)
Disposition	-	-	14,296	-	14,296
Transfer	-	(6,993)	-	-	(6,993)
2021.12.31	<u>\$-</u>	<u>\$(227,980)</u>	<u>\$(343,765)</u>	<u>\$-</u>	<u>\$(571,745)</u>

Net book values:

2022.12.31	<u>\$748,383</u>	<u>\$263,620</u>	<u>\$99,867</u>	<u>\$35,069</u>	<u>\$1,146,939</u>
2021.12.31	<u>\$891,007</u>	<u>\$297,993</u>	<u>\$96,365</u>	<u>\$23,279</u>	<u>\$1,308,644</u>

(2) No guarantee provided for the above assets.

8. Investment property

(1) This item is detailed as follows:

	Land	Buildings and structures	Prepayments for premises	Total
Costs:				
2022.1.1	\$2,012,420	\$571,132	\$-	\$2,583,552
Additions	(8,531)	(2,983)	-	(11,514)
Transfer	142,624	46,458	-	189,082
2022.12.31	<u>\$2,146,513</u>	<u>\$614,607</u>	<u>\$-</u>	<u>\$2,761,120</u>
2021.1.1	\$2,026,215	\$477,193	\$114,698	\$2,618,106
Additions	124,976	88,655	-	213,631
Transfer	(138,771)	5,284	(114,698)	(248,185)
2021.12.31	<u>\$2,012,420</u>	<u>\$571,132</u>	<u>\$-</u>	<u>\$2,583,552</u>

Depreciation &
impairment:

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2022.1.1	\$ (22,608)	\$ (152,487)	\$-	\$ (175,095)
Depreciation	-	(16,678)	-	(16,678)
Transfer	-	2,160	-	2,160
2022.12.31	-	(9,801)	-	(9,801)
2021.1.1	\$ (22,608)	\$ (143,594)	\$-	\$ (166,202)
Depreciation	-	(15,886)	-	(15,886)
Transfer	-	6,993	-	6,993
2021.12.31	\$ (22,608)	\$ (152,487)	\$-	\$ (175,095)
Net book values:				
2022.12.31	\$ 2,123,905	\$ 437,801	\$-	\$ 2,561,706
2021.12.31	\$ 1,989,812	\$ 418,645	\$-	\$ 2,408,457

Item	For the years ended 31 December	
	2022	2021
Rental income from investment property	\$78,172	\$80,636
minus: direct operating expenses incurred by investment property that generates rental income in the current period	(8,373)	(8,420)
Total	(8,373)	\$72,216

(2) No guarantee provided for the above assets.

(3) The investment property is not measured at fair value, but the fair value information is revealed, and the fair value is of level 3. The fair values of the investment property was NT\$ 3,100,351 thousand and NT\$ 2,865,771 thousand, respectively on December 31, 2022 and 2021, and the fair values were evaluated by an external independent valuation expert. The fair values were determined and supported by market evidence, using at least two evaluation methods, such as comparative approach and cost approach, and estimated with the weighted score method, in which the main parameters used are:

Discounted rate	2022.12.31 0.79%~4.71%	2021.12.31 0.75%~3.28%
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9. Intangible Assets

Item	2022.12.31	2021.12.31
Computer software cost	\$261,149	\$236,865
Increase in the current period	7,354	8,038
Transfer in the current period	783	16,246
Total	\$269,286	\$261,149

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Computer software cost – cumulative amortization	\$(233,694)	\$(217,340)
Increase in the current period	(12,746)	(16,354)
Total	<u>\$(246,440)</u>	<u>\$(233,694)</u>
Net book values:	<u>\$22,846</u>	<u>\$27,455</u>

10. Other Assets

(1) This item is detailed as follows:

Item	2022.12.31	2021.12.31
Prepayments	\$29,513	\$36,866
Refundable deposits	699,087	627,855
Other assets - others	68,248	68,224
Total	<u>\$796,848</u>	<u>\$732,945</u>

(2) The Refundable Deposits are detailed as follows:

Item	2022.12.31	2021.12.31
Insurance business deposits	\$525,822	\$529,455
Club deposits	37,679	37,679
Other deposits	151,065	76,200
minus: cumulative impairment losses	(15,479)	(15,479)
Total	<u>\$699,087</u>	<u>\$627,855</u>

(3) In accordance with Articles 141 and 142 of the Insurance Law, bonds are deposited in the Central Bank as the insurance deposits.

11. Accounts Payables

Item	2022.12.31	2021.12.31
Claims and benefits payable	\$14,984	\$18,852
Commission payable	269,341	277,969
Due to Reinsurers & Ceding Companies	1,347,387	1,559,847
Other payables	1,059,499	1,037,554
Total	<u>\$2,691,211</u>	<u>\$2,894,222</u>

12. Insurance Liabilities

Item	2022.12.31	2021.12.31
Unearned premium reserve	\$12,537,465	\$12,284,374
Loss reserve	10,824,740	10,318,849
Special reserve	2,036,408	2,463,675
Premium deficiency reserve	105,130	-
Reserve for Liabilities	151	199

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Total	<u>\$25,503,894</u>	<u>\$25,067,097</u>
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(1) Unearned premium reserve

① Unearned Premium Reserve & Ceded Unearned Premium Reserve

2022.12.31			
Item	Unearned premium reserve	Ceded unearned premium reserve	
	Direct underwriting	Ceded	
	(including ceded-in reinsurance)	reinsurance	Retention
Fire insurance	\$2,064,595	\$(826,761)	\$1,237,834
Marine insurance	449,171	(296,435)	152,736
Motor insurance	6,404,378	(678,902)	5,725,476
Engineering insurance	1,327,832	(732,467)	595,365
Liability insurance	1,165,849	(92,532)	1,073,317
Accident & health insurance	1,125,640	(37,473)	1,088,167
Total	<u>\$12,537,465</u>	<u>\$(2,664,570)</u>	<u>\$9,872,895</u>

2021.12.31			
Item	Unearned premium reserve	Ceded unearned premium reserve	
	Direct underwriting	Ceded	
	(including ceded-in reinsurance)	reinsurance	Retention
Fire insurance	\$2,036,741	\$(948,608)	\$1,088,133
Marine insurance	527,584	(376,026)	151,558
Motor insurance	6,180,017	(755,945)	5,424,072
Engineering insurance	1,277,805	(801,914)	475,891
Liability insurance	1,097,465	(105,498)	991,967
Accident & health insurance	1,164,762	(54,430)	1,110,332
Total	<u>\$12,284,374</u>	<u>\$(3,042,421)</u>	<u>\$9,241,953</u>

② Adjustment of changes in unearned premium reserve & ceded unearned premium reserve

Item	For the years ended 31 December 2022		For the years ended 31 December 2021	
	Unearned premium reserve	Ceded unearned premium reserve	Unearned premium reserve	Ceded unearned premium reserve
Opening amount	\$12,284,374	\$3,042,421	\$11,189,285	\$2,664,359
Current deposits	12,537,465	2,664,570	12,284,374	3,042,421
Current recovery	(12,284,374)	(3,042,421)	(11,189,285)	(2,664,359)
Closing amount	<u>\$12,537,465</u>	<u>\$2,664,570</u>	<u>\$12,284,374</u>	<u>\$3,042,421</u>

(2) Claims reserve

① Claims reserve & ceded claims reserve

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Item	2022.12.31		
	Loss reserve	Ceded Reserve for Claims	
	Direct underwriting (including ceded-in reinsurance)	Ceded reinsurance	Retention
Outstanding losses	\$8,454,689	\$(3,413,012)	\$5,041,677
IBNR	2,370,051	(594,443)	1,775,608
Total	\$10,824,740	\$(4,007,455)	\$6,817,285

Item	2021.12.31		
	Loss reserve	Ceded Reserve for Claims	
	Direct underwriting (including ceded-in reinsurance)	Ceded reinsurance	Retention
Outstanding losses	\$7,956,694	\$(3,613,608)	\$4,343,086
IBNR	2,362,155	(684,311)	1,677,844
Total	\$10,318,849	\$(4,297,919)	\$6,020,930

② Net changes in claims reserve and ceded claims reserve

Item	For the years ended 31 December, 2022					
	Direct underwriting (including ceded-in reinsurance)		Net change in loss reserve	Ceded reinsurance		Net change in ceded claims reserve
	Deposit (1)	Recovery (2)	(3)=(1)-(2)	Deposit (4)	Recovery (5)	(6)=(4)-(5)
Outstanding losses	\$8,454,689	\$7,956,694	\$497,995	\$3,413,012	\$3,613,608	\$(200,596)
IBNR	2,370,051	2,362,155	7,896	594,443	684,311	(89,868)
Total	\$10,824,740	\$10,318,849	\$505,891	\$4,007,455	\$4,297,919	\$(290,464)

Item	For the years ended 31 December, 2021					
	Direct underwriting (including ceded-in reinsurance)		Net change in loss reserve	Ceded reinsurance		Net change in ceded claims reserve
	Deposit (1)	Recovery (2)	(3)=(1)-(2)	Deposit (4)	Recovery (5)	(6)=(4)-(5)
Outstanding losses	\$7,956,694	\$7,460,902	\$495,792	\$3,613,608	\$3,625,544	\$(11,936)
IBNR	2,362,155	2,174,112	188,043	684,311	707,010	(22,699)
Total	\$10,318,849	\$9,635,014	\$683,835	\$4,297,919	\$4,332,554	\$(34,635)

③ Outstanding losses and IBNR claim liabilities to policyholders

Item	2022.12.31		
	Claims reserve		
	Outstanding losses	IBNR	Total
Fire insurance	\$3,494,519	\$10,352	\$3,504,871

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Marine insurance	504,112	70,502	574,614
Motor insurance	2,673,386	1,365,016	4,038,402
Engineering insurance	748,528	59,657	808,185
Liability insurance	806,276	395,030	1,201,306
Accident & health insurance	227,868	469,494	697,362
Total	<u>\$8,454,689</u>	<u>\$2,370,051</u>	<u>\$10,824,740</u>

2021.12.31

Item	Claims reserve		
	Outstanding losses	IBNR	Total
Fire insurance	\$3,101,334	\$14,095	\$3,115,429
Marine insurance	819,744	46,189	865,933
Motor insurance	2,460,057	1,443,867	3,903,924
Engineering insurance	532,447	38,874	571,321
Liability insurance	844,694	330,411	1,175,105
Accident & health insurance	198,418	488,719	687,137
Total	<u>\$7,956,694</u>	<u>\$2,362,155</u>	<u>\$10,318,849</u>

④ Reinsurance assets – ceded claims reserve for Outstanding losses and IBNR claim liabilities to policyholders

2022.12.31

Item	Claims reserve (ceded)		
	Outstanding losses	IBNR	Total
Fire insurance	\$2,396,803	\$968	\$2,397,771
Marine insurance	305,236	44,707	349,943
Motor insurance	154,409	413,262	567,671
Engineering insurance	300,709	13,059	313,768
Liability insurance	230,456	108,217	338,673
Accident & health insurance	25,399	14,230	39,629
Total	<u>\$3,413,012</u>	<u>\$594,443</u>	<u>\$4,007,455</u>

2021.12.31

Item	Claims reserve (ceded)		
	Outstanding losses	IBNR	Total
Fire insurance	\$2,247,297	\$1,055	\$2,248,352
Marine insurance	627,406	26,114	653,520
Motor insurance	231,427	461,527	692,954
Engineering insurance	190,979	4,538	195,517
Liability insurance	293,712	115,956	409,668
Accident & health insurance	22,787	75,121	97,908
Total	<u>\$3,613,608</u>	<u>\$684,311</u>	<u>\$4,297,919</u>

⑤ Adjustment of changes in claims reserve and ceded claims reserve

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Item	For the years ended 31 December, 2022		For the years ended 31 December, 2021	
	Loss reserve	Ceded Reserve for Claims	Loss reserve	Ceded Reserve for Claims
Opening amount	\$10,318,849	\$4,297,919	\$9,635,014	\$4,332,554
Current deposits	10,824,740	4,007,455	10,318,849	4,297,919
Current recovery	(10,318,849)	(4,297,919)	(9,635,014)	(4,332,554)
Closing amount	\$10,824,740	\$4,007,455	\$10,318,849	\$4,297,919

(3) Special Reserves

① Special reserve – compulsory automobile liability insurance

Item	For the years ended 31 December,	
	2022	2021
Opening amount	\$170,540	\$80,504
Current deposits	171,812	127,865
Current recovery	-	(37,829)
Closing amount	\$342,352	\$170,540

② Special reserve – non-compulsory automobile liability insurance

Item	Liabilities			
	For the years ended 31 December, 2022			
	Major accidents	Risk changes	Property appreciation	Total
Opening amount	\$491,038	\$1,576,248	\$225,849	\$2,293,135
Current deposits	-	-	-	-
Current recovery	(23,383)	(575,696)	-	(599,079)
Closing amount	\$467,655	\$1,000,552	\$225,849	\$1,694,056

Item	Liabilities			
	For the years ended 31 December, 2021			
	Major accidents	Risk changes	Property appreciation	Total
Opening amount	\$514,421	\$1,576,248	\$225,849	\$2,316,518
Current deposits	-	-	-	-
Current recovery	(23,383)	-	-	(23,383)
Closing amount	\$491,038	\$1,576,248	\$225,849	\$2,293,135

When the company initially applied IFRSs, the property appreciation measured at fair value in the initial DAY application should be used to make up the adverse effects of other

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accounting items caused by the initial application, and the unrealized value added amount from the re-evaluation should be fully listed as a special reserve on the date of conversion.

According to the “Notice for Reinforcing the Reserve of Natural Disaster (commercial earthquake insurance and typhoon and flood insurance) of Property Insurance Business (initially: Notice for Reinforcing Reserve of Natural Disaster of Property Insurance Industry)” starting from January 1, 2013, property insurance companies should use the special reserves for catastrophic event and fluctuation of risk provided under liabilities before December 31, 2012 for insurances other than the compulsory automobile liability insurance, nuclear energy insurance, policy-based basic residential earthquake insurance, commercial earthquake insurance, and typhoon flood insurance, to make up with higher priority the special reserves for catastrophic event and fluctuation of risk of the commercial earthquake insurance and typhoon flood insurance to their full level, and list them under liabilities, and then deduct the taxes from the balance of the above special reserves in accordance with IAS 12 and list the remainder in the special reserve under owner’s equity.

Arrangements were made according to paragraph 2 of Article 1 and paragraph 2 of Article 8 under the “Notice for Reinforcing the Reserve of Natural Disaster (commercial earthquake insurance and typhoon and flood insurance) of Property Insurance Business (initially: Notice for Reinforcing Reserve of Natural Disaster of Property Insurance Industry)”. The insurance coverage of products of the Company related to pandemic prevention is categorized as the risk of pandemic, complying with the material disaster stated in paragraph 2 of Article 1 under the Notice. As of September 30, 2022, arrangements were made according to paragraph 2 of Article 8; the special crisis allowance calculated by offsetting partial liabilities by the part of actual self-reserved compensation amount that exceeds the expected compensation was NT\$575,696 thousand.

According to Article 2 of the “Compulsory Automobile Liability Insurance Act” and paragraph 1, Article 24-2 of the “Regulations for the Provision Appropriation for the Insurance Companies” established under the authorization of paragraph 2, Article 145 and paragraph 2, Article 148-3 of the “Insurance Act,” from April 1, 2021, property insurance companies shall appropriate NT\$30 from each insurance contract as the special provision based on the business expense of the insured under the compulsory automobile liability insurance business it operates. Subsequently, for the major business of the property insurance companies, when there are net losses from the insurance premium for the year, they shall use the provision hereof to make compensation first; for the insufficient part, they shall comply with Article 8 of the “Regulations for the Provision Appropriation for Compulsory Automobile Liability Insurance.”

- (1) Matters to be disclosed according to the Notice for Reinforcing the Reserve of Natural Disaster (commercial earthquake insurance and typhoon and flood insurance) of Property Insurance Business (initially: Notice for Reinforcing Reserve of Natural Disaster of Property Insurance Industry):

The impact of not being subject to the said precaution on the net income (loss) before tax, liabilities, equity, and earnings per share in the period from January 1 to December 31, 2022 and 2021 was a decrease of NT\$599,079 thousand, a decrease of NT\$1,237,288 thousand, an increase of NT\$510,567 thousand, and a decrease of NT\$1.52 per share, respectively; and also a decrease of NT\$23,383 thousand, a decrease of NT\$1,836,367 thousand, an increase of NT\$1,450,387 thousand, and a decrease of NT\$0.06 per share, respectively.

- (2) Matters to be disclosed in accordance with the “Guidelines for Strengthening Reserves of Residential Earthquake Coinsurance Organization Members” are:

The impact of not being subject to the said precaution on the liabilities and equity in the period from January 1 to December 31, 2022 and 2021 was a decrease of NT\$171,516 thousand and an increase of NT\$137,213 thousand, respectively; also, there was no impact on the earnings per share.

- (3) Matters to be disclosed in accordance with the “Regulations on Property Insurance Companies Various Reserves for Energy Insurance” are:

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The impact of not being subject to the said precaution on the liabilities and equity in the period from January 1 to December 31, 2022 and 2021 was a decrease of NT\$59,405 thousand and an increase of NT\$47,524 thousand, respectively; also, there was no impact on the earnings per share.

(4) Premium insufficiency reserve

① Details of premium deficiency reserve

Item	2022.12.31		
	Premium deficiency reserve	Ceded premium deficiency reserve	
	Direct underwriting (including ceded-in reinsurance)	Ceded reinsurance	Retention
Liability insurance	\$77,690	\$(15,538)	\$62,152
Accident & health insurance	27,440	-	27,440
Item	2021.12.31		
	Premium deficiency reserve	Ceded premium deficiency reserve	
	Direct underwriting (including ceded-in reinsurance)	Ceded reinsurance	Retention
Marine insurance	\$-	\$-	\$-

② Recognized loss of net premium deficiency reserve – net change in premium deficiency reserve and net change in ceded premium deficiency reserve

For the years ended 31 December, 2022

Item	Direct underwriting (including ceded-in reinsurance)		Net change in premium deficiency reserve	Ceded reinsurance		Net change in ceded premium deficiency reserve	Current recognized loss (profit) of net premium deficiency reserve
	Deposit (1)	Recovery (2)	(3)=(1)-(2)	Deposit (4)	Recovery (5)	(6)=(4)-(5)	
Liability insurance	\$77,690	\$-	\$77,690	\$15,538	\$-	\$15,538	\$62,152
Accident & health insurance	27,440	-	27,440	-	-	-	27,440

For the years ended 31 December, 2021

Item	Direct underwriting (including ceded-in reinsurance)		Net change in premium deficiency reserve	Ceded reinsurance		Net change in ceded premium deficiency reserve	Current recognized loss (profit) of net premium deficiency reserve
	Deposit (1)	Recovery (2)	(3)=(1)-(2)	Deposit (4)	Recovery (5)	(6)=(4)-(5)	

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Marine insurance	\$-	\$2,829	\$(2,829)	\$-	\$-	\$-	\$(2,829)
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③ Adjustment of changes in premium deficiency reserve and ceded premium deficiency reserve

Item	For the years ended 31 December, 2022		For the years ended 31 December 2021	
	Premium deficiency reserve	Ceded premium deficiency reserve	Premium deficiency reserve	Ceded premium deficiency reserve
Opening amount	\$-	\$-	\$2,829	\$-
Current deposits	105,130	15,538	-	-
Current recovery	-	-	(2,829)	-
Closing amount	\$105,130	\$15,538	\$-	\$-

④ Impact of changes in estimates and assumptions

The premium deficiency reserve is estimated by anticipated cost approach, where the anticipated final loss rate is based on the Company's loss experience in the past five years, taking into account the impact of large claims on the loss rate, while the anticipated maintenance cost takes reference to expense items such as salaries and information expenses listed in the Insurance Expense Exhibit for the past six years. However, the estimates and assumptions are uncertain, so the anticipation estimates may not match the actual ones in the future.

(5) Reserve for Liabilities

① Details of Reserve for Liabilities

Item	2022.12.31		
	Reserve for Liabilities	Ceded liability reserve	
	Direct underwriting (including ceded-in reinsurance)	Ceded reinsurance	Retention
Accident & health insurance	\$151	\$-	\$151

Item	2021.12.31		
	Reserve for Liabilities	Ceded liability reserve	
	Direct underwriting (including ceded-in reinsurance)	Ceded reinsurance	Retention
Accident & health insurance	\$199	\$-	\$199

② Net change in liability reserve and net change in ceded liability reserve

Item	For the years ended 31 December, 2022					
	Direct underwriting (including ceded-in reinsurance)		Net change in liability reserve	Ceded reinsurance		Net change in ceded liability reserve
	Deposit (1)	Recovery (2)	(3)=(1)-(2)	Deposit (4)	Recovery (5)	(6)=(4)-(5)

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Item	For the years ended 31 December, 2021					
	Deposit (1)	Recovery (2)	(3)=(1)-(2)	Deposit (4)	Recovery (5)	(6)=(4)-(5)
Accident & health insurance	\$151	\$199	\$(48)	\$-	\$-	\$-
	Direct underwriting (including ceded-in reinsurance)		Net change in liability reserve	Ceded reinsurance		Net change in ceded liability reserve
Accident & health insurance	\$199	\$21	\$178	\$-	\$-	\$-

③ Adjustment of changes in liability reserve and ceded liability reserve

Item	For the years ended 31 December, 2022		For the years ended 31 December, 2021	
	Reserve for Liabilities	Ceded liability reserve	Reserve for Liabilities	Ceded liability reserve
Opening amount	\$199	\$-	\$21	\$-
Current deposits	151	-	199	-
Current recovery	(199)	-	(21)	-
Closing amount	\$151	\$-	\$199	\$-

13. Retirement Benefits Plan

Defined contribution pension plan

The Company's "Labor Pension Regulations" set forth in accordance with the "Labor Pension Act" is a defined contribution pension plan. According to the Act, the Company's monthly labor pension contribution rate shall not be less than 6% of the employee's monthly salary. Based on the "Labor Pension Regulations," 6% of the employee's salary is contributed to the individual retirement account established in the Bureau of Labor Insurance on a monthly basis.

The amounts of expenses on the defined contribution pension plan recognized in 2022 and 2021 were NT\$ 49,520 thousand and NT\$ 50,839 thousand, respectively

Defined Benefit Plan

The Company's "Labor Pension Regulations" set for in accordance with the "Labor Standards Act" is a define benefit plan, where the employee retirement pension is calculated based on the number of service years as the basis points and the monthly average salary at the time when the retirement is approved. Employees with 15 years (or less) of service are given 2 basis points for every full service year, and for every full service year after the 15 years are given 1 basis point, till 45 basis points topped. In accordance with the "Labor Standards Act," the Company allocates a certain percentage of the total salary on a monthly basis, and deposits it in a dedicated account in the Bank of Taiwan in the name of the Supervisory Committee of Business Entities' Labor Retirement Reserve. In addition, before the end of each year, the Company estimates the balance of the dedicated account based on the above calculation, and if the balance is not enough to pay the pension amount for the estimated number of workers illegible for retirement in the next year, the difference will be allocated by the end of March of the next year.

The Ministry of Labor carries out asset allocation in accordance with the "Regulations for Revenues,

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Expenditures, Safeguard and Utilization of the Labor Retirement Fund,” where the investment of the fund is executed by self-operations and entrusted operations, adopting both active and passive management of medium and long-term investment strategies. Taking into account the market risks, credit risks, and liquidity risks, the Ministry of Labor sets forth fund risk limits and control plans to make it flexible enough to achieve target returns without over-taking the risks. For the use of the fund, the minimum income allocated to the annual final account shall not be less than the income calculated on the basis of the two-year fixed deposit of the local bank, and if there is a deficiency, the Department of the Treasury shall make up for it after approval by the competent authority. Having no right to participate in the operation and management of the fund, the Company is unable to disclose the fair value of the plan assets as required in Paragraph 142 of IAS 19. As of December 31, 2022, the Company’s defined benefit plan was expected to be allocated NT\$ 4,271 thousand in the next year.

As of December 31, 2022 and 2021, the weighted average durations of the defined benefit plan were 5 years and 10 years, respectively.

The following table summarizes the costs of the defined benefit plan recognized in gains and losses:

	For the years ended 31 December	
	2022	2021
Current service cost	\$3,390	\$4,358
Net interests of net defined benefit obligations (assets)	680	408
Total	<u>\$4,070</u>	<u>\$4,766</u>

The adjustments of present value of defined benefit obligations and fair value of plan assets are as follows:

	2022.12.31	2021.12.31	2021.1.1
Present value of the defined benefit obligations	\$505,043	\$583,997	\$690,693
Fair value of plan assets	(457,206)	(464,717)	(563,147)
Number of account of net defined benefit obligations(assets)	<u>\$47,837</u>	<u>\$119,280</u>	<u>\$127,546</u>

Adjustment of net defined benefit obligations (assets):

	Present value of the defined benefit obligations	The fair value of plan assets	Net defined benefit obligations (assets)
2021.1.1	<u>\$690,693</u>	<u>\$(563,147)</u>	<u>\$127,546</u>
Current service cost	4,358	-	4,358
Interest expense (revenue)	2,210	(1,802)	408
Recognized in the profit or loss	6,568	(1,802)	4,766
Defined benefit obligations/Number of asset remeasurements:			
Actuarial gains and losses arising from changes in demographic assumptions	(2,940)	-	(2,940)
Actuarial gains and losses arising from changes in financial assumptions	(19,595)	-	(19,595)

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Adjustment of experiences	20,973	-	20,973
Number of remeasurements of defined benefit assets	-	(851)	(851)
Recognized in the other comprehensive profit of loss	(1,562)	(851)	(2,413)
Benefit paid	(111,702)	111,702	-
Employer appropriation	-	(10,619)	(10,619)
2021.12.31	583,997	(464,717)	119,280
Current service cost	3,390	-	3,390
Interest expense (revenue)	3,329	(2,649)	680
Recognized in the profit or loss	6,719	(2,649)	4,070
Defined benefit obligations/Number of asset remeasurements:			
Actuarial gains and losses arising from changes in demographic assumptions	(1,154)	-	(1,154)
Actuarial gains and losses arising from changes in financial assumptions	(14,116)	-	(14,116)
Adjustment of experiences	2,456	-	2,456
Number of remeasurements of defined benefit assets	-	(38,176)	(38,176)
Recognized in the other comprehensive profit of loss	(12,814)	(38,176)	(50,990)
Benefit paid	(72,859)	72,859	-
Employer appropriation	-	(24,523)	(24,523)
2022.12.31	\$505,043	\$(457,206)	\$47,837

The following assumptions are used to determine the Company's defined benefit plan:

	2022.12.31	2021.12.31
Discounted rate	1.06%	0.57%
Anticipated salary increase rate	1.00%	1.00%

Sensitivity analysis of each major actuarial hypothesis:

	For the years ended 31 December,			
	2022		2021	
	Increase of defined benefit obligations	Decrease of defined benefit obligations	Increase of defined benefit obligations	Decrease of defined benefit obligations
Increase of discount rate by 0.5%	\$-	\$11,077	\$-	\$16,795
Decrease of discount rate by 0.5%	13,683	-	39,731	-
Anticipated increase of salary by 0.5%	13,545	-	39,353	-
Anticipated decrease of salary by 0.5%	-	11,136	-	16,805

The above sensitivity analysis assumes that other assumptions remain unchanged, and when a single actuarial assumption (e.g. discount rate or anticipated salary) incurs a reasonable change, the resulting impact on the defined benefit obligations is analyzed. Since some actuarial assumptions are related to each other, and practically it is very rare to have only a single actuarial assumption that changes, and therefore such an analysis has its limitations.

The methods and assumptions used in the sensitivity analysis of the current period are the same as those used in the previous period.

14. Common Stock

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As of December 31, 2022 and 2021, the Company's authorized capital was NT\$ 5,000,000 thousand and NT\$ 3,500,000 thousand respectively, and the paid-up capital was NT\$ 3,159,633 thousand in both years, and the par value per share was NT\$ 10, consisting of 315,963,300 shares.

15. Capital Reserve

Item	2022.12.31	2021.12.31
Share premium	\$50,355	\$50,355
Treasury stock trade	14,213	14,213
Others	232	232
Total	<u>\$64,800</u>	<u>\$64,800</u>

According to the statutory regulations, the capital reserve shall be used only to make up for corporate losses, and in the case of no business losses, the capital reserve from the surplus of shares issued in excess of the par value as well as donations can be appropriated to the capital by a fixed ratio of the paid-in capital, while the capital surplus may also be distributed in cash in proportion to the shareholders' initial shares.

16. Earnings Distribution and Dividend policy

(1) According to the Corporate Charter, if there is a surplus in the annual final accounts, it shall be distributed in the following order:

- A. Withholding for taxes
- B. Make-up for losses
- C. Twenty percent of the surplus deposited as the statutory surplus reserve.
- D. Provision or reversal of special surplus reserve in accordance with other statutory regulations or orders from the competent authority.
- E. Any remaining balances shall be combined with the accumulated earnings at the beginning of the same period and the adjusted amount of the undistributed earnings for the year, and the Board shall prepare the proposal for the distribution of earnings and submit it to the shareholders' meeting for resolution.

The proposal for the earning distribution in the preceding paragraph shall be subject to a resolution receiving over half of the attending Directors at a Board meeting attended by over two-thirds of the Directors; the dividends and bonuses shall be made in cash entirely or partially, and the distribution shall be reported to the shareholders' meeting.

(2) In light of the sustainable development of the Company, healthy financial planning, improvements of capital use efficiency, and the protection of the interests of investors, the Company adopts the residual dividend policy as its dividend policy. The policy primarily considers the estimated capital planning of the Company in the future to measure the capital requirements of the year, and appropriate earnings according to requirements in the preceding paragraph; the distribution ratio of cash dividends shall be no less than 25% of the total dividends.

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- (3) The Board of Directors proposes a distribution plan for the distributable surplus, and submits it to the shareholders' meeting for resolution, and the relevant information of which is available from the Public Information Observatory.
- (4) According to the Company Law, the statutory surplus reserve shall be allocated until its total amount has reached the total capital. The statutory surplus reserve can be used to make up for the business losses. If there is no business loss, the part of the statutory surplus reserve exceeding 25% of the paid-in capital can be used to issue new shares or distribute cash in proportion to the initial shares subscribed by shareholders. However, according to the Interpretation Decree No. 10202501991 of Jinguanbaocai Zi, cash distribution can be made according to Article 241 of the Company Law on conditions that the statutory surplus reserve must be allocated until its total amount has reached the total paid-in capital according to Article 145-1 of the Insurance Law and other requirements listed in the Decree are also met, before the application for cash distribution from the statutory surplus reserve according to Article 241 of the Company Law is sent to the competent authority for approval.
- (5) According to the "Regulations on Insurance Companies Various Reserves," the annually added provisions to the special surplus reserves for major accidents and for risk changes are accounted at the end of the current year as the accounting entry point, and this part of the surplus are not distributed or used for other purposes. The accumulated provisions in 2022 and 2021 were NT\$ 6,500,736 thousand and NT\$5,667,272 thousand, respectively.
- (6) According to the requirement under Letter Jin-guan-bao-cai-zi No. 10904939031 dated October 29, 2020, to optimize the financial structure of insurance companies, regarding the personal travel safety insurance – accidental death and disability payment policy sold during the year, they shall calculate the balances of 10% of its total premium income based on the insurance amount and number of days for insurance less 20% of the nominal tax rate at the end of each fiscal year in accordance with the "Table of Standards Rate for Accidental Death and Disability Payment under Personal Travel Safety Insurance"; such balances shall be appropriated to the special surplus reserve under the owner's interests. In 2022 and 2021, the accumulated provision were NT\$4,012 thousand and NT\$1,929 thousand, respectively.

The Company's shareholders' meetings on May 27, 2022 and July 03, 2021, respectively, resolved the 2021 and 2020 proposals on distribution of retained earnings and dividends per share, which are listed as follows:

	Distribution of retained earnings		Dividend per share (NTD)	
	2021	2020	2021	2020
Legal reserve	\$450,202	\$327,393	\$-	\$-
Special reserve	787,382	700,034	-	-
Common stock cash dividends	1,011,083	616,128	3.20	1.95

Please refer to Note (VI.)18 for the details of the assessment basis and recognized amounts of the remunerations for employees and directors.

17. Other equity

	From January 1 to December 30, 2022	From January 1 to December 30, 2021
Opening balance	\$1,695,737	\$1,297,086
Current period		

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Unrealized valuation gains and losses on equity instrument investments measured at fair value through other comprehensive income	(114,440)	19,856
Unrealized valuation gains and losses on investments in debt instruments measured at fair value through other comprehensive income	(102,665)	(11,484)
Other comprehensive income (loss) from adoption of overlay approach	(1,043,451)	385,365
Other Comprehensive income in current period	(1,260,556)	393,737
Accumulated to profit or loss on disposal of equity instruments measured at fair value through other comprehensive income	-	4,914
Closing balance	\$435,181	\$1,695,737

18. Summary of Employee Benefits, Depreciation and Amortization Expenses by Functions

By functions By attributes	For the years ended 31 December,					
	2022			2021		
	Operating costs	Allocated as operating expenses	Total	Operating costs	Allocated as operating expenses	Total
Employee benefits						
Salaries and wages	\$634,579	\$1,430,881	\$2,065,460	\$617,812	\$1,432,530	\$2,050,342
Labor insurance and national health insurance	-	142,174	142,174	-	129,520	129,520
Pension expenses	-	53,590	53,590	-	55,605	55,605
Remuneration to directors	-	61,345	61,345	-	50,648	50,648
Depreciation expenses	-	82,813	82,813	-	79,693	79,693
Amortization expenses	-	23,844	23,844	-	26,963	26,963

Note 1: The number of employees of the Company in 2022 and 2021 was 1,645 and 1,681, respectively, and among them 10 and 10 were directors, respectively, who did not serve as working employees.

Note 2: The average employee benefit costs in 2022 and 2021 were NT\$ 1,383 thousand and NT\$ 1,338 thousand, respectively; the average employee salary costs were NT\$ 1,263 thousand and NT\$ 1,227 thousand, respectively; the adjusted change in average employee salary costs increased by 2.93%.

Note 3: In accordance with Article 14-4 of the Securities and Exchange Act, the Company has established the Audit Committee composed of all independent directors, whose remunerations are included in the above summary table.

Note 4: The policies on the salaries and remunerations for directors, managers and employees are stipulated as follows:

Directors' remuneration policy: according to the Corporate Charter, the Board of Directors is authorized to determine the remunerations of individual directors based on their participation in the business operations and contributions, taking into consideration the average level of the insurance industry, and the resolution is proposed by the Remuneration Committee and submitted to the Board of Directors for approval.

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Managers' remuneration policy: it is based on the factors including business strategy, profitability, and performance, taking into consideration the average compensation level in the talent marketplace and reasonably associated future risks, and the resolution is regularly reviewed by the Remuneration Committee and sent to the Board of Directors for approval.

Employees' remuneration policy: it is based on the employee's responsibilities, the current overall corporate economic environment, operating profits, personal performance and long-term goal incentives, taking into considering the average level in the marketplace and reasonably associated future risks, to decide relatively reasonable remunerations for the job undertaken.

In accordance with the Corporate Charter, no less than 1% of the business profits, if any, shall be appropriated for the employees' remunerations, and no more than 2% for the directors' remunerations. The profits, however, shall be used to make up for the accumulated business losses, if any. The above employee remunerations are paid in stock or cash, depending on the resolution by the Board of Directors, with more than two-thirds of the directors present and approved by more than half of the attending directors, and the resolution is reported in the shareholders' meeting. For more information about the employee and director remunerations approved by the Board of Directors, please visit the "Public Information Observatory" website of the Taiwan Stock Exchange.

In 2022, 5.8% and 1.5% of the profits were appropriated to the remunerations for employees and directors, respectively, and the remunerations recognized for employees and directors were NT\$ 154,900 thousand and NT\$ 40,031 thousand, respectively; In 2021, 5.0% and 1.13% of the profits were appropriated to the remunerations for employees and directors, respectively, and the remunerations recognized for employees and directors were NT\$ 141,421 thousand and NT\$ 32,019 thousand, respectively, which were accounted for under the item of salary expenses. The discrepancy between the estimated amounts and the amounts resolved by the Board, if any, will be listed as gains and losses of the next year.

The Board resolved on March 09, 2022 to distribute NT\$ 141,421 thousand and NT\$ 32,019 thousand in cash for the 2021 employee and director remunerations, respectively. For the 2021 profit distribution, there is no discrepancy between the amounts actually distributed to the employee and director remunerations and the amounts accounted for as expenses in the financial report.

19. Components of Other Comprehensive Profit or Loss

The components of other comprehensive profit or loss in 2022 are:

	Current reclassificatio n adjustment	that occurs in current period	Other comprehensi ve income	Income tax benefits (expenses)	After-tax amount
Items not reclassified to gains and losses:					
Reevaluation of determined benefit plan	\$50,990	\$-	\$50,990	\$(10,198)	\$40,792
Unrealized valuation profit or loss on equity instruments measured at fair value through other comprehensive profit or loss	(114,440)	-	(114,440)	-	(114,440)
Items that may be subsequently reclassified to gains and losses:					
Unrealized appraisal gains and losses of debt instruments measured at fair value through other comprehensive profit or loss	(128,320)	-	(128,320)	25,655	(102,665)
Other comprehensive profit or loss reclassified by overlay approach	(1,043,451)	-	(1,043,451)	-	(1,043,451)
Total	<u>\$(1,235,221)</u>	<u>\$-</u>	<u>\$(1,235,221)</u>	<u>\$15,457</u>	<u>\$(1,219,764)</u>

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The components of other comprehensive profit or loss in 2021 are:

	Current reclassificati on adjustment	that occurs in current period	Other comprehensi ve income	Income tax benefits (expenses)	After-tax amount
Items not reclassified to gains and losses:					
Reevaluation of determined benefit plan	\$2,413	\$-	\$2,413	\$(483)	\$1,930
Unrealized valuation profit or loss on equity instruments measured at fair value through other comprehensive profit or loss	19,856	-	19,856	-	19,856
Items that may be subsequently reclassified to gains and losses:					
Unrealized appraisal gains and losses of debt instruments measured at fair value through other comprehensive profit or loss	(14,285)	-	(14,285)	2,801	(11,484)
Other comprehensive profit or loss reclassified by overlay approach	370,358	-	370,358	15,007	385,365
Total	<u>\$378,342</u>	<u>\$-</u>	<u>\$378,342</u>	<u>\$17,325</u>	<u>\$395,667</u>

20. Income tax

Components of income tax:

Income tax recognized as Gains and Losses

	<u>For the years ended 31 December,</u>	
	2022	2021
Current income tax expenses (benefits):		
Current income tax payable	\$401,616	\$443,429
Current year adjustment of previous years' current income taxes	222	(5,844)
Deferred income tax expenses (benefits):		
Deferred income tax expenses (benefits) related to initially generated and reversed temporary differences	68,408	(36,595)
Income tax expense	<u>\$470,246</u>	<u>\$400,990</u>

Income tax recognized in the Other Comprehensive Profit or Losses

	<u>For the years ended 31 December,</u>	
	2022	2021
Deferred income tax expenses (benefits):		
Unrealized appraisal gains and losses of debt instruments measured at fair value through other comprehensive profit or loss	\$(25,655)	\$(2,801)
Reevaluation of determined benefit plan	10,198	483
Other comprehensive profit or loss reclassified by overlay approach	-	(15,007)
Income tax related to the components of other comprehensive profit or loss	<u>\$(15,457)</u>	<u>\$(17,325)</u>

Income tax expense multiplied by the amount of applicable income is adjusted as follows

<u>For the years ended 31 December,</u>	
2022	2021

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Net profit before tax from continuing operations	\$2,473,816	\$2,654,983
Taxes calculated at statutory income tax rate	\$494,763	\$530,996
Income tax impact from tax-free profits	(26,253)	(125,593)
Income tax impact from non-deductible expenses on tax returns	1,514	1,264
Additional income tax on undistributed surplus	-	167
Current year adjustment of previous years' current income taxes	222	(5,844)
Total income tax expenses recognized as profit or loss	\$470,246	\$400,990

The balance of deferred income tax assets (liabilities) related to the following items:

<u>For the years ended 31 December, 2022</u>	<u>Opening balance</u>	<u>Recognized in the profit or loss</u>	<u>Recognized in the other comprehensive profit of loss</u>	<u>Recogniz ed as equity</u>	<u>Balance as of end of the term</u>
Temporary difference					
Valuation of financial assets and liabilities measured at fair value through profit or loss	\$(9,595)	\$59,383	\$-	\$-	\$49,788
Valuation of assets and liabilities	(15,378)	-	-	-	(15,378)
Land appreciation tax	(15,378)	-	-	-	(15,378)
Gains and losses reclassified by overlay approach and valuation of financial assets measured at fair value through other comprehensive profit or loss.	(9,416)	-	25,655	-	16,239
Exchange losses	97,862	(119,183)	-	-	(21,321)
Assets impairment	103,648	(4,518)	-	-	99,130
Bad debt losses	36,804	-	-	-	36,804
Net determined benefit liability	23,855	(4,090)	(10,198)	-	9,567
Investment property recognized as cost at fair value on conversion date	504	-	-	-	504
Deferred income tax (expenses)/benefits		\$(68,408)	\$15,457	\$-	
Net deferred income tax assets/(liabilities)	\$228,284				\$175,333
Information expressed on the balance sheet is as follows:					
Deferred income tax assets	\$262,673				\$212,032
Deferred tax liabilities	\$(34,389)				\$(36,699)
<u>For the years ended 31 December, 2021</u>	<u>Opening balance</u>	<u>Recognized in the profit or loss</u>	<u>Recognized in the other comprehensive profit of loss</u>	<u>Recogniz ed as equity</u>	<u>Balance as of end of the term</u>
Temporary difference					
Valuation of financial assets and liabilities measured at fair value through profit or loss	\$(19,374)	\$9,779	\$-	\$-	\$(9,595)
Valuation of assets and liabilities	(15,378)	-	-	-	(15,378)
Land appreciation tax	(15,378)	-	-	-	(15,378)
Gains and losses reclassified by overlay approach and valuation of financial assets measured at fair value through other comprehensive profit or loss.	(27,224)	-	17,808	-	(9,416)
Exchange losses	73,930	23,932	-	-	97,862

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Assets impairment	99,594	4,054	-	-	103,648
Bad debt losses	36,804	-	-	-	36,804
Pension appropriation	(127)	127	-	-	-
Net determined benefit liability	25,635	(1,297)	(483)	-	23,855
Investment property recognized as cost at fair value on conversion date	504	-	-	-	504
Deferred income tax (expenses)/benefits		<u>\$36,595</u>	<u>\$17,325</u>	<u>\$-</u>	
Net deferred income tax assets/(liabilities)	<u>\$174,364</u>				<u>\$228,284</u>
Information expressed on the balance sheet is as follows:					
Deferred income tax assets	<u>\$236,467</u>				<u>\$262,673</u>
Deferred tax liabilities	<u>\$(62,103)</u>				<u>\$(34,389)</u>

Approval of income tax declaration

As of December 31, 2022, the Company's declaration of profit-making business income tax returns has been approved by the Revenue Service Office up to the fiscal year 2019.

21. Earnings Per Share

The basic earnings per share is calculated by dividing the net profit after tax by the weighted average number of common shares outstanding, of the current period.

The diluted earnings per share is calculated by dividing the net profit attributable to the holders of common shares of the parent company by the weighted average number of common shares outstanding, of the current period, plus the weighted average number of common shares to be issued when all dilutive potential common shares are converted into common shares.

Earnings per share of 2022 and 2021 are as follows:

Item	<u>For the years ended 31 December,</u>	
	2022	2021
continuing operations	<u>\$2,003,570</u>	<u>\$2,253,993</u>
Weighted average number of common shares (in thousands) of basic earnings per share	<u>315,963</u>	<u>315,963</u>
Basic earnings per share (NTD)	<u>\$6.34</u>	<u>\$7.13</u>

After the reporting period and before the financial statements were approved for release, there were no other transactions that materially changed the number of common shares outstanding or the number of potential common shares at the end of the period.

22. Expected Credit Losses (Profits)

	<u>For the years ended 31 December,</u>	
	2022	2021
Total operating revenues- Expected credit impairment loss and reversal gain on investment		
Financial assets at fair value through other comprehensive profit or loss	\$(48)	\$(283)
Financial assets based on cost after amortization	<u>(1,881)</u>	<u>(106)</u>
subtotal	<u>(1,929)</u>	<u>(389)</u>

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Operating expenses: -Expected credit impairment reversal from non-investments		
Receivable	(116)	(463)
Insurance premium receivable	8,033	3,892
Other receivables	572	(555)
Claims Recoverable from Reinsurance	(511)	(1,172)
Due from Reinsurer & Ceding companies	10,075	21,216
Other	-	(3,596)
subtotal	<u>18,053</u>	<u>19,322</u>
Total	<u>\$16,124</u>	<u>\$18,933</u>

For information about the credit risks, please see Note (VII.)

23. Lease

(1) The company as a lessee

The Company leases a number of different assets, including property (houses and buildings) and other equipment. The lease periods of various contracts are from 1 year to 6 years.

The impact of the leasing business on the Company's financial status, financial performance and cash flow is described as follows:

A. Amounts recognized in the balance sheet

(a). Right-of-use assets

Book values of right-of-use assets		
	<u>2022.12.31</u>	<u>2021.12.31</u>
Buildings and structures	\$21,398	\$16,919
Other equipment	11,806	17,474
Total	<u>\$33,204</u>	<u>\$34,393</u>

The right-of-use assets increased NT\$ 15,958 thousand and NT\$ 18,023 thousand in 2022 and 2021, respectively.

(b). Lease liabilities

	<u>2022.12.31</u>	<u>2021.12.31</u>
Lease liabilities	\$33,836	\$34,924

The interest expenses of the lease liabilities recognized in 2022 and 2021 were NT\$ 627 thousand and NT\$ 718 thousand, respectively.

The maturities of lease liabilities as of December 31, 2022 and 2021 are analyzed as follows:

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	Maturity period			Total
	less than 1 year	1–5 years	over 5 years	
Lease liability	\$16,144	\$18,342	\$-	\$34,486

December 31, 2021

	Maturity period			Total
	less than 1 year	1–5 years	over 5 years	
Lease liability	\$14,892	\$20,870	\$-	\$35,762

The above table shows the cash outflow analysis of the Company's lease liabilities based on the remaining period from the balance sheet date to the contract maturity date. The amounts disclosed in the table are based on contractual cash flows, so the amounts disclosed will not correspond to relevant items on the balance sheet.

B. Amounts recognized in the consolidated income statement

Depreciation of right-of-use assets

	For the years ended 31 December,	
	2022	2021
Buildings and structures	\$10,394	\$10,371
Other equipment	6,298	5,188
Total	\$16,692	\$15,559

C. The lessee's income and expenses related to leasing activities

	For the years ended 31 December,	
	2022	2021
Short-term leasing expenses	\$13,621	\$34,293

D. The lessee's cash outflows related to leasing activities

The total cash outflows in 2022 and 2021 were NT\$ 50,450 thousand and NT\$ 46,023 thousand, respectively.

(2) The Company as a lessor

The Company owned investment properties are disclosed in Note (VI.)8. The Company owned investment properties are classified as operating leases because almost all the risks and rewards attached to the ownership of the underlying assets have not been transferred.

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	<u>For the years ended 31 December,</u>	
	2022	2021
Lease income recognized under operating lease		
Fixed lease payments	\$78,172	\$80,636

The lease contracts with undiscounted lease payments received and total amounts for remaining years ranged on December 31 of 2022 and 2021 were:

	2022.12.31	2021.12.31
no more than 1 year	\$67,789	\$69,726
over 1 year but no more than 2 years	47,075	53,062
over 2 years but no more than 3 years	14,888	32,363
over 3 years but no more than 4 years	2,754	10,303
over 4 years but no more than 5 years	1,319	2,754
over 5 years	2,016	3,335
Total	\$135,841	\$171,543

(VII.) Risk Management of Insurance Contracts and Financial Instruments

(1) The structure, organization, and accountability and empowerment

A. Board of Directors

- a. The Board of Directors is the Company's highest decision-making body on risk management and undertakes the ultimate responsibility for the company's overall risk management.
- b. The Board of Directors resolves the overall risk management policy and risk appetite in accordance with the corporate overall operating strategy and environment.

B. Risk Management Committee

To meet the legal requirements of internal control and audit, the Committee is established to set up a complete internal risk control management structure for effective formulation, implementation, and tracking of the overall risk management policies and related affairs, to prevent potential risks affecting the Company's operating stability, and create substantive values from it.

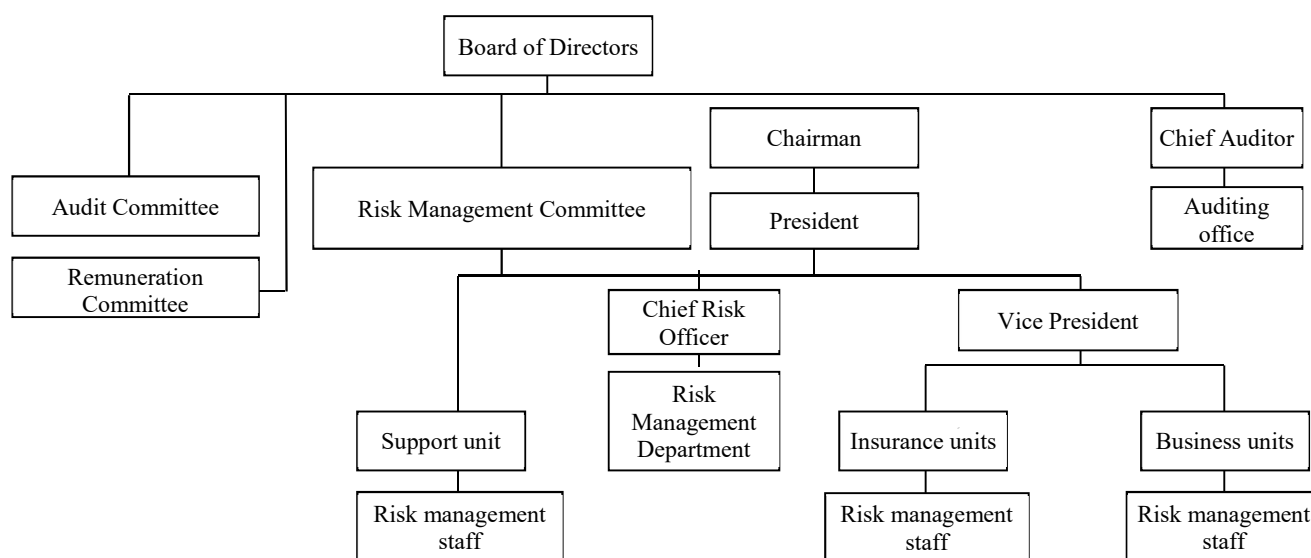
C. Risk Management Department

The department assists the Board of Directors in formulating and implementing risk management policies and driving the practices by consolidating the risk management in individual departments for an integrated operation.

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D. Business Department

- a. The department performs daily risk management affairs and provides feedback on risk information to the Risk Management Department.
- b. The department has a risk management person working as a window to the Risk Management Department and handles risk management business under the instructions from the department head.



(2) The scope and features of the risk reporting and measurement system of the property insurance industry

A. Risk reporting

- a. The business unit regularly sends risk information to the risk management unit for monitoring, and when the risk limit is exceeded, proposes an over-limit handling report along with corresponding measures.
- b. The risk management unit summarizes the risk information received from the business unit, to review and track the use of major risk limits, and report to the Chairman every quarter for regular monitoring.

B. The scope and features of the market risk measurement system

The Company's market risk measurement is based on the Bloomberg Algor Model, expressed with the market risk value VaR, which covers the risk of changes in exchange rates and interest rates, where the information system is shared by the Investment Department and the Risk Management Department, while the measurement is performed by the Middle Platform of the Risk Management Department.

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- (3) Procedures for the property insurance industry to undertake, measure, supervise and control insurance risks, and underwriting policies to ensure appropriate risk classification and premium levels

The Company's Risk Management Department is responsible for monitoring and integrating the corporate insurance risks, and requires relevant departments to set up risk indicators and management mechanisms as the basis for the Risk Management Department to monitor, while all the relevant departments manage the underlying insurance risks, and regularly provide implementation status to the Risk Management Department in accordance with the statutory regulations, internal regulations, and their professional knowledge and experience, and the Risk Management Department submits quarterly risk management reports to the Board of Directors.

- (4) Assessment of insurance risks and scope of insurance risk management

The Company's insurance risk management covers product design and pricing, underwriting, reinsurance, catastrophes, and risks related to claims and reserves, for which appropriate management mechanisms are established and implemented.

- (5) Approaches used by the property insurance industry to limit exposure to insurance risks and avoid concentration risks:

When an insurance business is introduced, the Company's underwriters evaluate the business quality based on the underwriting standards of the insurance types to determine whether to undertake it, in order to appropriately avoid and control risks for lower level of exposure.

The Company operates ceded-in/out retention and reinsurance based on the "Regulations on Insurance Companies Engaging in Ceding Reinsurance and Other Risk Spreading Mechanisms," for which a risk retention mechanism is established, and a reinsurance risk management plan is also established based on the risk undertaking capacity, while the limit of the risk retention is set according to individual risk units by insurance types. The risk retention limits of individual risk units by insurance types are disclosed as follows:

Insurance types	<u>For the years ended 31 December,</u>	
	2022	2021
A. Fire insurance	\$500,000	\$500,000
B. Marine insurance		
a. Cargo insurance	300,000	300,000
b. Hull insurance	300,000	300,000
c. Fishing vessel insurance	300,000	300,000
C. New insurance types		
a. Engineering insurance	1,000,000	1,000,000
b. Liability insurance	660,000	660,000
c. Accident insurance	1,300,000	1,300,000
d. Health insurance	5,000	5,000
D. Car insurance		
a. Damage insurance	60,000	60,000
b. Third-party liability insurance	400,000	400,000

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2. Management of assets and liabilities

Based on the business features, the Company regularly measures various reserves to ensure that the current capital allocation and asset investment liquidity are sufficient to cover possible future claims. Cash flow management is carried out on a daily basis by a fund dispatch unit independent of the trading unit, and the dispatch and management of the funds takes into account the fund demands and schedules of individual departments.

Also, the Company has established the Operational Crisis Response Guidelines based on the “Key Attributes for Handling Financial Institutions’ Operational Crisis” set by the FSC, and in the event of a huge loss of funds or a severe liquidity shortage, a crisis taskforce will be established immediately to quickly assess the impact on the fund liquidity and the amount needed to fill the fund gap as well as the funding schedule and efficacy, to protect the interests of the policyholders and the Company.

3. The procedure for managing, monitoring and controlling commitments on liabilities or additional investment in owner’s equity to be undertaken by insurance companies when a specific event occurs.

The Company has established a capital adequacy management mechanism, which includes a capital adequacy index to facilitate regular reviews and preparation of capital adequacy reports biannually.

If the capital adequacy ratio exceeds the risk limit, or an abnormality occurs, the cause of the event will be explored and responses be set forth to evaluate the impact on the capital adequacy.

4. Receivables (payables) of Insurance Contracts

(1) Receivables of Insurance Contracts

Item	Notes Receivable (note)	
	2022.12.31	2021.12.31
Fire insurance	\$16,270	\$22,169
Marine insurance	59,705	53,401
Motor insurance	92,473	91,367
Engineering insurance	49,867	41,666
Liability insurance	18,031	20,266
Accident & health insurance	6,803	7,409
Others	410	34,630
Total	243,559	270,908
plus: non-performing loans	157	-
Less: Allowance for losses	(2,593)	(2,709)
Net amount	\$241,123	\$268,199

Note: The notes receivable on December 31, 2022 and 2021 included non-performing loans of NT\$ 157 thousand and NT\$ 0 thousand respectively, and accordingly allowances for losses of NT\$ 157 thousand and NT\$ 0 thousand were provided respectively.

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Item	Premiums Receivable (note)	
	2022.12.31	2021.12.31
Fire insurance	\$400,607	\$559,048
Marine insurance	136,370	273,790
Motor insurance	59,116	92,095
Engineering insurance	82,036	91,122
Liability insurance	81,074	152,212
Accident & health insurance	43,423	85,695
Total	802,626	1,253,962
plus: non-performing loans	204,518	139,299
Less: Allowance for losses	(36,405)	(28,372)
Net amount	<u>\$970,739</u>	<u>\$1,364,889</u>

Note: The premiums receivable on December 31, 2022 and 2021 included non-performing loans of NT\$204,518 thousand and NT\$139,299 thousand, and accordingly allowances for losses of NT\$28,379 thousand and NT\$15,832 thousand were provided respectively.

(2) Reinsurance assets – claims recoverable from reinsurers for the claims reported and settled with the policyholders

Item	2022.12.31	2021.12.31
	Actually paid	Actually paid
Fire insurance	\$11,999	\$21,740
Marine insurance	6,998	13,900
Motor insurance	150,293	178,756
Engineering insurance	13,679	23,657
Liability insurance	21,018	1,245
Accident & health insurance	24,406	40,233
Total	228,393	279,531
plus: non-performing loans	-	-
Less: Allowance for losses	(2,284)	(2,795)
Net amount	<u>\$226,109</u>	<u>\$276,736</u>

(3) Commissions payable for insurance contracts

Item	2022.12.31	2021.12.31
Fire insurance	\$50,300	\$33,456
Marine insurance	24,437	26,437
Motor insurance	106,587	102,368
Engineering insurance	14,861	15,879
Liability insurance	35,337	45,297
Accident & health insurance	37,819	54,532
Total	<u>\$269,341</u>	<u>\$277,969</u>

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(4) Due from (to) Reinsurers & Ceding Companies – holding reinsurance

Item	2022.12.31	
	Due from Reinsurers & Ceding Companies (note)	Due to Reinsurers & Ceding Companies
The Non-Life Insurance Association	\$131,074	\$159,333
CRC	89,003	7,254
ERF	42,011	-
JOH	51,004	162,052
SWH	36,579	52,956
WIL	71,081	52,774
WIT	41,659	161,427
Others	133,886	751,591
Subtotal	596,297	1,347,387
plus: non-performing loans	42,464	-
Less: Allowance for losses	(21,693)	-
Net amount	\$617,068	\$1,347,387

Item	2021.12.31	
	Due from Reinsurers & Ceding Companies (note)	Due to Reinsurers & Ceding Companies
The Non-Life Insurance Association	\$97,958	\$165,945
AON	48,965	23,864
CRC	97,229	29,005
JOH	111,891	284,679
SWH	93,384	56,389
WIT	32,659	108,970
Others	121,275	890,995
Subtotal	603,361	1,559,847
plus: non-performing loans	43,595	-
Less: Allowance for losses	(17,387)	-
Net amount	\$629,569	\$1,559,847

Note: The dues from reinsurers & ceding companies on December 31, 2022 and 2021 included non-performing loans of NT\$42,464 thousand and NT\$43,595 thousand respectively, and accordingly allowances for losses of NT\$15,969 thousand and NT\$12,358 thousand were respectively provided.

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- (5) The notes receivable, premiums receivable, other receivables, claims recoverable from reinsurers, and due from reinsurers and ceding companies are grouped based on the counterparty's credit rating, region and industry, and the allowances for losses measured with the provision matrix are as follows:

	2022.12.31				
	0-90 days	91-180 days	181-365 days	over 366 days	Total
	0%-1%	1%-100%	2%-100%	50%-100%	
Expected credit losses					
Total book value	\$2,056,568	\$283,315	\$117,103	\$49,808	\$2,506,794
Allowance for losses (expected credit losses)	(18,191)	(4,287)	(7,660)	(35,148)	(65,286)
Total	<u>\$2,038,377</u>	<u>\$279,028</u>	<u>\$109,443</u>	<u>\$14,660</u>	<u>\$2,441,508</u>
	2021.12.31				
	0-90 days	91-180 days	181-365 days	over 366 days	Total
	0%-1%	1%-100%	2%-100%	50%-100%	
Expected credit losses					
Total book value	\$2,557,277	\$184,182	\$136,531	\$26,355	\$2,904,345
Allowance for losses (expected credit losses)	(23,155)	(2,805)	(10,688)	(16,354)	(53,002)
Total	<u>\$2,534,122</u>	<u>\$181,377</u>	<u>\$125,843</u>	<u>\$10,001</u>	<u>\$2,851,343</u>

The company does not hold any collateral for the balance of such receivables.

5. Information related to business performance

(1) Insurance contract acquisition cost

Item	For the years ended 31 December, 2022				
	Commission expense	Agency expense	Handling fee expense	Reinsurance commission expense	Total
Fire insurance	\$235,799	\$-	\$22,630	\$1,727	\$260,156
Marine insurance	84,694	-	-	51	84,745
Motor insurance	1,553,541	-	318,481	-	1,872,022
Engineering insurance	89,046	-	-	23	89,069
Liability insurance	249,418	-	-	9	249,427
Accident & health insurance	435,489	-	-	-	435,489
Total	<u>\$2,647,987</u>	<u>\$-</u>	<u>\$341,111</u>	<u>\$1,810</u>	<u>\$2,990,908</u>

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Item	For the years ended 31 December, 2021				
	Commission expense	Agency expense	Handling fee expense	Reinsurance commission expense	Total
Fire insurance	\$218,733	\$-	\$22,126	\$6,216	\$247,075
Marine insurance	80,488	-	-	210	80,698
Motor insurance	1,474,106	-	326,890	-	1,800,996
Engineering insurance	76,097	-	-	55	76,152
Liability insurance	242,719	-	-	9	242,728
Accident & health insurance	464,324	-	-	-	464,324
Total	<u>\$2,556,467</u>	<u>\$-</u>	<u>\$349,016</u>	<u>\$6,490</u>	<u>\$2,911,973</u>

(2) Analysis of insurance profit and loss

A. Analysis of the profit and loss of the underwriting and ceded-in reinsurance

For the years ended 31 December, 2022

Item	Premium revenues	Reinsurance premium revenues	Net changes in		Insurance claims		Net change in loss reserve	Insurance profit and loss
			unearned premium reserve	Insurance contract acquisition cost	(including indemnity expense)	Reinsurance claims		
Fire insurance	\$4,182,739	\$91,932	\$(27,854)	\$(260,156)	\$(893,834)	\$(4,412)	\$(389,442)	\$2,698,973
Marine insurance	994,808	3,885	78,413	(84,745)	(519,917)	(15)	291,319	763,748
Motor insurance	11,883,395	603,095	(224,361)	(1,872,022)	(6,632,967)	(606,200)	(134,478)	3,016,462
Engineering insurance	1,228,472	101	(50,027)	(89,069)	(221,716)	(488)	(236,864)	630,409
Liability insurance	1,853,918	3,373	(68,384)	(249,427)	(1,124,104)	(820)	(26,201)	388,355
Accident & health insurance	2,259,092	8,339	39,122	(435,489)	(1,384,429)	(1,442)	(10,225)	474,968
Total	<u>\$22,402,424</u>	<u>\$710,725</u>	<u>\$(253,091)</u>	<u>\$(2,990,908)</u>	<u>\$(10,776,967)</u>	<u>\$(613,377)</u>	<u>\$(505,891)</u>	<u>\$7,972,915</u>

For the years ended 31 December, 2021

Item	Premium revenues	Reinsurance premium revenues	Net changes in		Insurance claims		Net change in loss reserve	Insurance profit and loss
			unearned premium reserve	Insurance contract acquisition cost	(including indemnity expense)	Reinsurance claims		
Fire insurance	\$3,813,860	\$146,123	\$(335,169)	\$(247,075)	\$(1,149,348)	\$(26,138)	\$(95,478)	\$2,106,775
Marine insurance	1,187,123	2,917	(96,983)	(80,698)	(387,220)	(120)	(182,837)	442,182
Motor insurance	11,493,868	587,790	(378,173)	(1,800,996)	(6,416,826)	(585,584)	(263,964)	2,636,115
Engineering insurance	1,113,168	249	(104,043)	(76,152)	(331,879)	383	(26,891)	574,835
Liability insurance	1,794,300	2,556	(221,761)	(242,728)	(536,646)	(1,754)	(88,502)	705,465
Accident & health insurance	2,329,751	7,734	41,040	(464,324)	(1,311,451)	(1,285)	(26,163)	575,302
Total	<u>\$21,732,070</u>	<u>\$747,369</u>	<u>\$(1,095,089)</u>	<u>\$(2,911,973)</u>	<u>\$(10,133,370)</u>	<u>\$(614,498)</u>	<u>\$(683,835)</u>	<u>\$7,040,674</u>

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B. Current profit and loss recognized for purchased reinsurance contracts

Item	For the years ended 31 December, 2022					
	Reinsurance premiums ceded	Net change in ceded unearned premium reserve	Reinsurance commission income	Claims recovered from reinsurers	Net change in ceded claims reserve	Ceded reinsurance (loss) profit
Fire insurance	\$(2,057,874)	\$(121,847)	\$49,957	\$556,041	\$149,419	\$(1,424,304)
Marine insurance	(473,932)	(79,591)	57,704	283,360	(303,577)	(516,036)
Motor insurance	(1,198,755)	(77,043)	105,541	1,120,297	(125,283)	(175,243)
Engineering insurance	(491,402)	(69,447)	36,828	46,439	118,251	(359,331)
Liability insurance	(165,880)	(12,966)	19,419	92,891	(70,995)	(137,531)
Accident & health insurance	(142,984)	(16,957)	11,699	126,365	(58,279)	(80,156)
Total	<u>\$(4,530,827)</u>	<u>\$(377,851)</u>	<u>\$281,148</u>	<u>\$2,225,393</u>	<u>\$(290,464)</u>	<u>\$(2,692,601)</u>

Item	For the years ended 31 December, 2021					
	Reinsurance premiums ceded	Net change in ceded unearned premium reserve	Reinsurance commission income	Claims recovered from reinsurers	Net change in ceded claims reserve	Ceded reinsurance (loss) profit
Fire insurance	\$(2,022,366)	\$208,595	\$89,750	\$763,562	\$(83,067)	\$(1,043,526)
Marine insurance	(671,427)	90,214	65,325	168,243	119,754	(227,891)
Motor insurance	(1,329,083)	10,931	131,828	1,142,540	(17,577)	(61,361)
Engineering insurance	(527,722)	100,641	38,905	94,802	(33,441)	(326,815)
Liability insurance	(188,534)	566	21,143	48,601	(21,740)	(139,964)
Accident & health insurance	(182,471)	(32,885)	10,786	213,449	1,436	10,315
Total	<u>\$(4,921,603)</u>	<u>\$378,062</u>	<u>\$357,737</u>	<u>\$2,431,197</u>	<u>\$(34,635)</u>	<u>\$(1,789,242)</u>

6. Sensitivity of Insurance Risks

Insurance contract type	Premium revenues	Expected loss rate	Expected impact on profit or loss with 5% increase of loss rate	
			Before holding reinsurance	After holding reinsurance
Fire insurance	\$4,182,855	70.03%	\$209,143	\$106,248
Marine insurance	989,806	70.31%	49,490	26,044
Land and air insurance	9,720,883	65.62%	486,044	470,961
Liability insurance	1,457,530	71.09%	72,876	65,864
Engineering Guarantee Insurance	1,259,764	62.96%	62,988	38,230
Other property insurance	365,096	60.94%	18,255	17,161
Accident insurance	2,226,738	62.93%	111,337	104,218
Health insurance	32,355	65.18%	1,618	1,588
Automobile liability insurance	2,167,513	Not applicable	Not applicable	Not applicable
Total	<u>\$22,402,540</u>		<u>\$1,011,751</u>	<u>\$830,314</u>

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Note: The data period is from January to December 2022; fire insurance premiums are not covered in long-term fire insurance

According to the data from January to December 2022, although the assumed increase of expected loss rate by 5% have a certain degree of impact on the profit or loss, with the reinsurance arrangement, however, the impact from the change in expected loss rate can be reduced, thereby spreading the risks, and the sensitivity can be maintained within a reasonable range.

7. Explanation of concentrated insurance risks

(1) Circumstances that may lead to concentrated insurance risks:

A. Proportion of premiums for underwriting and ceded-in reinsurance

The insurance contracts underwritten by the company are spread across different types of insurance without concentration on a single type of insurance, and the highest proportion is attributed to automobile insurance, which accounted for 54.02% and 53.75% of the total underwriting in 2022 and 2021, respectively. Although the proportion is higher than that of other insurances, experiences show the relevant loss is stable and the risk variation is not significant; other insurance types do not have risk concentration either.

Proportion of premiums for underwriting and ceded-in reinsurance

Item	For the years ended 31 December,			
	2022		2021	
	Amount	Percentage.	Amount	Percentage.
Fire insurance	\$4,274,671	18.49%	\$3,959,983	17.62%
Marine insurance	998,693	4.32%	1,190,040	5.29%
Motor insurance	12,486,490	54.02%	12,081,658	53.75%
Engineering insurance	1,228,573	5.32%	1,113,417	4.95%
Liability insurance	1,857,291	8.04%	1,796,856	7.99%
Accident & health insurance	2,267,431	9.81%	2,337,485	10.40%
Total	<u>\$23,113,149</u>		<u>\$22,479,439</u>	

B. Retention ratios

The car insurance has the highest retention ratios, which accounted for 60.75% and 61.24% of its total premiums in 2022 and 2021 respectively, and in consideration of the possibility of significant cumulative losses, reinsurance is arranged to spread the risks, and therefore no risk concentration present.

Also considered are insurances related to natural disasters (e.g. earthquakes and typhoon floods) that may lead to significant cumulative losses, as well as insurances that may result in cumulative losses including property related insurances (fire insurance, engineering insurance), marine insurance and accident insurance, and to avoid concentrated underwriting risks, catastrophe reinsurance contacts are purchased to spread the risks.

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Premiums retention ratios:

Item	For the years ended 31 December, 2022		For the years ended 31 December, 2021	
	Amount	Percentage.	Amount	Percentage.
Fire insurance	\$2,216,797	11.93%	\$1,937,617	11.04%
Marine insurance	524,761	2.82%	518,613	2.95%
Motor insurance	11,287,735	60.75%	10,752,575	61.24%
Engineering insurance	737,171	3.97%	585,695	3.34%
Liability insurance	1,691,411	9.10%	1,608,322	9.16%
Accident & health insurance	2,124,447	11.43%	2,155,014	12.27%
Total	<u>\$18,582,322</u>		<u>\$17,557,836</u>	

C. The following table shows the concentrated risks of different insurance types before and after reinsurances:

Item	For the years ended 31 December, 2022			
	Premium revenues	Reinsurance premium income	Reinsurance premiums ceded	Net premium revenues
Fire insurance	\$4,182,739	\$91,932	\$(2,057,874)	\$2,216,797
Marine insurance	994,808	3,885	(473,932)	524,761
Motor insurance	11,883,395	603,095	(1,198,755)	11,287,735
Engineering insurance	1,228,472	101	(491,402)	737,171
Liability insurance	1,853,918	3,373	(165,880)	1,691,411
Accident & health insurance	2,259,092	8,339	(142,984)	2,124,447
Total	<u>\$22,402,424</u>	<u>\$710,725</u>	<u>\$(4,530,827)</u>	<u>\$18,582,322</u>

Item	For the years ended 31 December, 2021			
	Premium revenues	Reinsurance premium income	Reinsurance premiums ceded	Net premium revenues
Fire insurance	\$3,813,860	\$146,123	\$(2,022,366)	\$1,937,617
Marine insurance	1,187,123	2,917	(671,427)	518,613
Motor insurance	11,493,868	587,790	(1,329,083)	10,752,575
Engineering insurance	1,113,168	249	(527,722)	585,695
Liability insurance	1,794,300	2,556	(188,534)	1,608,322
Accident & health insurance	2,329,751	7,734	(182,471)	2,155,014
Total	<u>\$21,732,070</u>	<u>\$747,369</u>	<u>\$(4,921,603)</u>	<u>\$17,557,836</u>

8. Claims development trend

This table discloses the IBNR reserves for the insurance types based on the “Loss Development Triangles.”

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◎ Claims development trend:

A. Cumulative reported claims

Accident Year	Assessment date					Cumulative settled claims 2022.12.31	Outstandi ng claims	IBNR claims	Claims reserve
	2018.12.31	2019.12.31	2020.12.31	2021.12.31	2022.12.31				
≤2017							\$358,848		
2018	\$7,005,283	\$7,378,153	\$7,256,705	\$7,244,168	\$7,220,826	\$7,153,153	67,673		
2019		8,069,856	8,686,669	8,618,981	8,395,432	8,229,260	166,172		
2020			9,736,071	10,213,567	10,287,953	8,438,010	1,849,943		
2021				8,570,248	8,799,772	7,494,500	1,305,272		
2022					9,898,831	5,579,426	4,319,405		
Total							<u>\$8,067,313</u>	<u>\$1,360,029</u>	<u>\$9,427,342</u>

Accident Year	Assessment date					Cumulativ e settled claims 2021.12.31	Outstandi ng claims	IBNR claims	Claims reserve
	2017.12.31	2018.12.31	2019.12.31	2020.12.31	2021.12.31				
≤2016							\$377,920		
2017	\$6,409,289	\$6,589,715	\$6,537,614	\$6,531,323	\$6,557,063	\$6,480,591	76,472		
2018		7,005,283	7,378,153	7,256,705	7,244,168	7,110,430	133,738		
2019			8,069,856	8,686,669	8,618,981	7,984,530	634,451		
2020				9,736,071	10,213,567	7,651,271	2,562,296		
2021					8,570,248	4,968,283	3,601,965		
Total							<u>\$7,386,842</u>	<u>\$1,289,214</u>	<u>\$8,676,056</u>

B. Cumulative reported claims

Accident Year	Assessment date					Cumulati ve settled claims 2022.12.31	Outstandi ng claims	IBNR claims	Claims reserve
	2018.12.31	2019.12.31	2020.12.31	2021.12.31	2022.12.31				
≤2017							\$116,299		
2018	\$5,824,992	\$6,079,736	\$6,030,322	\$5,976,778	\$5,962,692	\$5,913,109	49,583		
2019		6,383,975	6,586,879	6,575,205	6,562,893	6,472,872	90,021		
2020			6,976,044	7,297,107	7,359,338	7,050,555	308,783		
2021				7,164,861	7,380,765	6,541,024	839,741		
2022					8,496,275	5,174,219	3,322,056		
Total							<u>\$4,726,483</u>	<u>\$1,169,941</u>	<u>\$5,896,424</u>

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Accident Year	Assessment date					Cumulative settled claims 2021.12.31	Outstanding claims	IBNR claims	Claims reserve
	2017.12.31	2018.12.31	2019.12.31	2020.12.31	2021.12.31				
≤2016							\$115,952		
2017	\$5,383,242	\$5,476,366	\$5,441,622	\$5,441,978	\$5,471,478	\$5,415,708	55,770		
2018		5,824,992	6,079,736	6,030,322	5,976,778	5,886,007	90,771		
2019			6,383,975	6,586,879	6,575,205	6,401,285	173,920		
2020				6,976,044	7,297,107	6,606,252	690,855		
2021					7,164,861	4,366,240	2,798,621		
Total							<u>\$3,925,889</u>	<u>\$1,050,561</u>	<u>\$4,976,450</u>

Note: The above figures do not include policy-based insurances (i.e. automobile compulsory insurance, residential earthquake insurance, nuclear energy insurance) and the insurances with IBNR reserves not provided based on the “Loss Development Triangles.” and not include refund cash value of long-term accident & health insurance

9. Types of Financial Instruments

Financial Instruments	2022.12.31	2021.12.31
<u>Financial assets</u>		
Financial assets measured at fair value through profit or loss:		
Measured at fair value through income under compulsion	\$6,747,161	\$8,823,185
Financial assets at fair value through other comprehensive profit or loss	1,388,344	1,352,772
Financial assets measured at amortized cost:		
Cash and cash equivalents (excluding cash on hand and working capital)	10,841,906	11,754,641
Financial assets based on cost after amortization	11,149,971	6,941,041
Accounts receivable	1,598,331	1,945,038
Refundable deposits	699,087	627,855
Subtotal	<u>24,289,295</u>	<u>21,268,575</u>
Total	<u>\$32,389,228</u>	<u>\$31,480,104</u>
<u>Financial liabilities</u>		
Financial liabilities measured at amortized cost:		
Accounts Payables	\$249,174	\$-
Lease liability		
Subtotal	2,691,211	2,894,222
Financial liabilities measured at fair value through profit or loss:		
Measured at fair value through income under compulsion	33,836	34,924
Total	<u>2,725,047</u>	<u>2,929,146</u>
	<u>\$2,974,221</u>	<u>\$2,929,146</u>

10. Financial Risk Management Objectives and Policies

Financial instruments other than derivatives held by the Company mainly include: cash and cash equivalents, and various investments. Such financial instruments are used to adjust the flow of operating funds. The Company also holds other financial assets and liabilities, such as notes receivable, premiums receivable, claims and benefits payable, due from (to) reinsurers & ceding

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companies, refundable deposits, resulted from business operations.

The Company also engages in derivatives trading, mainly on forward exchange agreements, to avoid exchange rate risks out of investment activities. The Company's policy is NOT to engage in derivative transactions for trading purposes.

The main risks of the Company's financial instruments are market risks, credit risks and liquidity risks. The risk management policy approved by the Board of Directors is as follows:

(1) Market risk

A. Exchange rate risk

The Company is exposed to the risk of fluctuated exchange rates between the U.S. dollar and the New Taiwan dollar due to holding foreign currencies from trust investments. Since the amounts of such investment positions are significant, forward exchange agreements are carried out to hedge this part of investment activities.

The Company is also exposed to the exchange rate risk arising from reinsurance of business operations denominated in non-functional currencies. However, this type of transactions usually has a short cash collection period with less significant exchange rate fluctuation, and therefore transactions as such are usually not hedged.

The conditions for the hedging tools and for the hedged items are the same based on the Company's self-assessment, so as to maximize the hedging efficacy.

B. Interest rate risk

The interest rate risk is a result from fluctuated fair value of financial instruments or fluctuated cash flows in the future due to changes in market interest rates, and the floating interest rate assets held by the company as well as the floating interest rate debts undertaken by the company may lead risks arising from fluctuated cash flows in the future due to the changes in the market interest rates; however, the Company's financial instruments are all capital-guaranteed, and therefore the impact is not significant.

C. Equity price risk

The company holds domestic and foreign listed and unlisted equity securities, whose prices will be affected by the uncertainty of the future value of their invested targets. These listed and unlisted equity securities held by the Company are included in the fair value measurement through profit or loss and the fair value measurement through other comprehensive profit or loss. Investment portfolios are used to set investment limits on single and overall equity securities to manage the price risks.

(2) Credit risk

A. Credit risk management policy

The company only deals with third parties that have been recognized as having good credit and, as the corporate policy requires, a credit transaction must go through a credit confirmation procedure before being carried out, and the recovery of premiums and bills receivable are continuously surveyed and evaluated and, as a result, the Company has maintained a good status from bad debts. If the counterparty shows credibility issues, however, relevant contracts will be suspended and the related rights and obligations will not be exercised until it gets back to the transaction status.

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The credit risks to which the Company's financial transactions are exposed include issuer credit risk, counterparty credit risk and underlying asset credit risk:

- a. The issuer credit risk refers to the risk of financial losses incurred by the Company due to the holding of financial debt instruments or deposits in banks for which payments or compensation obligations are not performed because of default, bankruptcy or liquidation of the issuer, guarantor or bank, in accordance with the agreed terms.
- b. The counterparty credit risk refers to the risk of financial losses incurred by the Company due to the transactions of financial instruments, with which the counterparty fails to perform the delivery or payment obligations on the agreed date.
- c. The underlying asset credit risk refers to the risk of losses due to the weakened credit quality, increased credit discounts, downgraded credit ratings, or breach of contract concerning the underlying asset linked to financial instruments.

The IFRS 9 is taken to assess expected credit losses, and except for receivables, for which allowance for loss is measured by the lifetime expected credit loss, the rest debt instruments not measured at fair value through profit or loss have the allowance for loss measured based on the lowest risk credit at initial procurement, and on every balance sheet date whether the credit risk is significantly increased since the initial recognition is assessed to determine the method and the loss rate for measuring the allowance for loss. The method and indicators used to assess the impairment of the debt instrument investments are described as follows:

Credit risk ratings	Indicators	Expected credit loss measurement method	Loss rates	
			2022.12.31	2021.12.31
Low credit risk	Credit rating above Baa3	12-month expected credit loss	0.0104%~ 0.0714%	0.0252%~ 0.1969%
Credit risk increased significantly	Credit rating below Ba1	Lifetime expected credit loss	0.7700%~ 3.2083%	7.0157%~ 10.8262%

The financial assets with recovery unable to be reasonably expected (e.g. the issuer or debtor has major financial difficulties, or has gone bankrupt) are written off.

The debt instruments with increased credit risks are promptly disposed to reduce credit losses. To assess the expected credit losses based on IFRS 9, the forward-looking information (obtained without excessive cost or investment) used also includes general economic information and industry information, and the lose rate is adjusted if the information shows significant impact on the credit losses.

B. Judgment that the credit risk has increased significantly since initial recognition

- a. The financial instruments are assessed for impairment based on IFRS 9 on every reporting date, to judge whether the credit risk has significantly increased since the initial recognition. This assessment considers reasonable and supportive information (including forward-looking one) that shows a significant increase in the credit risk since the initial recognition, and the main indicators include external credit ratings, credit spreads, and other market information related to the borrowers or issuers showing a significant increase of the credit risk.
- b. Low credit risk: If a financial instrument is judged as having low credit risk on the reporting date, it can be assumed that the credit risk of the financial instrument has not significantly increased since initial recognition.

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C. Defaulted and credit impaired financial assets

The default of a financial asset is defined the same as with its credit impairment, and one or more of the following conditions are met, the financial asset is judged as defaulted and credit impaired:

- a. Quantitative indicator: When the contract payment is overdue for more than 90 days, the financial asset is judged as defaulted and credit impaired.
- b. Qualitative indicator: When evidence shows that the issuer or borrower is unable to fulfill the contract payment, or that the issuer or borrower has major financial difficulties, such as:
 - (A) The issuer or borrower is bankrupt or may apply for bankruptcy or financial restructuring; or
 - (B) Failure to pay the principal or interest in accordance with the agreed terms; or
 - (C) The borrower's collateral is under provisional attachment or compulsory collection; or
 - (D) The borrower applies for changing the credit terms due to financial difficulties.
- c. The above definitions of default and credit impairment apply to all financial assets held by the Company, and are consistent with the definitions used for financial assets at stake for internal credit risk management, and are also used in the relevant impairment assessment models.

D. Measurement of expected credit losses

a. The approach and assumption

The allowance for loss of the financial instruments with no significant increase of credit risks since initial recognition is measured by the 12-month expected credit loss; the allowance for loss of the financial instruments with significant increase of credit risk or credit impairment since initial recognition is measured by the lifetime expected credit loss.

To measure the expected credit loss, the probability of default (PD) in the next 12 months and in the lifetime of the financial instruments are considered, with the loss given default (LGD) accommodated, multiplied by the exposure at default (EAD), along with additional consideration on the influence of the time value of money, and then the expected credit loss is calculated for the 12 months and for the lifetime duration, respectively.

The PD is the probability that the issuer, guarantee agency or borrower will default, and the LGD is the loss ratio caused by the issuer, guarantee agency or borrower when the default occurs. The LGD used for the impairment assessment is based on the information regularly published by Moody's, an international credit rating agency; the PD is based on the information regularly published by the Taiwan Ratings and Moody's, taking into account historical data adjusted based on currently observable data and general economic information (such as GDP and economic growth rate). The EAD is measured at the amortized cost and interests receivable of financial assets.

b. Consideration of forward-looking information

The forward-looking information is taken into consideration when the expected credit loss of financial assets is measured.

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E. Analysis of risk concentration

a. The following table shows the geographical distribution of the credit risk exposure of the financial assets: December 31, 2022

Financial assets	Taiwan	Australia	America	Emerging market and others	Total
Cash and cash equivalents (Note 1)	10,841,906	-	-	-	10,841,906
Financial assets at fair value through profit and loss	51,137	-	-	-	51,137
Financial assets at fair value through other comprehensive profit or loss	-	-	294,382	-	294,382
Financial assets measured at amortized cost (Note 2)	7,609,652	-	,246,653	819,488	11,675,793
Total	18,502,695	-	3,541,035	819,488	22,863,218
Regional proportion to overall	81%	-	15%	4%	100%

December 31, 2021

Financial assets	Taiwan	Australia	America	Emerging market and others	Total
Cash and cash equivalents (Note 1)	11,754,641	-	-	-	11,754,641
Financial assets at fair value through profit and loss	51,137	-	-	-	51,137
Financial assets at fair value through other comprehensive profit or loss	-	-	386,930	-	386,930
Financial assets measured at amortized cost (Note 2)	3,480,320	302,328	2,661,147	1,026,701	7,470,496
Total	15,286,098	302,328	3,048,077	1,026,701	19,663,204
Regional proportion to overall	78%	2%	15%	5%	100%

Note 1: Cash and cash equivalents exclude cash on hand and working capital.

Note 2: Including security deposits

b. The following table shows the industrial distribution of the credit risk exposure of the financial assets: December 31, 2022

Financial assets	Finance	Manufacture	Communication & technology	Others	Total
Cash and cash equivalents (Note 1)	10,841,906	-	-	-	10,841,906
Financial assets at fair value through profit and loss	51,137	-	-	-	51,137
Financial assets at fair value through other comprehensive profit or loss	-	-	-	294,382	294,382
Financial assets measured at amortized cost (Note 2)	5,457,742	-	2,045,258	4,172,793	11,675,793
Total	16,350,785	-	2,045,258	4,467,175	22,863,218
Industrial proportion to overall	72%	-	9%	19%	100%

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Financial assets	Finance	Manufacture	Communication & technology	Others	Total
Cash and cash equivalents (Note 1)	11,754,641	-	-	-	11,754,641
Financial assets at fair value through profit and loss	51,137	-	-	-	51,137
Financial assets at fair value through other comprehensive profit or loss	-	-	-	412,150	412,150
Financial assets measured at amortized cost (Note 2)	2,887,357	192,473	929,451	3,461,215	7,470,496
Total	14,693,135	192,473	929,451	3,848,145	19,663,204
Industrial proportion to overall	75%	1%	5%	19%	100%

Note 1: Cash and cash equivalents exclude cash on hand and working capital.

Note 2: Including security deposits

F. Analysis of credit risk quality

The following table shows the credit quality classification of the financial assets:

December 31, 2022

Financial assets	Normal assets		Total
	Investment grade	Non-investment grade	
Cash and cash equivalents (Note 1)	10,841,906	-	10,841,906
Financial assets at fair value through profit and loss	51,137	-	51,137
Financial assets at fair value through other comprehensive profit or loss	294,382	-	294,382
Financial assets measured at amortized cost (Note 2)	11,675,793	-	11,675,793
Total	22,863,218	-	22,863,218

December 31, 2021

Financial assets			Total
	Investment grade	Non-investment grade	
Cash and cash equivalents (Note 1)	11,754,641	-	11,754,641
Financial assets at fair value through profit and loss	51,137	-	51,137
Financial assets at fair value through other comprehensive profit or loss	386,930	-	386,930
Financial assets measured at amortized cost (Note 2)	7,470,496	-	7,470,496
Total	19,663,204	-	19,663,204

Note 1: Cash and cash equivalents exclude cash on hand and working capital.

Note 2: Including security deposits

Note 3: Investment grade refers to credit rating above BBB- and non-investment grade refers to BBB- or lower.

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G. Maximum total book value of credit risk exposure and credit quality classification

	2022.12.31				
	Stage 1	Stage 2	Stage 3		Total book value
	12-month expected credit loss	Lifetime expected credit loss	Lifetime expected credit loss	Purchased or credit-impaired (POCI) financial assets	
Financial assets based on cost after amortization	\$11,540,949	\$150,822	\$-	\$-	\$11,691,771
Debt instruments measured at fair value through other comprehensive profit or loss	377,440	-	-	-	377,440

	2021.12.31				
	Stage 1	Stage 2	Stage 3		Total book value
	12-month expected credit loss	Lifetime expected credit loss	Lifetime expected credit loss	12-month expected credit loss	
Financial assets based on cost after amortization	\$7,877,435	\$150,822	\$-	\$-	\$8,028,257
Debt instruments measured at fair value through other comprehensive profit or loss	378,834	-	-	-	378,834

Note: Including security deposits and interests receivable of financial assets

H. Reconciliation of allowance for loss from beginning balance to ending balance

	12-month expected credit loss		Lifetime expected credit loss
	Measured at fair value through other comprehensive profit or loss	Measured on the basis of cost after amortization	Measured on the basis of cost after amortization
2022.1.1	\$225	\$3,637	\$6,136
Derecognition of financial assets	-	(128)	-
Originated or purchased financial assets	-	1,443	-
Change of model/risk parameters	(48)	(1,025)	(2,171)
2022.12.31	\$177	\$3,927	\$3,965
2021.1.1	\$508	\$6,673	\$3,206
Derecognition of financial assets	-	(29)	-
Originated or purchased financial assets	-	408	5,349
Change of model/risk parameters	(283)	(3,415)	(2,419)
2021.12.31	\$225	\$3,637	\$6,136

(3) Operational risk

The purpose is to avoid potential losses out of improper internal control, fraud, corruption, and negligence. The Company has established separate operating procedures and computer systems with the frontend and backend platforms and middleware according to the business features to effectively manage operational risks by way of strict internal control and auditing as well as external reviews and statutory compliance. The company has also formulated and implemented the "Operational Risk Management Mechanism" for risk assessment by each department; also, the "Guidelines for Risk Early Warning and Reporting" is set up to establish a loss experience database.

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(4) Liquidity risk

A. Definition and source of liquidity risk

The liquidity risk of financial instruments can be divided as “fund liquidity risk” and “market liquidity risk.” The “fund liquidity risk” refers to the risk that necessary and sufficient funds are not available within a reasonable time and at a reasonable cost, resulting in a funding gap; the “market liquidity risk” refers to the losses incurred due to assets sold below the market price in order to acquire necessary funds.

B. Liquidity risk management

Based on the business features, the short-term cash flows are regularly assessed and monitored under a sound liquidity risk management mechanism, where the market transaction volumes and proportionality of fund positions are considered for prudent control of the market liquidity risk; also, contingency plans are drawn up to deal with major liquidity risks out of abnormal and emergent fund demands.

Stress testing analysis is to test changes in funding liquidity under various combinations of extremely abnormal and unfavorable situations to ensure safe funding liquidity. The stress scenarios assumed include major market fluctuations, occurrences of various credit events, and unexpected tightening of financial market liquidity that may generate liquidity pressures, and the test is to measure the changes in positive and negative funding gaps of the overall corporate fund supply and demand in various periods without affecting normal business operations. Aimed at the funding gaps resulted from the stress testing scenarios, contingency plans have been set up to deal with such major liquidity risks out of the assumed abnormal and emergent demands on funds.

(5) Market risk analysis

Market risk refers to the risk of reduced benefits or investment portfolio values due to changes in the market factors such as exchange rates, commodity prices, interest rates, credit spreads, and stock prices.

The market risk management tools such as Value at Risk (VaR) and stress testing are constantly used to comprehensively and effectively measure, monitor and manage the market risks.

A. Value at risk (VaR)

The VaR is used to measure the maximum potential loss incurred by investment portfolios due to changes in market risk factors during a specific period and under a certain confidence level. The Company currently take a confidence level of 99% to calculate VaR for the next two weeks.

The VaR of relevant asset positions is shown in the following table:

December 31, 2022

	Equity	Bond	Domestic assets	Foreign assets	Total VaR
Component VaR	\$605,076	\$26,370	\$606,077	\$30,830	\$605,620

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	Equity	Bond	Domestic assets	Foreign assets	Total VaR
Component VaR	\$515,535	\$24,311	\$516,167	\$27,449	\$511,950

B. Stress testing

With the VaR model, regular stress testing is given to measure potential market risks when extremely abnormal events occur. The stress testing measures the potential impact on the value of the investment portfolio from extreme changes in a series of financial variables.

Currently a simple sensitivity analysis and a scenario simulation are regularly given to carry out the stress test on the financial positions, and the test covers loss of position caused by the change of risk factors in various historical scenarios:

a. Simple sensitivity analysis

The simple sensitivity analysis measures the changed value of the investment portfolio caused by changes in specific risk factors.

b. Scenario Analysis

The scenario analysis measures the changed total value of investment positions that occurs under hypothetical events, and the scenarios include:

i. Historical scenarios:

A period of historical events is selected, and the fluctuated risk factors in the period are added to the current investment portfolio to calculate the loss out of the historical events.

ii. Hypothetical scenarios:

With a reasonably expected hypothesis that could lead to extreme market changes in the future, its changed risk factors are added to the current investment portfolio to measure the loss out of the hypothetical events.

The Investment Department regularly carries out the stress test under hypothetical scenarios and send the resulted reports to the Risk Management Department for the corporate risk analysis, risk warning and business management.

December 31, 2022

Risk factors	Changed value (+/-)	Position profit and loss (P/L)
Equity risk (stock price index)	-10%	\$(523,208)
Interest rate risk (yield rate curve)	+100bp	(58,445)
Exchange rate risk (exchange rate)	-5%	(13,853)

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Risk factors	Changed value (+/-)	Position profit and loss (P/L)
Equity risk (stock price index)	-10%	\$(652,502)
Interest rate risk (yield rate curve)	+100bp	(76,772)
Exchange rate risk (exchange rate)	-5%	(29,565)

11. Fair value information of financial instruments

(1) The methods and assumptions used to measure fair values are as follows:

- A. The fair values of cash and cash equivalents, receivables and payables are estimated based on their book values on the balance sheet, because such items will become mature shortly and thus their book values are a reasonable basis for measuring the fair values.
- B. The fair values of financial assets and financial liabilities that have standard terms and conditions and are traded in active markets are determined by reference to market quotes (including beneficiary certificates, listed stocks and bonds).
- C. The fair values of derivatives are based on public quotes. When public quotes are not available, the fair values of non-option derivatives are calculated with the applicable lifetime yield curve by discounted cash flow analysis, while the fair values of option derivatives are calculated by the option pricing model.
- D. The fair values of other financial assets and financial liabilities are determined based on the discounted cash flow analysis, where the assumptions such as interest rates and discount rates are mainly based on the information of similar instruments and applicable lifetime yield curves.

(2) Fair value by amortized cost

Except for those listed in the following table, the book values of financial assets and financial liabilities measured by amortized cost approximate their fair values:

	Book value	
	2022.12.31	2021.12.31
Financial assets		
Financial assets based on cost after amortization	\$11,149,971	\$6,941,041
Refundable deposits – by government bonds	525,822	529,455
	Fair value	
	2022.12.31	2021.12.31
Financial assets		
Financial assets based on cost after amortization	\$10,381,659	\$7,531,580
Refundable deposits – by government bonds	511,395	536,134

(3) Fair value recognized on balance sheet

The following table provides the analysis of financial instruments measured at fair value after initial recognition, by dividing the fair values into the following three levels:

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- Level 1: Public quotes (unadjusted) of the same assets or liabilities in the active market.
- Level 2: Except for the Level 1 public quotes, the fair value is derived from the direct observable input values (i.e. prices) and indirect ones (i.e. derivatives from prices) of the assets or liabilities.
- Level 3: The fair value is derived with the appraisal technology that is not based on input values of the assets or liabilities from the observable market data.

Financial instruments measured at fair value	2022.12.31			
	Total	Level 1	Level 2	Level 3
Financial assets				
Financial assets at fair value through profit and loss				
Stock	\$4,065,693	\$3,722,505	\$-	\$343,188
Bonds	51,137	-	-	51,137
Fund	2,630,099	2,630,099	-	-
Swap and forward exchange contracts	232	-	232	-
Financial assets at fair value through other comprehensive profit or loss				
Stock	1,058,390	818,173	-	240,217
Bonds	294,382	294,382	-	-

Financial instruments measured at fair value	2021.12.31			
	Total	Level 1	Level 2	Level 3
Financial assets				
Financial assets at fair value through profit and loss				
Stock	\$6,255,516	\$5,930,553	\$-	\$324,963
Bonds	51,137	-	-	51,137
Fund	2,468,560	2,468,560	-	-
Swap and forward exchange contracts	47,972	-	47,972	-
Financial assets at fair value through other comprehensive profit or loss				
Stock	1,001,414	730,767	-	270,647
Bonds	386,930	386,930	-	-

The assets and liabilities measured at repetitive fair value in 2022 and 2021 had no transfer between the Level 1 and Level 2 fair values

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(4) Details of changes in the Level 3 repetitive fair value

From the beginning to the end of the period, the adjusted balances of the Level 3 assets and liabilities measured at repetitive fair value are as follows:

	Assets		
	Measured at fair value through profit or loss	Measured at fair value through other comprehensive profit or loss	Total
2022.1.1	\$376,100	\$270,647	\$646,747
Recognized total profits (losses) in 2021:			
Recognized as other comprehensive profit or loss (under “Unrealized valuation profit or loss on equity instruments measured at fair value through other comprehensive profit or loss”)	-	(14,035)	(14,035)
Recognized as other comprehensive profit or loss (under “Other comprehensive profit or loss reclassified with overlay approach”)	18,225	-	18,225
disposal/settlement	-	(16,395)	(16,395)
2022.12.31	\$394,325	\$240,217	\$634,542
	Assets		
	Measured at fair value through profit or loss	Measured at fair value through other comprehensive profit or loss	Total
2021.1.1	\$418,030	\$292,104	\$710,134
Recognized total profits (losses) in 2021:			
Recognized as gains and losses (under “Profit or loss on Financial Assets and Liabilities Measured at Fair Value through profit or loss”)	56	-	56
Recognized as other comprehensive profit or loss (under “Unrealized valuation profit or loss on equity instruments measured at fair value through other comprehensive profit or loss”)	-	(20,626)	(20,626)
Recognized as other comprehensive profit or loss (under “Other comprehensive profit or loss reclassified with overlay approach”)	(3,946)	-	(3,946)
disposal/settlement	(38,040)	(42,083)	(80,123)
2021.12.31	\$376,100	\$270,647	\$646,747

Among the above recognized total profits (losses), those related to the assets held as of December 31, 2022 and 2021, respectively, are as follows:

	2022	2021
Total profits (losses)		
Recognized in the profit or loss	\$-	\$56
Recognized in the other comprehensive profit of loss	2,274	13,368

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(5) The significant unobservable input values of the Level 3 fair value

The significant unobservable input values for measuring assets at Level 3 repetitive fair value are listed in the following table:

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	Appraisal technology	Significant unobservable input values	Quanti tative inform ation	Relation between input value and fair value
Financial assets:				
Financial assets at fair value through profit and loss				
Unlisted stocks	Income approach	Liquidity and minority share discount	0-30%	The higher liquidity and minority equity discount, the lower fair value estimate
Bonds			Note	
Financial assets at fair value through other comprehensive profit or loss				
Unlisted stocks	Market approach, income approach, asset approach	Liquidity and minority share discount	0-30%	The higher liquidity and minority equity discount, the lower fair value estimate

Note: The present value of expected return from holding a bond investment is calculated by the discount of expected future cash flow. The significant unobservable inputs are mainly expected cash flows in the future.

December 31, 2021

	Appraisal technology	Significant unobservable input values	Quanti tative inform ation	Relation between input value and fair value
Financial assets:				
Financial assets at fair value through profit and loss				
Unlisted stocks	Income approach	Liquidity and minority share discount	0-30%	The higher liquidity and minority equity discount, the lower fair value estimate
Fund	Asset approach	Liquidity discount	0-30%	The higher liquidity discount, the lower fair value estimate
Bonds			Note	
Financial assets at fair value through other comprehensive profit or loss				
Financial assets:	Market approach, income approach, asset approach	Liquidity and minority share discount	0-30%	The higher liquidity and minority equity discount, the lower fair value estimate

Note: The present value of expected return from holding a bond investment is calculated by the discount of expected future cash flow. The significant unobservable inputs are mainly expected cash flows in the future.

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(6) Measurement not at fair value with required disclosure of fair value level

	2022.12.31			
	Total	Level 1	Level 2	Level 3
Assets with fair value disclosed only:				
Financial assets based on cost after amortization	\$10,381,659	\$8,643,892	\$-	\$1,737,767
Refundable deposits – by government bonds	511,395	511,395	-	-
Investment property (see Note VI.8)	3,100,351	-	-	3,100,351
	2021.12.31			
	Total	Level 1	Level 2	Level 3
Assets with fair value disclosed only:				
Financial assets based on cost after amortization	\$7,531,580	\$5,794,431	\$-	\$1,737,149
Refundable deposits – by government bonds	536,134	536,134	-	-
Investment property (see Note VI.8)	2,538,436	-	-	2,538,436

(VIII.) Related Party Transactions

The transaction related parties in the Company's financial reporting period are:

(1) Name and Affiliation of the Parties:

Name	Affiliation
Taiwan Cement Corporation	Other related parties
Taiwan Shin Kong Security Co., Ltd.	Other related parties
Taiwan Security Co., Ltd.	Other related parties
Waibel Enterprise Inc.	Other related parties
Shin Kong Life Insurance Co., Ltd.	Other related parties
Shin Kong Mitsukoshi Department Store CO., LTD.	Other related parties
Shin Kong Synthetic Fibers Corporation	Other related parties
Shin Kong Textile Co., Ltd.	Other related parties
Shin-Po Express Co., Ltd.	Other related parties
The Ambassador Hotel Co., Ltd.	Other related parties
Shin-Kong Life Real Estate Service Co.,Ltd	Other related parties
Great Taipei Broadband Co.,Ltd	Other related parties
Others	Major transactions of directors, key management personnel and their spouses and second degree relatives with related parties:

(2) Major Transactions with Related Parties:

1. Premium Revenues

Name	2022		2021	
	Amount	Percentage of this item	Amount	Percentage of this item
Other related parties	\$144,665	0.65%	\$150,487	0.69%

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2. Claims and Benefits

Name	2022		2021	
	Amount	Percentage of this item	Amount	Percentage of this item
Other related parities	\$11,965	0.11%	\$10,230	0.10%

3. Operating Expenses

Name	2022		2021	
	Amount	Percentage of this item	Amount	Percentage of this item
Other related parities	\$24,986	0.66%	\$23,777	0.65%

4. Lease

Property Investment Gains and Losses – Rental Income

Name	2022		2021	
	Amount	Percentage of this item	Amount	Percentage of this item
Other related parities	\$300	0.36%	\$1,243	1.54%

Advance Rent

Name	2022		2021	
	Amount	Percentage of this item	Amount	Percentage of this item
Other related parities	\$1	0.00%	\$297	0.15%

Right-of-Use Assets

Name	2022.12.31		2021.12.31	
	Amount	Percentage of this item	Amount	Percentage of this item
Shin Kong Life Insurance	\$8,871	26.72%	\$7,263	21.12%

Lease liability

Name	2022.12.31		2021.12.31	
	Amount	Percentage of this item	Amount	Percentage of this item

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Shin Kong Life Insurance	\$8,977	26.53%	\$7,407	21.21%
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Interest expenses

Name	2022		2021	
	Amount	Percentage of this item	Amount	Percentage of this item
Other related parities	\$118	0.13%	\$123	0.10%

The lease periods and rent collections are stipulated in the contracts. The general lease term is 1 to 5 years, mainly with monthly collection of rents.

5. Remunerations of key management staff:

	2022	2021
Short-term employee benefits	\$149,975	\$124,145
Retirement benefits	61,458	86,150
Total	\$211,433	\$210,295

(IX.) Pledged Assets

As of December 31, 2022 and December 31, 2021 respectively, the details of pledged and guarantee assets are as follows:

Item	2022.12.31	2021.12.31
Government bonds – insurance deposits	\$525,822	\$529,455
Time deposit – performance bond	86,872	28,436

(X.) Major Contingent Liabilities and Unrecognized Contractual Commitments : No such items

(XI.) Major Events after the Reporting Period : No such items

(XII.) Major Disaster Losses : No such items

(XIII.) Proceeding or Termination of Major Litigation Cases : No such items

(XIV.) Execution, Completion, Cancellation or Invalidation of Major Contracts : No such items

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(XV.) Employee Pension Information : See Note VI.13.

(XVI.) Discontinued Operations Information : No such items

(XVII.) Receiving from or transferring to other insurance companies the main part of the business, assets and liabilities : No such items

(XVIII.) Allocation of profits and losses from incomes, costs and expenses due to business transactions, collaborative promotions, information exchange, and shared business equipment or premises made with Shin Kong Financial Holdings and its subsidiaries. : No such items

(XIX.) Fund Entrusted Operations

The funds were fully entrusted to the securities investment trust companies for operations, and the details as of December 31, 2022 and 2021, respectively, are as follows:

Item	2022.12.31	2021.12.31
Cash and cash equivalents	\$97,618	\$515,847
TWSE (Taiwan Stock Exchange) listed/OTC stocks	108,763	1,432,294
Total	<u>\$206,381</u>	<u>\$1,984,141</u>
Discretionary contract limit:		
New Taiwan Dollars (NTD)	<u>\$200,000</u>	<u>\$1,050,000</u>
RMB	<u>\$120,000</u>	<u>\$120,000</u>

(XX.) Private Equity Information
 No such items

(XXI.) Major Organizational Restructuring and Management System Reforms
 No such items

(XXII.) Major Impact due to Changes in Laws and Regulations
 No such items

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(XXIII.) Others

1. The total amount of assets and liabilities that are expected to be recovered or paid within 12 months after the balance sheet date, and the total amount to be recovered or paid over the 12-month period

Item	2022.12.31		Total
	Recovery or payment within the 12 months	Recovery or payment over the 12-month period	
Cash and cash equivalents	\$10,852,136	\$-	\$10,852,136
Accounts receivable	1,598,331	-	1,598,331
Investment	6,747,161	15,064,449	21,811,610
Reinsurance contract assets (net)	-	7,530,740	7,530,740
Property and equipment (net)	-	1,146,939	1,146,939
Right-of-use assets.	-	33,204	33,204
Intangible assets	-	22,846	22,846
Deferred income tax assets	-	212,032	212,032
Other assets	143,186	653,662	796,848
Total Assets			<u>\$44,004,686</u>
Accounts Payables	\$2,691,211	\$-	\$2,691,211
Current income tax liabilities	168,798	-	168,798
Financial liabilities	249,174	-	249,174
Lease liability	15,932	17,904	33,836
Insurance liability	-	25,503,894	25,503,894
Reserve for liabilities	-	47,837	47,837
Deferred tax liabilities	-	36,699	36,699
Others	232,617	10,665	243,282
Total Liabilities			<u>\$28,974,731</u>
Item	2021.12.31		Total
	Recovery or payment within the 12 months	Recovery or payment over the 12-month period	
Cash and cash equivalents	\$11,766,660	\$-	\$11,766,660
Accounts receivable	1,945,038	-	1,945,038
Investment	9,175,468	10,385,559	19,561,027
Reinsurance contract assets (net)	-	8,246,645	8,246,645
Property and equipment (net)	-	1,308,644	1,308,644
Right-of-use assets.	-	34,393	34,393
Intangible assets	-	27,455	27,455
Deferred income tax assets	-	262,673	262,673
Other assets	42,955	689,990	732,945
Total Assets			<u>\$43,885,480</u>

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	2021.12.31		Total
	Recovery or payment within the 12 months	Recovery or payment over the 12-month period	
Accounts Payables	\$2,894,222	\$-	\$2,894,222
Current income tax liabilities	275,164	-	275,164
Lease liability	14,634	20,290	34,924
Insurance liability	-	25,067,097	25,067,097
Reserve for liabilities	-	119,280	119,280
Deferred tax liabilities	-	34,389	34,389
Others	169,897	33,275	203,172
Total Liabilities			<u>\$28,628,248</u>

2. Derivative instruments

As of December 31, 2022 and December 31, 2021, respectively, the derivatives not conformable to the hedge accounting and not expired yet are as follows:

SWAP and forward exchange contracts

December 31, 2022

Financial products	Contract amounts		Transaction date/Expiration date	Agreed exchange rate (NTD)
	(Nominal principal)	Fair value (NTD)		
Forward exchange contracts pre-sale	USD 7,000	\$(19,826)	2021.10.27/2023.04.28	27.525
Forward exchange contracts pre-sale	USD 7,000	(19,826)	2021.10.27/2023.04.28	27.525
Forward exchange contracts pre-sale	USD 4,000	(9,529)	2021.09.28/2023.09.28	27.439
Forward exchange contracts pre-sale	USD 4,000	(9,529)	2021.09.28/2023.09.28	27.439
Forward exchange contracts pre-sale	USD 8,000	(23,798)	2021.10.27/2023.01.31	27.656
Forward exchange contracts pre-sale	USD 10,000	(29,748)	2021.10.27/2023.01.31	27.656
Forward exchange contracts pre-sale	USD 8,000	(496)	2022.12.12/2023.01.17	30.614
Forward exchange contracts pre-sale	USD 2,000	(230)	2022.12.14/2023.01.17	30.561
Forward exchange contracts pre-sale	USD 4,000	(138)	2022.12.28/2023.03.31	30.404
Forward exchange contracts pre-sale	USD 10,000	(147)	2022.12.26/2023.03.28	30.430
Forward exchange contracts pre-sale	USD 10,000	(2,059)	2022.12.15/2023.01.19	30.457
Forward exchange contracts pre-sale	USD 2,000	(412)	2022.12.15/2023.01.19	30.457
Forward exchange contracts pre-sale	USD 4,000	(9,567)	2021.08.12/2023.08.16	27.571
Forward exchange contracts pre-sale	USD 6,000	(14,350)	2021.08.12/2023.08.16	27.571
Forward exchange contracts pre-sale	USD 5,000	(11,959)	2021.08.12/2023.08.16	27.571
Forward exchange contracts pre-sale	USD 9,000	(21,283)	2021.09.13/2023.09.15	27.498
Forward exchange contracts pre-sale	USD 1,000	29	2022.12.01/2023.01.05	30.734
Forward exchange contracts pre-sale	USD 7,000	203	2022.12.01/2023.01.05	30.734
Forward exchange contracts pre-sale	USD 8,000	(327)	2022.12.13/2023.01.17	30.628
Forward exchange contracts pre-sale	USD 10,000	(2,059)	2022.12.15/2023.01.19	30.457

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ShinKong Insurance Co., Ltd.

Notes to financial statements (Continued)

(Expressed in thousands of New Taiwan dollars, unless otherwise stated)

Forward exchange contracts pre-sale	USD 6,000	(1,236)	2022.12.15/2023.01.19	30.457
Forward exchange contracts pre-sale	USD 2,000	(29)	2022.12.26/2023.03.28	30.430
Forward exchange contracts pre-sale	USD 10,000	(147)	2022.12.26/2023.03.28	30.430
Forward exchange contracts pre-sale	USD 7,000	(21,330)	2022.01.26/2023.01.31	27.578
Forward exchange contracts pre-sale	USD 10,000	(30,472)	2022.01.26/2023.01.31	27.578
Forward exchange contracts pre-sale	USD 9,000	(20,677)	2021.10.20/2023.10.23	27.440

December 31, 2021

Financial products	Contract amounts		Transaction date/Expiration date	Agreed exchange rate (NTD)
	(Nominal principal)	Fair value (NTD)		
Forward exchange contracts pre-sale	USD7,000	\$1,053	2022.10.27/2023.04.28	27.525
Forward exchange contracts pre-sale	USD7,000	1,053	2022.10.27/2023.04.28	27.525
Forward exchange contracts pre-sale	USD10,000	4,355	2022.01.27/2022.01.28	28.127
Forward exchange contracts pre-sale	USD1,000	291	2022.08.02/2022.08.04	27.95
Forward exchange contracts pre-sale	USD4,000	843	2022.09.28/2023.09.28	27.439
Forward exchange contracts pre-sale	USD4,000	843	2022.09.28/2023.09.28	27.439
Forward exchange contracts pre-sale	USD2,000	417	2022.10.25/2022.10.27	27.827
Forward exchange contracts pre-sale	USD8,000	882	2022.10.27/2023.01.31	27.656
Forward exchange contracts pre-sale	USD10,000	1,102	2022.10.27/2023.01.31	27.656
Forward exchange contracts pre-sale	USD2,000	290	2022.11.12/2022.11.16	27.751
Forward exchange contracts pre-sale	USD8,000	555	2022.12.10/2022.12.14	27.656
Forward exchange contracts pre-sale	USD10,000	7,605	2022.03.24/2022.03.28	28.451
Forward exchange contracts pre-sale	USD10,000	6,925	2022.04.13/2022.04.15	28.381
Forward exchange contracts pre-sale	USD5,000	3,462	2022.04.13/2022.04.15	28.381
Forward exchange contracts pre-sale	USD4,000	1,219	2022.08.12/2023.08.16	27.571
Forward exchange contracts pre-sale	USD6,000	1,829	2022.08.12/2023.08.16	27.571
Forward exchange contracts pre-sale	USD5,000	1,524	2022.08.12/2023.08.16	27.571
Forward exchange contracts pre-sale	USD9,000	2,453	2022.09.13/2023.09.15	27.498
Forward exchange contracts pre-sale	USD1,000	188	2022.10.21/2023.10.25	27.359
Forward exchange contracts pre-sale	USD10,000	1,689	2022.10.22/2022.10.26	27.786
Forward exchange contracts pre-sale	USD7,000	2,314	2022.04.26/2022.01.28	28.022
Forward exchange contracts pre-sale	USD7,000	830	2022.04.29/2022.05.04	27.804
Forward exchange contracts pre-sale	USD5,000	1,935	2022.07.28/2022.07.29	28.049
Forward exchange contracts pre-sale	USD10,000	1,269	2022.11.15/2022.11.17	27.732
Forward exchange contracts pre-sale	USD6,000	761	2022.11.15/2022.11.17	27.732
Forward exchange contracts pre-sale	USD9,000	2,285	2022.10.20/2023.10.23	27.44

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ShinKong Insurance Co., Ltd.

Notes to financial statements (Continued)

(Expressed in thousands of New Taiwan dollars, unless otherwise stated)

3. The financial assets and liabilities in foreign currencies with major impacts as of December 31, 2022 and 2021, respectively, are as follows:

	December 31, 2022		
	Foreign currencies (in dollar)	Exchange rate	NTD (in thousands)
Financial assets			
Monetary items			
USD	\$172,227,875	30.660	\$5,280,507
	December 31, 2021		
	Foreign currencies (in dollar)	Exchange rate	NTD (in thousands)
Financial assets			
Monetary items			
USD	\$167,400,718	27.630	\$4,625,282
CNY	71,113,296	4.319	307,138

With a wide variety of functional currencies, it is impossible to disclose the currency exchange gains and losses of monetary and non-monetary financial assets and financial liabilities based on currencies with major impacts. The foreign currency exchange profit (losses) in 2022 and 2021 were NT\$552,704 thousand and NT\$(138,099) thousand, respectively.

4. Capital management policy

In view that insurance companies are not allowed to raise debts, the Company constantly reviews the changes and trends of the capital adequacy ratio (RBC) under the philosophy of stability, and monitors the capital demand for business growth, and at the same time implements a long-term stable dividend policy to maintain the appropriateness of capital management.

5. As of December 31, 2022 and 2021, the net worth ratios from equity divided by total assets excluding investment-linked insurance accounts were 34.16% and 34.77%, respectively.

6. Operations information

The Company operates a property insurance business in accordance with the Insurance Law. Based on IFRS 8, the Company only provides insurance contract products, with no different channels, customer types and supervision environments, and the decision making is based on overall allocation of the corporate resources and, as a result, the Company is a single operating department as a whole.

(XXIV.) Property Insurance Information

No.	Item	Attachment
1	Retained gross premiums earned for compulsory and non-compulsory insurances	Attached Table 1
2	Retained claims for compulsory and non-compulsory insurances	Attached Table 2
3	Assets and liabilities of compulsory automobile liability insurances	Attached Table 3
4	Reserve for unqualified reinsurances	Attached Table 4
5	Loans for the turnover of huge insurance payments	None

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ShinKong Insurance Co., Ltd.

Notes to financial statements (Continued)

(Expressed in thousands of New Taiwan dollars, unless otherwise stated)

(XXV.) Note Disclosure

1. Major transactions:

- (1) The property acquisition that amounts to NT\$100 million or more than 20% of the paid-in capital: no such transactions.
- (2) The property disposal that amounts NT\$100 million or more than 20% of the paid-in capital: no such transactions.
- (3) The transaction of core business items engaged with related parties that amounts NT\$100 million or more than 20% of the paid-in capital: no such transactions.
- (4) The receivable from a related party that amounts NT\$100 million or more than 20% of the paid-in capital: no such transactions.
- (5) Derivative transactions: See Note (XXIII.) 2.
- (6) Others: For business relationship and major transactions between parent and subsidiary companies, and for different accounting policies adopted by the parent company and subsidiary companies, the accounting policies should be disclosed and the amounts should be separately disclosed on the financial statements: not applicable.

2. Reinvestment business: no such transactions

3. Investment and business in Mainland China: no such transactions

4. Key shareholders:

Name of Major Shareholder	Shares	Unit: Share	
	Quantity	Ratio of Shareholding	
Shin Kong Textile Co., Ltd.	51,539,530	16.31%	
Shin Kong Life Insurance Co., Ltd.	22,119,000	7.00%	
Shin Kong Co., Ltd.	16,061,515	5.08%	

Note:

- (1) The information shown in this table is the shareholders holding ordinary and special shares (treasury shares included) with over 5% delivered by book-entry transfers, as calculated by the Taiwan Depository and Clearing Corporation on the last business day of each quarter. The share capital reported and the actual number of shares delivered by book-entry transfers may have discrepancy due to different calculation bases.
- (2) Among the above shares, the entrusted ones are disclosed separately by individual trust accounts opened by the trustees for the principals. As for the shareholder's declaration of insider's over 10% shareholding in conformity with the Securities and Exchange Act, the shareholding includes the person's self-held shares plus the entrusted ones which the person has right to exercise. For more information on insider's shareholding declaration, please visit the website of Public Information Observatory.

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 ShinKong Insurance Co., Ltd.
 Notes to financial statements (Continued)
 (Expressed in thousands of New Taiwan dollars, unless otherwise stated)

5. The global COVID-19 pandemic has made no significant impact on the Company's business continuity, asset impairment, and financing risks.

(XXVI.) Reserve for Unqualified Reinsurance

According to Article 7 of "Regulations Governing Insurance Enterprises Engaging in Operating Reinsurance and Other Risk Spreading Mechanisms," the reserve for unqualified ceded reinsurance is provided as detailed in Attached Table 4.

According to Paragraph 5 of "Guidelines on Reserve for Unqualified Reinsurance," the transactions of unqualified ceded reinsurance disclosed as attachment on the financial statements are explained as:

1. Abstracts and types of unqualified reinsurance contracts:

December 31, 2022

Reinsurer/Reinsurance broker	Types of ceded reinsurance contract established
Tugu Insurance Company Limited, HK	Marine hull insurance
Trust International Insurance and Reinsurance CO. B.S.C. (C) Trust Re Asia Capital Reinsurance Group Pte Ltd	Accident insurance, Inland transportation insurance, cargo transportation insurance insurance, One-year commercial fire insurance, inland transportation insurance, cargo transportation insurance, marine hull insurance, fishing boat insurance, engineering insurance, commercial earthquake insurance, typhoon & flood insurance
Milli Reasurans T.A.S. Singapore Branch	Inland transportation insurance, cargo transportation insurance
S-Square Insurance Company, Inc.	One-year commercial fire insurance, commercial earthquake insurance, typhoon & flood insurance

December 31, 2021

Reinsurer/Reinsurance broker	Types of ceded reinsurance contract established
Tugu Insurance Company Limited, HK	Marine hull insurance
Trust International Insurance and Reinsurance CO. B.S.C. (C) Trust Re Asia Capital Reinsurance Group Pte Ltd	Accident insurance, One-year commercial fire insurance, inland transportation insurance, cargo transportation insurance, commercial earthquake insurance, typhoon & flood insurance
Asia Capital Reinsurance Group Pte Ltd	One-year commercial fire insurance, inland transportation insurance, cargo transportation insurance, marine hull insurance, fishing boat insurance, engineering insurance, commercial earthquake insurance, typhoon & flood insurance
Milli Reasurans T.A.S. Singapore Branch	Inland transportation insurance, cargo transportation insurance

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 Notes to financial statements (Continued)
 (Expressed in thousands of New Taiwan dollars, unless otherwise stated)

2. Unqualified reinsurance premium expenses:

The unqualified reinsurance premiums expenses in 2022 and 2021 were NT\$17,080 thousand and NT\$ 0 thousand, respectively.

3. A summary on the principles of providing the reserve for unqualified reinsurance and its constituent items:

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Ceded unearned premium reserve	\$8,540	\$-
Settled claims recoverable from reinsurers within 9 months of overdue payment	40	4,138
Reserve for RBNS ceded claims	<u>660</u>	<u>1,230</u>
Total reserve for unqualified reinsurance	<u><u>\$9,240</u></u>	<u><u>\$5,368</u></u>

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ShinKong Insurance Co., Ltd.

Notes to financial statements (Continued)

(Expressed in thousands of New Taiwan dollars, unless otherwise stated)

Attached Table 1: Information relating to retained earned gross premium of compulsory insurance and non-compulsory insurance

Item	Premium revenues (1)	Reinsurance premium (2)	Reinsurance premiums (3)	Retained premium (4)=(1)+(2)-(3)
Compulsory insurance	\$2,167,513	\$603,095	\$902,098	\$1,868,510
Non-compulsory	20,234,911	107,630	3,628,729	16,713,812
Total	\$22,402,424	\$710,725	\$4,530,827	\$18,582,322

Item	Direct underwriting unearned premium reserve		Assumed reinsurance unearned premium reserve		Net changes in unearned premium reserve	Ceded reinsurance unearned premium reserve		Net change in ceded unearned premium reserve	Retained premium
	Allocation (5)	Recovery (6)	Allocation (7)	Recovery (8)	(9)=(5)-(6)+(7)-(8)	Allocation (10)	Recovery (11)	(12)=(10)-(11)	(13)=(4)-(9)+(12)
Compulsory insurance	\$879,139	\$912,301	\$351,452	\$343,871	\$(25,581)	\$527,566	\$547,453	\$(19,887)	\$1,874,204
Non-compulsory	11,251,213	10,947,929	55,661	80,273	278,672	2,137,004	2,494,968	(357,964)	16,077,176
Total	\$12,130,352	\$11,860,230	\$407,113	\$424,144	\$253,091	\$2,664,570	\$3,042,421	\$(377,851)	\$17,951,380

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ShinKong Insurance Co., Ltd.

Notes to financial statements (Continued)

(Expressed in thousands of New Taiwan dollars, unless otherwise stated)

Attached Table 2: Information relating to retained claims of compulsory insurance and non-compulsory insurance

Item	Insurance claims (including claim expenses)	Reinsurance claims	Claims recovered from reinsurers	Retained claims
	(1)	(2)	(3)	(4)=(1)+(2)-(3)
Compulsory insurance	\$1,551,910	\$606,200	\$920,347	\$1,237,763
Non-compulsory insurance	9,225,057	7,177	1,305,046	7,927,188
Total	\$10,776,967	\$613,377	\$2,225,393	\$9,164,951

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ShinKong Insurance Co., Ltd.

Notes to financial statements (Continued)

(Expressed in thousands of New Taiwan dollars, unless otherwise stated)

Attached Table 3: Information relating to assets and liabilities of Compulsory Automobile Liability Insurance

Item	Amount		Item	Amount	
	Current period	Previous period		Current period	Previous period
Cash and Bank Deposits	\$1,726,700	\$1,717,676	Claims and benefits payable	\$14,984	\$18,852
Insurance premium receivable	1,594	1,501	Due to Reinsurers & Ceding Companies	81,383	165,945
Notes receivable	16,874	18,939	Unearned premium reserve	1,230,591	1,256,172
Claims Recoverable from Reinsurers - net	104,989	128,070	Loss reserve	1,242,238	1,497,431
Due from Reinsurers & Ceding Companies	53,124	97,958	Special reserve	342,352	170,540
Ceded unearned premium reserve	527,566	547,453	Temporary credit and amount to be carried down	-	5,990
Ceded Reserve for Claims	476,478	598,217			
Temporary debit and amount to be carried down	4,223	5,116			
Asset Total	<u>\$2,911,548</u>	<u>\$3,114,930</u>	Liability Total	<u>\$2,911,548</u>	<u>\$3,114,930</u>

Attached Table 3-1: Information Relating to Revenue and Cost of Compulsory Automobile Liability Insurance

Operating revenues			Operating cost		
Item	Current period	Previous period	Item	Current period	Previous period
Pure premium revenues	\$1,503,330	\$1,554,737	Insurance claims	\$1,551,910	\$1,563,758
Reinsurance premium income	603,095	587,790	Reinsurance claims	606,200	585,584
Premium revenues	2,106,425	2,142,527	Less: Losses recovered from reinsurers	(920,347)	(925,943)
Less: Reinsurance premiums ceded	(902,098)	(932,929)	Retained claims payments	1,237,763	1,223,399
Net changes in unearned premium reserve	5,694	2,955	Net change in loss reserve	(133,454)	(47,668)
Retained earned premium	1,210,021	1,212,553	Special reserve net change	171,812	90,036
Interest revenue	1,840	608			
Total Operating revenues	<u>\$1,211,861</u>	<u>\$1,213,161</u>	Total Operating Cost	<u>\$1,276,121</u>	<u>\$1,265,767</u>

Serial Number	Reinsurer					Reinsurance broker			Reinsurance premiums ceded	Reinsurance commission income	Ceded unearned premium reserve allocated for the current period	Settled claims recoverable from reinsurers within 9 months of overdue payment	Reserve for RBNS ceded claims	Re-insurance deposits received	Current Period Balance of Unqualified Reinsurance Reserve allocated	Previous Period Balance of Unqualified Reinsurance Reserve allocated	Current Period Additional Provisions or Reversal of Unqualified Reinsurance Reserve	Remarks	
	Code	Name	Credit Rating Agencies	Credit rating	Are they related parties	Code	Name	Are they qualified										(18)	(19)
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)=(11)+(12)+(13)-(14)	(16)	(17)	(18)	(19)
1	284HKH K001	TUGU(CPC TANKER)	AM Best	B+	No		FPM(CPC TANKER)	No	0	0	0	0	50,000	0	50,000	50,000	0	Credit rating downgrade (not meeting credit rating standards); The allocation calculation is 2. The Simple Allocation Method.	29 types of insurance including marine hull insurance
2	281BHB H001	Trust International Insurance and Reinsurance CO. B.S.C. (C) TRUST RE	None	None	No				0	0	0	38,399	6,166	0	44,565	784,182	(739,617)	No credit rating (not up to the credit rating standard); The setting aside method is 2. The Simple Allocation Method.	29 types of insurance including injury insurance, personal comprehensive insurance,
3	025SGS G001	Asia Capital Reinsurance Group Pte Ltd	None	None	No				0	0	0	904	603,542	0	604,446	4,533,517	(3,929,071)	No credit rating (not up to the credit rating standard); The setting aside method is 2. The Simple Allocation Method.	29 types of insurance including one-year commercial fire insurance, inland transportation insurance, cargo transportation insurance, marine hull insurance, fishing vessel insurance, engineering insurance, commercial earthquake insurance, typhoon and flood insurance
4	172TRS G001	MILLI REASURANS T.A.S. SINGAPORE BRANCH	AM Best	C	No		FP Marine	No	0	0	0	348	85	0	433	329	104	Credit rating downgrade (not meeting credit rating standards); The allocation calculation is 2. The Simple Allocation Method.	29 types of insurance including inland transportation insurance, cargo transportation
5	D81USU S001	S-Square Insurance Company, Inc.	None	None	No		Marsh Taiwan	No	17,079,643	161,095	8,539,822	0	0	0	8,539,822	0	8,539,822	Credit rating downgrade (not meeting credit rating standards); The allocation calculation is 2. The Simple Allocation Method.	29 types of insurance including one-year commercial fire insurance, commercial earthquake insurance, typhoon and flood insurance
	Total								17,079,643	161,095	8,539,822	39,651	659,793	0	9,239,266	5,368,028	3,871,238		

ShinKong Insurance Co., Ltd.

Summary of significant accounting policies

2022

ShinKong Insurance Co., Ltd.

2022/12/31

Please refer to the following notes for the information relevant to remaining statements of major accounting items:

- (1) Statement of deferred income tax assets, Note VI. 20.
- (2) Statement of deferred income tax liabilities, Note VI. 20.
- (3) Summary of employee benefits, depreciation and amortization expenses incurred in the current period by function, Note VI.18.
- (4) Statement of claims and benefits recoverable from reinsurers, Note VII. 4 (2).
- (5) Statement of due from and due to reinsurers & ceding companies, Note VII.4(4).

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ShinKong Insurance Co., Ltd.

1. Statement of Cash and Cash Equivalents

December 31, 2022

Unit: NTD thousands

Item	Summary	Amount
Cash on hand		\$8,677
Working capital		1,553
Check deposit		87,533
Demand deposits	The amounts of foreign currency included in demand deposits are as follows:	1,362,672
	USD 2,252,054.59 @30.66	
	HKD 2,632.55 @3.908	
	GBP 53,835.57 @36.89	
	AUD 6,235.02 @20.73	
	CAD 777.04 @22.57	
	SGD 24,523.29 @22.79	
	JPY 114,922.00 @0.2304	
	EUR 61,940.30 @32.52	
	CNY 1,038,500.03 @4.383	
Time deposits	Time deposits include foreign currency amount as follows :	9,391,701
	USD 1,100,000.00 @30.66	
	All time deposits mature within one year	
	Interest rate range is 0.11%~4.53%	
Total		<u>\$10,852,136</u>

ShinKong Insurance Co., Ltd.

2. Statement of Notes Receivable

December 31, 2022

Unit: NTD thousands

Customer Name	Summary	Amount	Remarks
Notes receivable			
Company A		\$24,463	
Others		219,253	
			The balance of each of other item does not exceed five percent of the amount of this account.
Less: Allowance for losses		(2,593)	
Total		<u>\$241,123</u>	

ShinKong Insurance Co., Ltd.

3. Statement of Insurance Premiums Receivable

December 31, 2022

Unit: NTD thousands

Customer Name	Summary	Amount	Remarks
Insurance premium receivable			
Company A		\$229,062	
Company B		139,678	
Company C		116,045	
Others		522,359	The balance of each of other item does not exceed five percent of the amount of this account.
Less: Allowance for losses		(36,405)	
Total		<u>\$970,739</u>	

ShinKong Insurance Co., Ltd.

4. Statement of Other Receivables

December 31, 2022

Unit: NTD thousands

Item	Summary	Amount	Remarks
Interests receivable		\$139,058	
Credit card receivable		159,901	
Diversified payment receivable		70,915	
Others		18,906	The balance of each of other item does not exceed five percent of the amount of this account.
Less: Allowance for losses		(2,311)	
Total		<u>\$386,469</u>	

ShinKong Insurance Co., Ltd.
5. Statement of Financial Assets at Fair Value through Profit and Loss
December 31, 2022

Unit: NTD thousands

Financial Instrument Name	Summary	Number of shares, sheets or units	Face Value (Dollar)	Total amount	Interest Rate	Acquisition Costs	Fair value		Changes in fair value attributable to changes in credit risk	Remarks
							Unit price (Dollar)	Total amount		
Domestic Funds										
Union Money Market Fund		11,181,513				150,000	13.42	150009		
Yuanta Wan Tai Money Market Fund		41,648,162				640,013	15.37	640111		
FTSE TWSE Taiwan 50 Index		12,496,000				1,591,978	110.20	1,377,059	-	
Others						377,805		348,334	-	Note
Domestic Funds Total						<u>2,759,796</u>		<u>2,515,513</u>		
Foreign Funds										
NN(L) Investment Grade Bond Fund (P-rated)		2,650				119,098	USD 1,410.56	114,586	-	
Domestic Stocks										
Uni-President		2,358,000	10	23,580		153,401	67	157,043		
Shinkong Synthetic Fibers Corporation		49,162,144	10	491,621		514,574	18	862,795		
Chunghwa Telecom		6,526,000	10	65,260		709,938	113	737,438		
President Chain Store Corporation		1,386,000	10	13,860		365,319	272	376,992		
Taiwan Secom Co.,Ltd.		1,561,195	10	15,612		135,832	100.00	156,119	-	
Shin Kong Mitsukoshi Department Store Co., Ltd.		10,277,982	10	102,780		75,000	33.39	343,188	-	
Others						454,940		475,122	-	
Domestic Stocks Total						<u>2,409,004</u>		<u>3,108,697</u>		
Domestic Bonds										
P05 Bank of Panhsin2		500,000	100	50,000	4.75%	50,000	102.27	51,137	-	
Domestic Bonds										
Fubon R1		10,333,000				168,430	15.80	163,261	-	
Cathay R1		11,245,000				185,490	18.08	203,309	-	
Shin Kong R1		4,915,000				63,158	20.58	101,151	-	
Fubon R2		15,470,000				207,972	15.20	235,144	-	
Cathay R2		14,277,000				221,427	17.80	254,131	-	
Domestic asset securities total						<u>846,477</u>		<u>956,996</u>		
Derivatives										
Forward foreign exchange contracts						-		232	-	
Total						<u>\$6,184,375</u>		<u>\$6,747,161</u>		

Note: If the balance of each security does not exceed 5% of the total amount of such security category, it will not be listed separately.

ShinKong Insurance Co., Ltd.

6. Statement of Financial Assets at Fair Value through Other Comprehensive Income

December 31, 2022

Unit: NTD thousands

Financial Instrument Name	Summary	Number of shares, or sheets	Face Value (Dollar)	Total amount	Allowance for losses	Allowance for valuation adjustment	Acquisition Costs	Fair value		Remarks
								Unit price (Dollar)	Total amount	
Domestic Stocks										
Global Mall		6,500,000	\$10	\$65,000	Not applicable	\$19,878	\$65,000	\$13.06	\$84,878	Note
Dashengyi B Venture Capital		4,728,601	10	47,286	Not applicable	6,051	47,286	11.28	53,337	
Fubon Financial Holding B Preferred		1,666,000	10	16,660	Not applicable	(4,165)	99,960	57.50	95,795	
Fubon Financial Holding C Preferred		1,871,630	10	18,716	Not applicable	(9,171)	112,298	55.10	103,127	
Cathay Financial Holding B Preferred		3,333,000	10	33,330	Not applicable	(17,998)	199,980	54.60	181,982	
China Development Financial Holding B Preferred		20,000,000	10	200,000	Not applicable	(33,012)	187,812	7.74	154,800	
Taishin Financial Holding F Preferred		4,000,000	10	40,000	Not applicable	(10,400)	200,000	47.40	189,600	
Dalianda A Preferred		1,895,291	10	18,953	Not applicable	(1,895)	94,764	49.00	92,869	
Others						(10,748)	112,750		102,002	
Domestic Stocks Total						(61,460)	1,119,850		1,058,390	
Foreign corporate bonds										
DD 5.419 11/15/48		100,000	USD 100	USD 10,000	(178)	(80,697)	375,079	USD 96.02	294,382	
Total						<u>\$(142,157)</u>	<u>\$1,494,929</u>		<u>\$1,352,772</u>	

Note: If the balance of each security does not exceed 5% of the total amount of such security category, it will not be listed separately.

ShinKong Insurance Co., Ltd.

7. Statement of Financial Assets Measured at Amortized Cost

December 31, 2022

Unit: NTD thousands

Bond Name	Summary	Number of sheets	Face Value (Dollar)	Total amount	rate	Allowance for losses	Unamortized Premium (discount)	Book value	Remarks
Domestic treasury bonds									
2012 Central Bond A7	Matured on 8/10/2032, interest payable annually beginning from 8/10/2012		\$100,000,000	\$100,000	1.50%	\$(15)	\$2,249	\$102,234	Note 1
2013 Central Bond A10	Matured on 9/18/2023, interest payable annually beginning from 9/18/2013		100,000,000	100,000	1.75%	(11)	105	100,094	Note 1
2019 Central Bond A8	Matured on 9/6/2039, interest payable annually beginning from 9/6/2019		50,000,000	50,000	0.75%	(7)	(812)	49,181	Note 1
2009 Central Bond A5	Matured on 8/13/2029, interest payable annually beginning from 8/13/2009		200,000,000	200,000	2.125%	(32)	21,454	221,422	Note 1
2009 Central Bond A2	Matured on 2/16/2029, interest payable annually beginning from 2/16/2009		50,000,000	50,000	2.125%	(8)	2,899	52,891	Note 1
Less: Offset deposits								(525,822)	
Domestic treasury bonds total						(73)	25,895	-	
Domestic corporate bonds									
P05 Nan Shan 1			350,000,000	350,000	3.50%	(79)	-	349,921	
P05 Mercuries Life Insurance1			200,000,000	200,000	3.70%	(105)	-	199,895	
P05 Fubon Life Insurance 1			250,000,000	250,000	3.25%	(55)	-	249,945	
P06 Fubon Life Insurance1			200,000,000	200,000	3.30%	(45)	-	199,955	
P06 Cathay Life Insurance1			300,000,000	300,000	3.30%	(67)	-	299,933	
P06 Taiwan Life Insurance 1			200,000,000	200,000	3.45%	(45)	-	199,955	
P07 Shin Kong Life Insurance1			200,000,000	200,000	3.50%	(55)	-	199,945	
P07 Taishin Financial Holdings 1			250,000,000	250,000	1.92%	(133)	-	249,867	
P11 Taiwan Power Company 3A			200,000,000	200,000	1.65%	(40)	-	199,960	
P11 HON HAI PRECISION IND. 2A			400,000,000	400,000	1.60%	(80)	-	399,920	
P11 Yuanta Financial Holdings 2			200,000,000	200,000	1.55%	(49)	-	199,951	
P11 Taiwan Cement Corp. 2B			300,000,000	300,000	2.65%	(143)	-	299,857	
P11 Hua Nan Financial Holdings 1C			300,000,000	300,000	2.70%	(82)	-	299,918	
Others			200,000,000	200,000		(93)	-	199,907	Note 2
Domestic corporate bonds total						(1,071)	-	3,548,929	

Note 1: These are book entry government bonds registered with the Central Bank

ShinKong Insurance Co., Ltd.

7. Statement of Financial Assets Measured at Amortized Cost (continued)

December 31, 2022

Unit: NTD thousands

Bond Name	Summary	Number of sheets	Face Value (Dollar)	Total amount	rate	Allowance for losses	Unamortized Premium (discount)	Book value	Remarks
Domestic treasury bonds									
DT 8 1/4 06/15/30			USD 7,000,000	\$316,133	8.75%	\$(137)	\$(38,750)	\$277,246	
T 6 08/15/40			USD 10,000,000	347,160	6.00%	(229)	(6,346)	340,585	
VZ 5.25 03/16/37			USD 10,000,000	319,692	5.25%	(147)	(2,173)	317,372	
RTX 6 1/8 07/15/38			USD 10,000,000	364,759	6.125%	(168)	(12,261)	352,330	
CMCSA 4.6 10/15/38			USD 10,000,000	302,645	4.60%	(75)	502	303,072	
LOW 4.55 04/05/49			USD 10,000,000	365,406	4.55%	(170)	(3,449)	361,787	
EPD 4.8 02/01/49			USD 10,000,000	352,161	4.800%	(165)	(2,470)	349,526	
UNP 3 1/4 02/05/50			USD 10,000,000	303,810	3.25%	(70)	140	303,880	
ABT 4.9 11/30/46			USD 10,000,000	407,762	4.90%	(73)	(4,628)	403,061	
TAISEM 3.25			USD 10,000,000	626,345	3.25%	(112)	(341)	625,892	
SPGI 3.25 12/01/49			USD 10,000,000	301,695	3.25%	(67)	52	301,680	
Others				759,203		(342)	(2,736)	756,125	Note 2
Domestic treasury bonds total						(1,755)	(72,460)	4,692,556	
Domestic financial bonds									
P11 Agricultural Bank of Taiwan 1			300,000,000	300,000	1.20%	(67)	-	299,933	
P11 Land Bank 1			500,000,000	500,000	1.50%	(112)	-	499,888	
P11 Agricultural Bank of Taiwan 3			500,000,000	500,000	2.00%	(112)	-	499,888	
P04 E.SUN Commercial Bank 2B			500,000,000	500,000	2.10%	(361)	-	499,639	
P11 Sunny Bank 2			300,000,000	300,000	2.45%	(67)	-	299,933	
P11 Hwatai Bank 1			300,000,000	300,000	2.60%	(159)	-	299,841	
Others			300,000,000	300,000		(3,996)	-	296,004	Note 2
Domestic financial bonds total						(4,874)	-	2,695,126	
Foreign financial bonds									
MS 3.95 04/23/27			CNY 4,000,000	121,603	3.95%	(67)	535	122,071	
MS 4.35 09/08/26			USD 3,000,000	90,450	4.35%	(52)	891	91,289	
Foreign financial bonds total						(119)	1,426	213,360	
Total						\$(7,892)	\$(45,139)	\$11,149,971	

Note 2: If the balance of each security does not exceed 5% of the total amount of such security category, it will not be disclosed separately.

ShinKong Insurance Co., Ltd.

8. Statement of Changes in Right-Of-Use Assets

January 1 to December 31, 2022

Unit: NTD thousands

Item	Opening balance	Current period increase	Current period decrease	Balance as of end of the term	Remarks
Buildings and structures	\$37,051	\$15,328	\$(15,190)	\$37,189	
Other equipment	30,634	630	(641)	30,623	
Total	<u>\$67,685</u>	<u>\$15,958</u>	<u>\$(15,831)</u>	<u>\$67,812</u>	

ShinKong Insurance Co., Ltd.

8.1 Statement of Changes in Accumulated Depreciation of Right-Of-Use Assets

January 1 to December 31, 2022

Unit: NTD thousands

Item	Opening balance	Current period increase	Current period decrease	Balance as of end of the term	Remarks
Buildings and structures	\$20,132	\$10,394	\$(14,735)	\$15,791	
Other equipment	13,160	6,298	(641)	18,817	
Total	<u>\$33,292</u>	<u>\$16,692</u>	<u>\$(15,376)</u>	<u>\$34,608</u>	

ShinKong Insurance Co., Ltd.

9. Statement of Changes in Investment Property

January 1 to December 31, 2022

Unit: NTD thousands

Item	Opening balance			Current period increase			Current period decrease			Balance as of end of the term			Status of providing collateral or mortgage	Remarks
	Originally recognized amount	Accumulated fair value changes	Total	Originally recognized amount	Accumulated fair value changes	Total	Originally recognized amount	Accumulated fair value changes	Total	Originally recognized amount	Accumulated fair value changes	Total		
Acquisition costs-land	\$1,795,322	\$-	\$1,795,322	\$142,624	\$-	\$142,624	\$(8,531)	\$-	\$(8,531)	\$1,929,415	\$-	\$1,929,415	None	
Revaluation gains-land	217,098	-	217,098	-	-	-	-	-	-	217,098	-	217,098	None	
Acquisition costs-buildings and structures	513,095	-	513,095	46,458	-	46,458	(2,983)	-	(2,983)	556,570	-	556,570	None	
Revaluation gains-buildings and structures	58,037	-	58,037	-	-	-	-	-	-	58,037	-	58,037	None	
Total	<u>\$2,583,552</u>	<u>\$-</u>	<u>\$2,583,552</u>	<u>\$189,082</u>	<u>\$-</u>	<u>\$189,082</u>	<u>\$(11,514)</u>	<u>\$-</u>	<u>\$(11,514)</u>	<u>\$2,761,120</u>	<u>\$-</u>	<u>\$2,761,120</u>		

ShinKong Insurance Co., Ltd.

9.1 Statement of Changes in Accumulated Depreciation of Investment Property

January 1 to December 31, 2022

Unit: NTD thousands

Item	Opening balance	Current period increase	Current period decrease	Balance as of end of the term	Remarks
Buildings and structures	\$152,487	\$26,479	\$(2,160)	\$176,806	Note 1, Note 2

Note 1: Investment property is depreciated using a straight-line method over its estimated useful life.

Note 2: The durability of buildings and structures is 30~50 years.

ShinKong Insurance Co., Ltd.

9.2 Statement of changes in accumulated impairment of investment property

January 1 to December 31, 2022

Unit: NTD thousands

Item	Opening balance	Current period increase	Current period decrease	Balance as of end of the term	Remarks
Revaluation gains-land	\$22,608	\$-	\$-	\$22,608	

ShinKong Insurance Co., Ltd.

10. Statement of Change in Property and Equipment

January 1 to December 31, 2022

Unit: NTD thousands

Item	Opening balance	Current period increase	Current period decrease	Balance as of end of the term	Status of providing collateral or mortgage	Remarks
Acquisition costs-land	\$850,876	\$-	\$(142,624)	\$708,252	None	
Revaluation gains-land	40,131	-	-	40,131	None	
Acquisition costs-buildings and structures	511,099	-	(35,758)	475,341	None	
Revaluation gains-buildings and structures	14,874	-	-	14,874	None	
Miscellaneous equipment	440,130	44,653	(27,783)	457,000	None	
Prepayments for equipment	23,279	48,480	(36,690)	35,069	None	
Total	\$1,880,389	\$93,133	\$(242,855)	\$1,730,667		

ShinKong Insurance Co., Ltd.

10.1 Statement of Changes in Accumulated Depreciation of Property and Equipment

January 1 to December 31, 2022

Unit: NTD thousands

Item	Opening balance	Current period increase	Current period decrease	Balance as of end of the term	Remarks
Buildings and structures	\$227,980	\$8,416	\$(9,801)	\$226,595	Note 1 、 Note 2
Miscellaneous equipment	343,765	41,027	(27,659)	357,133	Note 1 、 Note 3
Total	<u>\$571,745</u>	<u>\$49,443</u>	<u>\$(37,460)</u>	<u>\$583,728</u>	

Note 1: Property and equipment are depreciated using a straight-line method over their estimated useful life.

Note 2: The durability of buildings and structures is 5~50 years.

Note 3: The durability of miscellaneous equipment is 5 years.

ShinKong Insurance Co., Ltd.

11. Statement of Changes in Intangible Assets

January 1 to December 31, 2022

Unit: NTD thousands

Item	Opening balance	Current period increase	Current period decrease	Balance as of end of the term	Remarks
Computer software	<u>\$27,455</u>	<u>\$8,137</u>	<u>\$(12,746)</u>	<u>\$22,846</u>	

ShinKong Insurance Co., Ltd.

12. Statement of Other Assets

December 31, 2022

Unit: NTD thousands

Item	Summary	Amount	Remarks
Prepayments		\$29,513	
Refundable deposits	Insurance business deposits	525,822	
	Other deposits	188,744	
Other assets - others		68,248	The balance of each of other item does not exceed five percent of the amount of this account.
Total		\$812,327	

ShinKong Insurance Co., Ltd.

12.1 Statement of Changes in Accumulated Impairment of Other Assets

January 1 to December 31, 2022

Unit: NTD thousands

Item	Opening balance	Current period increase	Current period decrease	Balance as of end of the term	Remarks
Refundable deposits	\$15,479	\$-	\$-	\$15,479	

ShinKong Insurance Co., Ltd.

13. Statement of Insurance and RE-insurance Claims and Benefits Payables

December 31, 2022

Unit: NTD thousands

Item	Summary	Amount	Remarks
Claims and benefits payable	Compulsory insurance	<u>\$14,984</u>	

ShinKong Insurance Co., Ltd.

14. Statement of Other Payables

December 31, 2022

Unit: NTD thousands

Item	Summary	Amount	Remarks
Accrued expenses Salaries payable		\$425,744	
Accrued expenses Tax payable		87,365	
Notes payable		104,983	
Remuneration payables to directors and employees		194,931	
Others		246,476	The balance of each of other item does not exceed five percent of the amount of this account.
Total		<u>\$1,059,499</u>	

ShinKong Insurance Co., Ltd.

15. Statement of Financial losses at Fair Value through Profit and Loss

December 31, 2022

Unit: NTD thousands

Financial Instrument Name	Summary	Number of shares, sheets or units	Face Value (Dollar)	Total amount	Interest Rate	Fair value		Changes in fair value attributable to changes in credit risk	Remarks
						Unit price (Dollar)	Total amount		
Derivatives									
Forward foreign exchange contracts							<u>\$(249,174)</u>	-	
Total									

ShinKong Insurance Co., Ltd.

16. Statement of Changes in Unearned Insurance Premium Reserve

January 1 to December 31, 2022

Unit: NTD thousands

Item	Opening balance	Current period net change amount	Other changes in amount	Balance as of end of the term	Remarks
Total amount:					
One-year residential fire insurance	\$105,305	\$3,641	\$-	\$108,946	
Long-term residential fire insurance	27,466	(5,131)	-	22,335	
One-year commercial fire insurance	977,483	53,283	-	1,030,766	
Long-term commercial fire insurance	2,287	(427)	-	1,860	
Inland transportation insurance	15,457	(3,790)	-	11,667	
Cargo transportation insurance	63,285	1,039	-	64,324	
Marine hull insurance	302,254	(56,055)	-	246,199	
Fishing vessel insurance	125,148	(451)	-	124,697	
Aviation insurance	21,440	(19,156)	-	2,284	
General self-use auto property damage insurance	2,399,960	130,651	-	2,530,611	
General commercial auto property damage insurance	24,332	2,159	-	26,491	
General self-use auto liability Insurance	2,399,428	114,451	-	2,513,879	
General commercial auto liability Insurance	100,125	2,681	-	102,806	
Compulsory self-use auto liability insurance	589,892	(7,665)	-	582,227	
Compulsory commercial auto liability Insurance	53,550	(1,891)	-	51,659	
Two year compulsory motorcycle insurance	366,580	(16,246)	-	350,334	
One year compulsory motorcycle insurance	246,150	89	-	246,239	
General liability insurance	672,454	63,533	-	735,987	
Professional liability insurance	140,597	3,311	-	143,908	
Engineering insurance	1,277,804	50,024	-	1,327,828	
Nuclear energy insurance	6,728	3,753	-	10,481	
Guarantee insurance	13,402	(2,431)	-	10,971	
Credit Insurance	2,833	(1,251)	-	1,582	
Other property insurance	241,163	5,306	-	246,469	
Injury insurance	1,144,588	(31,142)	-	1,113,446	
Commercial earthquake insurance	384,157	(7,161)	-	376,996	
Personal comprehensive insurance	26,599	(133)	-	26,466	
Commercial comprehensive insurance	399	34	-	433	
Typhoon and flood insurance	282,314	(441)	-	281,873	
Compulsory earthquake insurance	207,818	9,768	-	217,586	
One-year health insurance	20,174	(7,980)	-	12,194	
Compulsory mini electric two-wheel vehicles (one-year)	-	11	-	11	
Compulsory mini electric two-wheel vehicles (Two-years)	-	74	-	74	
Compulsory mini electric two-wheel vehicles (Three-years)	-	47	-	47	
Business assumed from overseas	43,202	(29,413)	-	13,789	
Total	<u>\$12,284,374</u>	<u>\$253,091</u>	<u>\$-</u>	<u>\$12,537,465</u>	

ShinKong Insurance Co., Ltd.

16.1 Statement of Changes in Ceded Unearned Insurance Premium Reserve

January 1 to December 31, 2022

Unit: NTD thousands

Item	Opening balance	Current period net change amount	Other changes in amount	Balance as of end of the term	Remarks
Ceded					
One-year residential fire insurance	\$14	\$13	\$-	\$27	
Long-term residential fire insurance	2,197	(410)	-	1,787	
One-year commercial fire insurance	560,748	(96,601)	-	464,147	
Inland transportation insurance	9,344	(3,271)	-	6,073	
Cargo transportation insurance	23,280	574	-	23,854	
Marine hull insurance	256,350	(58,980)	-	197,370	
Fishing vessel insurance	65,612	1,242	-	66,854	
Aviation insurance	21,440	(19,156)	-	2,284	
General self-use auto property damage insurance	155,757	(37,027)	-	118,730	
General commercial auto property damage insurance	38	(11)	-	27	
General self-use auto liability Insurance	52,527	(20,048)	-	32,479	
General commercial auto liability Insurance	169	(69)	-	100	
Compulsory self-use auto liability insurance	264,428	(6,078)	-	258,350	
Compulsory commercial auto liability Insurance	15,825	(1,838)	-	13,987	
Two year compulsory motorcycle insurance	161,143	(11,804)	-	149,339	
One year compulsory motorcycle insurance	106,058	(228)	-	105,830	
General liability insurance	61,289	(6,307)	-	54,982	
Professional liability insurance	30,990	(124)	-	30,866	
Engineering insurance	801,914	(69,447)	-	732,467	
Guarantee insurance	1,137	(444)	-	693	
Credit Insurance	1,686	(1,224)	-	462	
Other property insurance	8,143	(3,510)	-	4,633	
Injury insurance	54,394	(17,077)	-	37,317	
Commercial earthquake insurance	106,571	(18,095)	-	88,476	
Personal comprehensive insurance	2,220	(1,324)	-	896	
Commercial comprehensive insurance	33	(33)	-	-	
Typhoon and flood insurance	95,746	(15,946)	-	79,800	
Compulsory earthquake insurance	183,332	9,192	-	192,524	
One-year health insurance	36	120	-	156	
Compulsory mini electric two-wheel vehicles (one-year)	-	5	-	5	
Compulsory mini electric two-wheel vehicles (Two-years)	-	32	-	32	
Compulsory mini electric two-wheel vehicles (Three-years)	-	23	-	23	
Total	<u>\$3,042,421</u>	<u>\$(377,851)</u>	<u>\$-</u>	<u>\$2,664,570</u>	

ShinKong Insurance Co., Ltd.

17. Statement of Changes in Claim Reserve

January 1 to December 31, 2022

Unit: NTD thousands

Item	Opening balance	Current period net change	Other changes in amount	Balance as of end of the term	Remarks
Total amount:					
One-year residential fire insurance	\$23,210	\$1,850	\$-	\$25,060	
Long-term residential fire insurance	3	947	-	950	
One-year commercial fire insurance	2,928,880	347,563	-	3,276,443	
Inland transportation insurance	24,752	21,196	-	45,948	
Cargo transportation insurance	468,605	(269,019)	-	199,586	
Marine hull insurance	276,497	8,086	-	284,583	
Fishing vessel insurance	63,863	(46,691)	-	17,172	
Aviation insurance	32,216	(4,891)	-	27,325	
General self-use auto property damage insurance	646,924	166,621	-	813,545	
General commercial auto property damage insurance	13,934	9,520	-	23,454	
General self-use auto liability Insurance	1,649,829	203,549	-	1,853,378	
General commercial auto liability Insurance	95,805	9,982	-	105,787	
Compulsory self-use auto liability insurance	776,762	(158,112)	-	618,650	
Compulsory commercial auto liability Insurance	78,854	(15,542)	-	63,312	
Two year compulsory motorcycle insurance	259,567	(27,879)	-	231,688	
One year compulsory motorcycle insurance	382,249	(53,686)	-	328,563	
General liability insurance	951,486	(88,227)	-	863,259	
Professional liability insurance	84,375	(5,439)	-	78,936	
Engineering insurance	571,305	236,880	-	808,185	
Nuclear energy insurance	661	21	-	682	
Guarantee insurance	40,258	(8,188)	-	32,070	
Credit Insurance	133	(32)	-	101	
Other property insurance	95,243	125,777	-	221,020	
Injury insurance	676,795	3,241	-	680,036	
Commercial earthquake insurance	13,277	30,665	-	43,942	
Personal comprehensive insurance	3,588	2,134	-	5,722	
Commercial comprehensive insurance	19	(16)	-	3	
Typhoon and flood insurance	4,850	(1,237)	-	3,613	
One-year health insurance	10,342	6,984	-	17,326	
Compulsory mini electric two-wheel vehicles (one-year)	-	6	-	6	
Compulsory mini electric two-wheel vehicles (Two-years)	-	14	-	14	
Compulsory mini electric two-wheel vehicles (Three-years)	-	5	-	5	
Business assumed from overseas	144,567	9,809	-	154,376	
Total	<u>\$10,318,849</u>	<u>\$505,891</u>	<u>\$-</u>	<u>\$10,824,740</u>	

ShinKong Insurance Co., Ltd.

17.1 Statement of changes in ceded claim reserve

January 1 to December 31, 2022

Unit: NTD thousands

Item	Opening amount	Current period net change	Other changes in figures	Balance as of end of the term	Remarks
Ceded					
Long-term residential fire insurance	\$1	\$(1)	\$-	\$-	
One-year commercial fire insurance	2,246,428	145,908	-	2,392,336	
Inland transportation insurance	13,681	9,997	-	23,678	
Cargo transportation insurance	381,020	(305,176)	-	75,844	
Marine hull insurance	213,540	6,846	-	220,386	
Fishing vessel insurance	23,409	(12,473)	-	10,936	
Aviation insurance	21,870	(2,771)	-	19,099	
General self-use auto property damage insurance	52,061	5,557	-	57,618	
General commercial auto property damage insurance	46	(32)	-	14	
General self-use auto liability Insurance	41,872	(11,987)	-	29,885	
General commercial auto liability Insurance	758	2,918	-	3,676	
Compulsory self-use auto liability insurance	315,463	(66,318)	-	249,145	
Compulsory commercial auto liability Insurance	18,685	(4,673)	-	14,012	
Two year compulsory motorcycle insurance	108,828	(19,050)	-	89,778	
One year compulsory motorcycle insurance	155,241	(31,709)	-	123,532	
General liability insurance	381,793	(68,530)	-	313,263	
Professional liability insurance	2,865	366	-	3,231	
Engineering insurance	195,517	118,251	-	313,768	
Guarantee insurance	-	-	-	-	
Credit Insurance	8,722	(5,589)	-	3,133	
Other property insurance	96	(37)	-	59	
Injury insurance	16,169	2,758	-	18,927	
Commercial earthquake insurance	97,137	(58,684)	-	38,453	
Personal comprehensive insurance	400	4,101	-	4,501	
Commercial comprehensive insurance	23	37	-	60	
Typhoon and flood insurance	1,523	(589)	-	934	
One-year health insurance	771	405	-	1,176	
Compulsory mini electric two-wheel vehicles (one-year)	-	3	-	3	
Compulsory mini electric two-wheel vehicles (Two-years)	-	6	-	6	
Compulsory mini electric two-wheel vehicles (Three-years)	-	2	-	2	
Total	<u>\$4,297,919</u>	<u>\$(290,464)</u>	<u>\$-</u>	<u>\$4,007,455</u>	

ShinKong Insurance Co., Ltd.

18. Statement of Changes in Policy Reserve

January 1 to December 31, 2022

Unit: NTD thousands

Item	Opening balance	Current period net change	Other changes in amount	Balance as of end of the term	Remarks
Total amount:					
Long-term health insurance	\$199	\$(48)	\$-	\$151	
Ceded					
Long-term health insurance	\$-	\$-	\$-	\$-	

ShinKong Insurance Co., Ltd.

19. Statement of Changes in Special Reserve

January 1 to December 31, 2022

Unit: NTD thousands

Item	Opening amount	Current period net change amount	Other changes in amount	Balance as of end of the term	Remarks
Compulsory auto liability insurance special reserve					
Compulsory self-use auto liability insurance	\$(775,380)	\$83,304	\$-	\$(692,076)	
Compulsory commercial auto liability Insurance	(362,787)	15,207	-	(347,580)	
Compulsory motorcycle liability Insurance	1,308,707	73,284	-	1,381,991	
Compulsory mini electric two-wheel vehicles	-	17	-	17	
Special reserves for risk changes					
Nuclear energy insurance	59,405	-	-	59,405	
Commercial earthquake insurance	1,100,821	-	(471,066)	629,755	Note 1
Typhoon and flood insurance	244,506	-	(104,630)	139,876	Note 1
Compulsory earthquake insurance	171,516	-	-	171,516	
Special reserves for major accidents					
Commercial earthquake insurance	271,295	-	(12,919)	258,376	Note 1
Typhoon and flood insurance	219,743	-	(10,464)	209,279	Note 1
Others	225,849	-	-	225,849	Note 2
Total	\$2,463,675	\$171,812	\$(599,079)	\$2,036,408	

Note 1: Recovery pursuant to the "Notes to Enhance the Preparation for Natural Disaster Reserves by Property Insurance Companies".

Note 2: Pursuant to the original "Regulations Governing the Preparation of Financial Reports by Insurance Enterprises", and as a result of the first-time adoption of IAS, there is still appreciated value after real property is estimated at fair value according to regulations. In addition to compensating for the adverse effect caused by the initial application on other accounting items, the excess of property appreciated value shall be all allocated to special reserve on the conversion day.

ShinKong Insurance Co., Ltd.

19.1 Statement of Changes in Special Surplus Reserves (Special Reserves for Catastrophic Event and Fluctuation of Risk)

January 1 to December 31, 2022

Unit: NTD thousands

Item	Opening amount	Current period allocation	Current period recovery	Balance as of end of the term	Remarks
One-year residential fire insurance	\$103,111	\$13,505	\$(2,165)	\$114,451	
Long-term residential fire insurance	10,315	128	(2,324)	8,119	
One-year commercial fire insurance	207,343	45,115	-	252,458	
Long-term commercial fire insurance	2,760	45	(233)	2,572	
Inland transportation insurance	30,050	3,222	-	33,272	
Cargo transportation insurance	157,438	14,109	-	171,547	
Marine hull insurance	11,344	4,662	-	16,006	
Fishing vessel insurance	37,769	13,171	-	50,940	
Aviation insurance	491	-	-	491	
General self-use auto property damage insurance	700,906	93,969	-	794,875	
General commercial use auto property damage insurance	1,906	377	(238)	2,045	
General self-use auto liability Insurance	245,650	60,882	-	306,532	
General commercial auto liability Insurance	18,746	3,892	-	22,638	
General liability insurance	325,795	59,756	-	385,551	
Professional liability insurance	45,463	11,577	-	57,040	
Engineering insurance	299,446	35,802	-	335,248	
Nuclear energy insurance	56,571	2,519	-	59,090	
Guarantee insurance	23,412	3,233	(3,906)	22,739	
Credit Insurance	283	220	-	503	
Other property insurance	59,704	8,897	-	68,601	
Injury insurance	857,098	64,472	(52,331)	869,239	
Commercial earthquake insurance	1,349,856	221,570	-	1,571,426	
Personal comprehensive insurance	14,902	5,055	-	19,957	
Commercial comprehensive insurance	5,103	76	(23)	5,156	
Typhoon and flood insurance	743,442	181,355	-	924,797	
Compulsory earthquake insurance	325,870	39,378	-	365,248	
One-year health insurance	21,313	4,131	-	25,444	
Business assumed from overseas	11,185	3,771	(205)	14,751	
Total	\$5,667,272	\$894,889	\$(61,425)	\$6,500,736	

ShinKong Insurance Co., Ltd.

19.2 Calculation of Special Surplus Reserves (Special Reserves for Catastrophic Event and Fluctuation of Risk) allocated
January 1 to December 31, 2022

Unit: NTD thousands

Insurance types	Retained earned insurance premium	Expected claim Payments		Retained claims	Special surplus reserve allocated in current period				
		Expected loss rate	Expected claim amount		Allocation rate	Fixed rate allocation reserve	Lower than expected claims allocation reserve	Income tax effects	Allocated total
One-year residential fire insurance	\$186,121	56.29%	\$104,768	\$29,447	3%	\$5,583	\$11,298	\$(3,376)	\$13,505
Long-term residential fire insurance	4,620	55.50%	2,564	1,806	1%	46	114	(32)	128
One-year commercial fire insurance	846,550	69.01%	584,204	490,431	5%	42,328	14,066	(11,279)	45,115
Long-term commercial fire insurance	427	54.50%	233	-	5%	21	35	(11)	45
Inland transportation insurance	51,723	68.00%	35,171	18,667	3%	1,552	2,476	(806)	3,222
Cargo transportation insurance	273,467	66.01%	180,515	154,095	5%	13,673	3,963	(3,527)	14,109
Marine hull insurance	71,438	74.99%	53,571	38,533	5%	3,572	2,256	(1,166)	4,662
Fishing vessel insurance	126,955	74.99%	95,204	27,767	5%	6,348	10,116	(3,293)	13,171
Aviation insurance	-	81.00%	-	9,494	7%	-	-	-	-
General self-use auto property damage insurance	4,405,355	65.51%	2,885,947	2,396,564	1%	44,054	73,407	(23,492)	93,969
General commercial auto property damage insurance	47,168	66.30%	31,272	40,387	1%	471	-	(94)	377
General self-use auto liability Insurance	4,458,852	65.72%	2,930,357	2,720,265	1%	44,589	31,514	(15,221)	60,882
General commercial auto liability Insurance	200,755	65.60%	131,695	112,650	1%	2,008	2,857	(973)	3,892
General liability insurance(Note1)	1,160,492	0.00%	828,025	407,425	1%	11,605	63,090	(14,939)	59,756
Professional liability insurance	134,407	72.08%	96,881	9,365	1%	1,344	13,127	(2,894)	11,577
Engineering insurance	617,690	62.66%	387,045	294,594	5%	30,885	13,868	(8,951)	35,802
Nuclear energy insurance	6,298	65.00%	4,094	29	1	-	3,149	(630)	2,519
Guarantee insurance(Note2)	28,661	0.00%	21,797	591	3%	860	3,181	(808)	3,233
Credit Insurance	2,102	67.00%	1,409	(2,021)	3%	63	212	(55)	220
Other property insurance(Note3)	259,418	66.30%	172,113	699,459	3%	7,783	3,338	(2,224)	8,897
Injury insurance(Note4)	2,190,158	-	1,562,609	1,267,689	3%、1%	36,352	44,238	(16,118)	64,472
Commercial earthquake insurance	524,451	69.86%	366,382	46,049	7%	36,712	240,250	(55,392)	221,570
Personal comprehensive insurance	74,067	68.30%	50,587	13,402	1%	741	5,578	(1,264)	5,055
Commercial comprehensive insurance	746	65.30%	487	(8)	3%	22	73	(19)	76
Typhoon and flood insurance	388,734	68.53%	266,400	423	7%	27,212	199,482	(45,339)	181,355
Compulsory earthquake insurance	49,486	-	-	261	-	-	49,223	(9,845)	39,378
One-year health insurance(Note5)	47,802	0.00%	36,361	54,588	3%	1,434	3,730	(1,033)	4,131
Business assumed from overseas(Note6)	60,438	0.00%	42,048	13,885	-	3,097	1,617	(943)	3,771
Total	<u>\$16,218,381</u>		<u>\$10,871,739</u>	<u>\$8,845,837</u>		<u>\$322,355</u>	<u>\$796,258</u>	<u>\$(223,724)</u>	<u>\$894,889</u>

Note 1: The expected claim of the special reserve for fluctuation of risk of general liability insurance is calculated respectively based on no less than 67.3% for travel agency liability insurance and 77% for non-travel agency liability insurance.

Note 2: The expected claim of the special reserve for fluctuation of risk of bond is calculated respectively based on no less than 75% of the performance bond and 71.3% of the non-performance bond.

Note 3: The expected claim of the special reserve for fluctuation of risk of other property insurance is calculated respectively based on 79.2% for agricultural insurance and 66.3% for non-agricultural insurance.

Note 4: The expected claim of the special reserve for fluctuation of risk of injury insurance is calculated respectively based on no less than 66% for personal injury insurance and 82% for group injury insurance. The set-aside rate is calculated based on 1% for personal injury insurance and 3% for group injury insurance.

Note 5: The expected claim of the special reserve for fluctuation of risk of health insurance is calculated respectively based on no less than 61% for personal health insurance and 82% for group health insurance.

Note 6: The expected claim of the special reserve for fluctuation of risk attributed from overseas is calculated respectively based on the average of expected loss rate corresponding to various types of insurance.

ShinKong Insurance Co., Ltd.

19.3 Calculation of Special Surplus Reserves (Special Reserves for Catastrophic Event and Fluctuation of Risk) recovered
January 1 to December 31, 2022

Unit: NTD thousands

Insurance types	Previous period accumulated special surplus reserve	The accumulated amount in the previous period plus the special surplus reserve after allocation in the current period	Current period Recovered special reserve					Current period accumulated special surplus reserve
			Higher than expected claims recovery	Recovered amount of retained insurance premium beyond maturity	Recovered amount of special reserves for catastrophic events	Income tax effects	Total recovery	
One-year residential fire insurance	\$103,111	\$116,616	\$-	\$(2,706)	\$-	\$541	\$(2,165)	\$114,451
Long-term residential fire insurance	10,315	10,443	-	(2,905)	-	581	(2,324)	8,119
One-year commercial fire insurance	207,343	252,458	-	-	-	-	-	252,458
Long-term commercial fire insurance	2,760	2,805	-	(291)	-	58	(233)	2,572
Inland transportation insurance	30,050	33,272	-	-	-	-	-	33,272
Cargo transportation insurance	157,438	171,547	-	-	-	-	-	171,547
Marine hull insurance	11,344	16,006	-	-	-	-	-	16,006
Fishing vessel insurance	37,769	50,940	-	-	-	-	-	50,940
Aviation insurance	491	491	-	-	-	-	-	491
General self-use auto property damage insurance	700,906	794,875	-	-	-	-	-	794,875
General commercial use auto property damage insurance	1,906	2,283	(297)	-	-	59	(238)	2,045
General self-use auto liability Insurance	245,650	306,532	-	-	-	-	-	306,532
General commercial auto liability Insurance	18,746	22,638	-	-	-	-	-	22,638
General liability insurance	325,795	385,551	-	-	-	-	-	385,551
Professional liability insurance	45,463	57,040	-	-	-	-	-	57,040
Engineering insurance	299,446	335,248	-	-	-	-	-	335,248
Nuclear energy insurance	56,571	59,090	-	-	-	-	-	59,090
Guarantee insurance	23,412	26,645	-	(4,882)	-	976	(3,906)	22,739
Credit Insurance	283	503	-	-	-	-	-	503
Other property insurance	59,704	68,601	-	-	-	-	-	68,601
Injury insurance	857,098	921,570	-	(65,413)	-	13,082	(52,331)	869,239
Commercial earthquake insurance	1,349,856	1,571,426	-	-	-	-	-	1,571,426
Personal comprehensive insurance	14,902	19,957	-	-	-	-	-	19,957
Commercial comprehensive insurance	5,103	5,179	-	(29)	-	6	(23)	5,156
Typhoon and flood insurance	743,442	924,797	-	-	-	-	-	924,797
Compulsory earthquake insurance	325,870	365,248	-	-	-	-	-	365,248
One-year health insurance	21,313	25,444	-	-	-	-	-	25,444
Business assumed from overseas	11,185	14,956	(10)	(246)	-	51	(205)	14,751
Total	\$5,667,272	\$6,562,161	\$(307)	\$(76,472)	\$-	\$15,354	\$(61,425)	\$6,500,736

ShinKong Insurance Co., Ltd.

20. Statement of Changes in Insurance Premium Deficiency Reserve

January 1 to December 31, 2022

Unit: NTD thousands

Item	Opening balance	Current period net change	Other changes in figures	Balance as of end of the term	Remarks
Total amount:					
Liability insurance	-	77,690	-	77,690	
Accident & health insurance	-	27,440	-	27,440	
Total	\$-	\$105,130	\$-	\$105,130	
Ceded					
Liability insurance	-	15,538	-	15,538	
Accident & health insurance	-	-	-	-	
Total	\$-	\$15,538	\$-	\$15,538	

ShinKong Insurance Co., Ltd.

21. Statement of Provisions

December 31, 2022

Unit: NTD thousands

Item	Summary	Amount	Remarks
Employee benefit liabilities reserve		\$47,837	

ShinKong Insurance Co., Ltd.

22. Statement of Lease Liabilities

December 31, 2022

Unit: NTD thousands

Item	Summary	Leasehold duration	Discounted rate	Balance as of end of the term	Remarks
Buildings and structures	Office, etc.	2018/1/1~2027/9/30	1.17%~1.74%	\$21,764	
Other equipment	Company car and printers, etc.	2019/1/1~2026/7/31	1.86%~4.98%	12,072	
Total				<u>\$33,836</u>	

ShinKong Insurance Co., Ltd.

23. Statement of Other Liabilities

December 31, 2022

Unit: NTD thousands

Item	Summary	Amount	Remarks
Other Advance Receipts		\$1,964	
Deposits received		14,358	
Temporary credit and amount to be carried down		226,960	
Total		<hr/> \$243,282 <hr/>	

ShinKong Insurance Co., Ltd.
24. Statement of Retained Earned Insurance Premium Revenues
January 1 to December 31, 2022

Unit: NTD thousands

Insurance type	Premium revenues	Reinsurance premium income	Reinsurance premiums ceded	Retained insurance premium	Allocation method	Net changes in unearned premium reserve	Retained earned insurance premium revenues	Remarks
One-year residential fire insurance	\$189,754	\$-	\$5	\$189,749	One twenty-fourth	\$3,628	\$186,121	
Long-term residential fire insurance	(116)	(3)	(18)	(101)	Alternative method	(4,721)	4,620	Note 1
One-year commercial fire insurance	2,092,026	845	1,096,437	996,434	One twenty-fourth	149,884	846,550	
Long-term commercial fire insurance	-	-	-	-	Alternative method	(427)	427	Note 1
Inland transportation insurance	92,420	-	41,216	51,204	Last two months	(519)	51,723	
Cargo transportation insurance	444,073	3,584	173,725	273,932	Last two months	465	273,467	
Marine hull insurance	181,194	131	106,962	74,363	One twenty-fourth	2,925	71,438	
Fishing vessel insurance	272,120	170	147,028	125,262	One twenty-fourth	(1,693)	126,955	
Aviation insurance	5,001	-	5,001	-	One twenty-fourth	-	-	
General self-use auto property damage insurance	4,806,688	-	233,655	4,573,033	One twenty-fourth	167,678	4,405,355	
General commercial auto property damage insurance	49,392	-	54	49,338	One twenty-fourth	2,170	47,168	
General self-use auto liability Insurance	4,656,106	-	62,755	4,593,351	One twenty-fourth	134,499	4,458,852	
General commercial auto liability Insurance	203,697	-	192	203,505	One twenty-fourth	2,750	200,755	
Compulsory self-use auto liability insurance	1,304,731	303,302	516,701	1,091,332	Alternative method	(1,587)	1,092,919	Note 3
Compulsory commercial auto liability Insurance	52,540	56,694	27,975	81,259	Alternative method	(53)	81,312	Note 3
Two year compulsory motorcycle insurance	312,714	103,310	145,683	270,341	Alternative method	(4,442)	274,783	Note 3
One year compulsory motorcycle insurance	497,324	139,743	211,660	425,407	Alternative method	317	425,090	Note 3
General liability insurance	1,287,177	923	107,574	1,180,526	One twenty-fourth	69,840	1,110,686	
Professional liability insurance	170,353	166	32,677	137,842	One twenty-fourth	3,435	134,407	
Engineering insurance	1,228,472	91	491,402	737,161	Effective but not matured	119,471	617,690	
Nuclear energy insurance	-	10,051	-	10,051	Alternative method	3,753	6,298	Note 4
Guarantee insurance	27,510	1,165	2,050	26,625	Effective but not matured	(1,987)	28,612	
Credit Insurance	3,782	-	1,707	2,075	Alternative method	(27)	2,102	Note 2
Other property insurance	277,090	1,081	9,937	268,234	One twenty-fourth	8,816	259,418	
Injury insurance	2,226,738	8,339	142,375	2,092,702	One twenty-fourth	(14,065)	2,106,767	
Commercial earthquake insurance	862,745	-	327,360	535,385	One twenty-fourth	10,934	524,451	
Personal comprehensive insurance	87,193	-	11,935	75,258	One twenty-fourth	1,191	74,067	
Commercial comprehensive insurance	813	-	-	813	One twenty-fourth	67	746	
Typhoon and flood insurance	642,413	-	238,174	404,239	One twenty-fourth	15,505	388,734	
Compulsory earthquake insurance	395,917	50,061	395,916	50,062	Alternative method	576	49,486	
One-year health insurance	32,260	-	609	31,651	One twenty-fourth	(8,100)	39,751	Note 5
Long-term health insurance	94	-	-	94	Alternative method	-	94	
Compulsory mini electric two-wheel vehicles (one-year)	28	6	10	24	Alternative method	6	18	Note 3
Compulsory mini electric two-wheel vehicles (Two-years)	110	28	43	95	Alternative method	42	53	Note 3
Compulsory mini electric two-wheel vehicles (Three-years)	65	12	27	50	Alternative method	24	26	Note 3
Business assumed from overseas	-	31,026	-	31,026	One twenty-fourth	(29,413)	60,439	
Total	\$22,402,424	\$710,725	\$4,530,827	\$18,582,322		\$630,942	\$17,951,380	

Note 1: Long-term fire insurance is allocated in accordance with the coefficient table in (85) Tai-Cai-Bao-Zi letter No. 852363214, revised and approved by the Ministry of Finance.

Note 2: Credit insurance is allocated based on the provisions of the Loan Credit Insurance Deposit Coefficient Table.

Note 3: The insurance liability reserve of the Compulsory Auto Liability Insurance (auto-motor 、 motorcycle 、 mini electric two-wheel vehicles) in accordance with the "Regulations for the Management of the Various Reserves for Compulsory Automobile Liability Insurance" to provided. °

Note 4: The nuclear energy insurance is allocated in accordance with the provisions of Jin-Guan-Bao-Cai-Zi Order No. 10102517094.

Note 5: The Long-term health insurance liability reserve in accordance with the "Regulations on Insurance Companies Various Reserves" to provided.

ShinKong Insurance Co., Ltd.
 25. Statement of Interest Income
 January 1 to December 31, 2022

Unit: NTD thousands

Item	Summary	Amount	Remarks
Various bond interests		\$308,649	
Bank Deposit interest		54,194	
Short-term bill interest		1,044	
Others		908	
Total		\$364,795	

ShinKong Insurance Co., Ltd.

26. Statement of Gain (loss) on Financial Assets and Liabilities at Fair Value through Profit or Loss

January 1 to December 31, 2022

Unit: NTD thousands

Item	Summary	Amount	Remarks
Equity instruments	Transaction profit or loss	\$(144,407)	
	Valuation profit or loss	(1,055,571)	
	Dividend bonus	249,268	
Debt instrument	Interest revenue	2,375	
Derivatives	Transaction profit or loss	(245,868)	
	Valuation profit or loss	(296,913)	
Total		<u>\$(1,491,116)</u>	

ShinKong Insurance Co., Ltd.

27. Statement of Realized Gain (loss) on Financial Assets at Fair Value through Other Comprehensive Income
January 1 to December 31, 2022

Unit: NTD thousands

Item	Amount	Remarks
Equity instruments	<u><u>\$57,822</u></u>	Dividend bonus

ShinKong Insurance Co., Ltd.

28. Statement of net gain (loss) on financial assets measured at amortized cost

January 1 to December 31, 2022

Unit: NTD thousands

Item	Amount	Remarks
Profit from disposal of Corporate bonds	<u><u>\$5,386</u></u>	

ShinKong Insurance Co., Ltd.

29. Statement of Foreign Exchange Gain (Loss)

January 1 to December 31, 2022

Unit: NTD thousands

Item	Summary	Amount	Remarks
Debt instrument		\$532,929	
Others		19,775	
Total		<hr/> \$552,704 <hr/>	

ShinKong Insurance Co., Ltd.

30. Statement of Gain (Loss) on Investment Property

January 1 to December 31, 2022

Unit: NTD thousands

Item	Amount	Remarks
Rent revenues.	78,172	
Gain on disposal	5,029	
Total	<hr/> <u>\$83,201</u>	

ShinKong Insurance Co., Ltd.

31. Statement of Expected Credit Loss and Reversal Gain on Investment

January 1 to December 31, 2022

Unit: NTD thousands

Item	Amount of impairment losses	Amount of reversal gains	Remarks
Domestic Bonds	\$-	\$(1,363)	
Foreign Bonds	-	(566)	
Total	\$-	\$(1,929)	

ShinKong Insurance Co., Ltd.

32. Statement of Other Operating Revenues or Cost

January 1 to December 31, 2022

Unit: NTD thousands

Item	Amount	Remarks
Revenue:		
Foreign exchange gain – non-investment	\$39,844	
Operating asset leasing income	28	
Total	<u>\$39,872</u>	
Cost:		
Stabilization fund expenses	\$37,658	
Foreign exchange loss – Non-investment	36,628	
Interest expenditure	694	
Others	15,933	
Total	<u>\$90,913</u>	

ShinKong Insurance Co., Ltd.

33.Statement of Retained Insurance Claims and Benefits

January 1 to December 31, 2022

Unit: NTD thousands

Insurance type	Insurance claims (including claim expenses)	Reinsurance claims	Claims recovered from reinsurers	Retained claims	Remarks
One-year residential fire insurance	\$27,617	\$-	\$-	\$27,617	
Long-term residential fire insurance	853	9	-	862	
One-year commercial fire insurance	844,024	58	555,293	288,789	
Inland transportation insurance	17,324	-	9,837	7,487	
Cargo transportation insurance	304,689	(15)	186,502	118,172	
Marine hull insurance	67,976	28	30,690	37,314	
Fishing vessel insurance	91,239	2	29,258	61,983	
Aviation insurance	38,689	-	27,073	11,616	
General self-use auto property damage insurance	2,393,356	-	154,867	2,238,489	
General commercial auto property damage insurance	30,836	-	23	30,813	
General self-use auto liability Insurance	2,552,572	-	46,407	2,506,165	
General commercial auto liability Insurance	104,293	-	(1,347)	105,640	
Compulsory self-use auto liability insurance	920,185	310,020	548,447	681,758	
Compulsory commercial auto liability Insurance	42,187	50,595	25,304	67,478	
Two year compulsory motorcycle insurance	212,625	86,739	122,202	177,162	
One year compulsory motorcycle insurance	376,913	158,846	224,394	311,365	
General liability insurance	450,701	171	24,581	426,291	
Professional liability insurance	17,113	-	1,960	15,153	
Engineering insurance	221,716	488	46,439	175,765	
Nuclear energy insurance	-	8	-	8	
Guarantee insurance	3,189	9	7	3,191	
Credit Insurance	(2,026)	-	-	(2,026)	
Other property insurance	641,697	494	63,831	578,360	
Injury insurance	1,327,025	1,442	122,052	1,206,415	
Commercial earthquake insurance	20,114	-	583	19,531	
Personal comprehensive insurance	13,422	146	2,512	11,056	
Commercial comprehensive insurance	8	-	-	8	
Typhoon and flood insurance	1,226	-	165	1,061	
One-year health insurance	52,463	-	4,313	48,150	
Long-term health insurance	4,941	-	-	4,941	
Business assumed from overseas	-	4,076	-	4,076	
Total	\$10,776,967	\$613,116	\$2,225,393	\$9,164,690	

ShinKong Insurance Co., Ltd.

34. Statement of Commission Expenses

January 1 to December 31, 2022

Unit: NTD thousands

Item	Summary	Amount	Remarks
Underwriting commission expenses			
	One-year residential fire insurance	\$30,764	
	Long-term residential fire insurance	1	
	One-year commercial fire insurance	114,492	
	Inland transportation insurance	9,663	
	Cargo transportation insurance	47,529	
	Marine hull insurance	6,339	
	Fishing vessel insurance	20,401	
	Aviation insurance	762	
	General self-use auto property damage insurance	800,753	
	General commercial auto property damage insurance	6,854	
	General self-use auto liability Insurance	717,757	
	General commercial auto liability Insurance	28,177	
	General liability insurance	197,760	
	Professional liability insurance	23,175	
	Engineering insurance	89,046	
	Guarantee insurance	2,617	
	Credit insurance	219	
	Other property insurance	7,612	
	Injury insurance	427,991	
	Commercial earthquake insurance	47,856	
	Personal comprehensive insurance	17,889	
	Commercial comprehensive insurance	146	
	Typhoon and flood insurance	42,686	
	One-year health insurance	7,461	
	Long-term health insurance	37	
	Subtotal	<u>2,647,987</u>	

ShinKong Insurance Co., Ltd.

34.1 Statement of Commission Expenses (Continue)4

January 1 to December 31, 2022

Unit: NTD thousands

Item	Summary	Amount	Remarks
Re-insurance commission expense			
	Long-term residential fire insurance	\$ (1)	
	One-year commercial fire insurance	1,246	
	Marine hull insurance	22	
	Fishing vessel insurance	29	
	General liability insurance	9	
	Engineering insurance	23	
	Business assumed from overseas	482	
	Subtotal	<u>1,810</u>	

ShinKong Insurance Co., Ltd.

34.2 Statement of Commission Expenses (Continue)

January 1 to December 31, 2022

Unit: NTD thousands

Item	Summary	Amount	Remarks
Handling fee expense	Compulsory self-use auto liability insurance	\$212,666	
	Compulsory commercial auto liability Insurance	1,721	
	Two year compulsory motorcycle insurance	28,182	
	One year compulsory motorcycle insurance	75,904	
	Compulsory earthquake insurance	22,630	
	Compulsory mini electric two-wheel vehicles (one-year)	1	
	Compulsory mini electric two-wheel vehicles (Two-years)	5	
	Compulsory mini electric two-wheel vehicles (Three-years)	2	
	Subtotal	<u>341,111</u>	
	Total	<u><u>\$2,990,908</u></u>	

ShinKong Insurance Co., Ltd.

35. Statement of general expenses

January 1 to December 31, 2022

Unit: NTD thousands

Item	Summary	Amount	Remarks
Payroll expenses		\$1,269,437	
Postage expense		207,220	
Advertising fees		280,717	
Tax payable		544,690	
Other expenses		1,035,953	The balance of each of other item does not exceed five percent of the amount of this account.
Total		<u>\$3,338,017</u>	

ShinKong Insurance Co., Ltd.

36. Statement of administrative expenses

January 1 to December 31, 2022

Unit: NTD thousands

Item	Summary	Amount	Remarks
Payroll expenses		\$276,379	
Postage expense		\$20,294	
Insurance premium		22,339	
Employee benefits		26,448	
Other expenses		58,765	The balance of each of other item does not exceed five percent of the amount of this account.
Total		<u>\$404,225</u>	

ShinKong Insurance Co., Ltd.

37. Statement of Non-Operating Revenues and Expenses

January 1 to December 31, 2022

Unit: NTD thousands

Item	Summary	Amount	Remarks
Losses from disposal of property or equipment		\$749	
Other miscellaneous income		12,423	
Total		<u>\$13,172</u>	

(English Translation of Financial Statements Originally Issued in Chinese)

ShinKong Insurance Co., Ltd.

The CPA review report to Other Disclosures in the financial reports

To: ShinKong Insurance Co., Ltd.

We have audited the financial statements of ShinKong Insurance Co., Ltd., for the year 2022, in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and auditing standards in the Republic of China, and we also issued a review report on March 07, 2023. The purpose of our audit is to express an opinion on the financial statements taken as a whole. The accompanying other disclosures in the financial statements of ShinKong Insurance Co., Ltd. for the year 2022, have been prepared separately in accordance with the Regulations Governing the Preparation of Financial Reports by Insurance Enterprises. We conducted and completed the review of its relevant information in accordance with the Directions for Review of Other Disclosures in Financial Reports.

In our opinion, the other disclosures in the financial statements of ShinKong Insurance Co., Ltd. for the year 2022, have been made in accordance with the Regulations Governing the Preparation of Financial Reports by Insurance Enterprises, and the financial information is consistent with the financial statements and no material modifications are required.

Ernst & Young ,Taiwan

Hsu Daniel

CPA:

Chang Bob

March 07, 2023

(English Translation of Financial Statements Originally Issued in Chinese)
 ShinKong Insurance Co., Ltd.
 “Other Disclosures” in the Financial Report for the Year 2022
 (Expressed in thousands of New Taiwan dollars, unless otherwise stated)

One. Business

1. Major business matters:

- (1) In the past five years, there were no mergers or acquisitions of other companies, spin-offs, changes in major operating rights (shareholdings) of 10% or more, business transfers, transfer of investments in affiliated companies, or reorganizations in the Company.
- (2) Major assets purchased, or disposed of, in the last five years

Purchase				
Asset name	Purchase Date	Transaction price	Counterparties	Purpose of acquisition
Real Property	November 2020	322,400	Founding Construction Development Corp.	Investment use
Real Property	November 2019	1,125,000	KYE Systems Corp.	Investment use

Disposition					
Asset name	Disposition Date	Book value	Sale price	Counterparties	Purpose of disposition
None					

- (3) Material changes in the methods of operation (including marketing system) or business content: The Company's main business is property insurance and it is engaged in the sale of various types of insurance and the operation of related businesses. There have been no material changes in the method of operation or business content in the last five years.

2. Remuneration to Directors, Supervisors, Presidents and Vice Presidents

(1) Remuneration to Directors (including Independent Directors) (Disclosures indicate individual disclosure of names and remuneration)

Unit: NTD

Title	Name (Note 1)	Remuneration to directors								The total of A, B, C and D as a percentage of net income after tax (Note 10)				Relevant Remuneration Received by Directs who are also Employees								The total of A, B, C, D, E, F and G as a percentage of net income after tax (Note 10)				Receive remuneration from an invested enterprise other than a subsidiary or from the parent company (Note 11)
		Remuneration (A)(Note 2)		Pension (B)		Directors' Remuneration (C) (Note 3)		Business operating expenses (D) (Note 4)						Salaries, bonuses and special expenses (E) (Note 5)		Pension (F)		Employee's Remuneration (G) (Note 6)								
		The Company	All companies listed in consolidated financial statements (Note 7)	The Company	All companies listed in consolidated financial statements (Note 7)	The Company	All companies listed in consolidated financial statements (Note 7)	The Company	All companies listed in consolidated financial statements (Note 7)	The Company	All companies listed in consolidated financial statements (Note 7)	The Company	All companies listed in consolidated financial statements (Note 7)	The Company	All companies listed in consolidated financial statements (Note 7)	Cash	Stock	Cash	Stock	The Company	All companies listed in consolidated financial statements (Note 7)	The Company	All companies listed in consolidated financial statements (Note 7)			
Chairman	WU,HSIN-HUNG	0	0	0	0	13,343,733	13,343,733	16,484,000	16,484,000	29,827,733	1.49%	29,827,733	1.49%	0	0	0	0	0	0	0	0	29,827,733	1.49%	29,827,733	1.49%	NO

(2) Remuneration to Directors (including Independent Directors) (aggregated remuneration that discloses name(s) indicating each remuneration scale)

Unit: NTD

Title	Name (Note 1)	Remuneration to directors								The total of A, B, C and D as a percentage of net income after tax (Note 10)				Relevant Remuneration Received by Directs who are also Employees								The total of A, B, C, D, E, F and G as a percentage of net income after tax (Note 10)				Receive remuneration from an invested enterprise other than a subsidiary or from the parent company (Note 11)
		Remuneration (A)(Note 2)		Pension (B)		Directors' Remuneration (C) (Note 3)		Business operating expenses (D) (Note 4)						Salaries, bonuses and special expenses (E) (Note 5)		Pension (F)		Employee's Remuneration (G) (Note 6)								
		The Company	All companies listed in consolidated financial statements (Note 7)	The Company	All companies listed in consolidated financial statements (Note 7)	The Company	All companies listed in consolidated financial statements (Note 7)	The Company	All companies listed in consolidated financial statements (Note 7)	The Company	All companies listed in consolidated financial statements (Note 7)	The Company	All companies listed in consolidated financial statements (Note 7)	The Company	All companies listed in consolidated financial statements (Note 7)	Cash	Stock	Cash	Stock	The Company	All companies listed in consolidated financial statements (Note 7)	The Company	All companies listed in consolidated financial statements (Note 7)			
Chairman	WU,HSIN-HUNG																									
Vice chairman	Hong En Co., Ltd. Representative: SHIEH,MUNG-SHIUNG																									
Director	Hong En Co., Ltd. Representative: WU,TONG-SHENG																									
Director	Mao Wei Investment Co., Ltd. Representative: WU,TUNG-SHENG	0	0	0	0	40,031,197	40,031,197	18,944,000	18,944,000	58,975,197	2.94%	58,975,197	2.94%	20,215,783	20,215,783	0	0	3,606,214	0	3,606,214	0	82,797,194	4.13%	82,797,194	4.13%	No
Director	Hong Pu Co., Ltd. Representative: YANG, CHENG-PIN																									
Director	Shin Kong Wu Hsu-Shih Memorial Hospital Representative: LIN,PO-FONG																									
Director	Kong Min Enterprises Co., Ltd. Representative: CHANG, MAO-SONG																									
Director	HO,YING-LAN																									
Independent director	CHOU, HSIEN-TSAI																									
Independent director	TSAI-SHIH-CHI	0	0	0	0	0	0	2,370,000	2,370,000	2,370,000	0.12%	2,370,000	0.12%	0	0	0	0	0	0	0	0	2,370,000	0.12%	2,370,000	0.12%	No
Independent director	CHI, WEI-HSUEN																									

The Company's policies, systems, standards and structures for the remuneration of independent directors, and the correlation between the amount of remuneration paid and their responsibilities, risks and time commitment are described as follows:
The compensations to the Company's independent directors are determined on the basis of the directors' participation in the Company's operations, the value of their contributions and the responsibilities they assume, taking into account, the usual standards of the industry and considering the Company's future risks. Independent directors receive travel expenses and attendance fees and do not participate in the distribution of directors' remuneration.

Note1 : The "Directors' Remuneration" listed in this table are the estimated amounts to be distributed in 2023 from the profit gained in 2022, and the remaining are the amounts to be paid in 2022.

Note2 : If a legal entity director is listed in the "Directors' Remuneration" table, it is paid to a legal entity.

Remuneration Scale Table

Remuneration scale payable to each of the Company's directors	Name of Directors			
	Sum of the first 4 items (A + B + C + D)		Sum of the first 7 items (A + B + C + D + E + F + G)	
	The Company (Note 8)	All companies in consolidated financial statements (H) (Note 9)	The Company (Note 8)	All companies in consolidated financial statements (I) (Note 9)
Less than \$1,000,000	CHOU, HSIEN-TSAI; TSAI-SHIH-CHI; CHI, WEI-HSUEN	CHOU, HSIEN-TSAI; TSAI-SHIH-CHI; CHI, WEI-HSUEN	CHOU, HSIEN-TSAI; TSAI-SHIH-CHI; CHI, WEI-HSUEN	CHOU, HSIEN-TSAI; TSAI-SHIH-CHI; CHI, WEI-HSUEN
\$1,000,000 (incl.) ~ \$2,000,000 (not incl.)	None	None	None	None
\$2,000,000 (incl.) ~ \$3,500,000 (not incl.)	Hong En Co., Ltd.Representative:WU,TONG-SHENG Mao Wei Investment Co.,Ltd.Representative:WU,TUNG-SHENG Hong Pu Co., Ltd.Representative: YANG, CHENG-PIN Shin Kong Wu Huo-Shih Memorial Hospital Representative:LIN,PO-FONG Kong Min Enterprises Co., Ltd.Representative:CHANG, MAO-SONG HO,YING-LAN	Hong En Co., Ltd.Representative:WU,TONG-SHENG Mao Wei Investment Co.,Ltd.Representative:WU,TUNG-SHENG Hong Pu Co., Ltd.Representative: YANG, CHENG-PIN Shin Kong Wu Huo-Shih Memorial Hospital Representative:LIN,PO-FONG Kong Min Enterprises Co., Ltd.Representative:CHANG, MAO-SONG HO,YING-LAN	Hong En Co., Ltd.Representative:WU,TONG-SHENG Mao Wei Investment Co.,Ltd.Representative:WU,TUNG-SHENG Hong Pu Co., Ltd.Representative: YANG, CHENG-PIN Shin Kong Wu Huo-Shih Memorial Hospital Representative:LIN,PO-FONG Kong Min Enterprises Co., Ltd.Representative:CHANG, MAO-SONG HO,YING-LAN	Hong En Co., Ltd.Representative:WU,TONG-SHENG Mao Wei Investment Co.,Ltd.Representative:WU,TUNG-SHENG Hong Pu Co., Ltd.Representative: YANG, CHENG-PIN Shin Kong Wu Huo-Shih Memorial Hospital Representative:LIN,PO-FONG Kong Min Enterprises Co., Ltd.Representative:CHANG, MAO-SONG HO,YING-LAN
\$3,500,000 (incl.) ~ \$5,000,000 (not incl.)	None	None	None	None
\$5,000,000 (incl.) ~ \$10,000,000 (not incl.)	Hong En Co., Ltd.Representative:SHIEH,MUNG-SHIUNG	Hong En Co., Ltd.Representative:SHIEH,MUNG-SHIUNG	Hong En Co., Ltd.Representative:SHIEH,MUNG-SHIUNG	Hong En Co., Ltd.Representative:SHIEH,MUNG-SHIUNG
NT\$ 10,000,000 (incl.) ~ NT\$ 15,000,000 (not incl.)	None	None	None	None
NT\$ 15,000,000 (incl.) ~ NT\$ 30,000,000 (not incl.)	WU,HSIN-HUNG	WU,HSIN-HUNG	WU,HSIN-HUNG HO,YING-LAN	WU,HSIN-HUNG HO,YING-LAN
NT\$ 30,000,000 (incl.) ~ NT\$ 50,000,000 (not incl.)	None	None	None	None
NT\$ 50,000,000 (incl.) ~ NT\$ 100,000,000 (not incl.)	None	None	None	None
Over NT\$100,000,000	None	None	None	None
Total	11	11	11	11

Note 1: The names of directors should be listed individually (for legal entity shareholders, the names of legal entity shareholders and their representatives should be listed separately), and the general directors and independent directors should be listed individually with amounts of various items paid disclosed in an aggregated manner.

If a director is serving concurrently as a President or Vice President, the following table (3-1), or tables (3-2-1) and (3-2-2) should be filled out.

Note 2: This refers to the remuneration to directors (including directors' salaries, occupational allowance, severance pay, various bonuses and incentive payments, etc.) for the most recent year.

Note 3: Fill in the amount of remuneration distributed to directors, as approved by the board of directors in the most recent year.

Note 4: This refers to the business related expenses for directors in the most recent year (including travel expenses, special expenses, and various goods provisions, such as stipends, accommodations, car allocations, etc.)

When housing, automobiles and other vehicles, or exclusive personal expenses are provided, then the nature and the cost of the assets provided, rent, fuel and other payments in the actual or fair market value, should be disclosed.

If a driver is assigned, please include a note stating the relevant remuneration paid by the Company to the said driver, which amount shall not be counted as director's remuneration.

Note 5: Refers to the remuneration received, in the most recent year, by the directors, who concurrently served as employees (including: presidents, vice presidents, other managerial officers and employees), including salaries, occupational allowance, severance pay, various bonuses and incentive payments, travel expenses, special expenses, and various stipends, accommodations, car allocation, and other goods provisions.

When housing, automobiles and other vehicles, or exclusive personal expenses are provided, then the nature and the cost of the assets provided, rent, fuel and other payments in the actual or fair market value, should be disclosed. If a driver is assigned, please include a note stating the relevant remuneration paid by the Company to the said driver, which amount shall not be counted as director's remuneration.

Salary expense recognized in accordance with IFRS 2, "Share-based Payment," including the acquisition of Employee Stock Warrants, New Restricted Employee Shares and the participation in cash capital increase to subscribe for shares, should also be included in remuneration.

Note 6: It refers to directors that served concurrently as employees (including presidents, vice presidents, other managerial officers and employees), and who received employee remuneration (including stock and cash), in the most recent year, should disclose the value of employee remuneration distributed, as approved by the board of directors.

If no estimate can be made, then calculate the proposed distribution amount this year based on the actual distribution amount last year, and fill in the following table (5).

Note 7: The total amount of remuneration paid to the Company's directors by all companies (including the Company) listed in the consolidated financial statements should be disclosed.

Note 8: The total amount of each remuneration item paid by the Company to each director is disclosed in the name of the director at the scale to which he/she belongs.

Note 9: The total value of each remuneration item paid by all companies listed in the consolidated financial statements (including the Company) to each director of the Company is disclosed under the name of the director in the scale to which he/she belongs.

Note 10: The net income after tax refers to the net income after tax of a parent company only financial report or individual financial report, from the most recent year.

Note 11: a. It should be explicitly stated in this column the amount of relevant remuneration received by the Company's directors from invested enterprises, other than subsidiaries, or from the parent company (if none, please enter "None").

b. If a Company's director receives remuneration from invested enterprises other than subsidiaries, or the parent company, the remuneration received by the Company's director from invested enterprises other than subsidiaries, or the parent company, should be included in Column I of the remuneration scale table, and the name of the column should be changed to "Parent Company and All Invested Enterprises".

c. Remuneration refers to the remuneration received by the Company's directors in their capacity as directors, supervisors, or managerial officers of the Company's invests, other than subsidiaries or parent company, remuneration (including remuneration to employees, directors and supervisors) and business expenses.

*The contents of the remuneration disclosed in this table is other than the concept of the income as referenced in the income tax laws, therefore, the purpose of this table is for information disclosure only, and not for tax purposes.

(3) Remuneration to presidents and vice presidents (aggregated remuneration that discloses name(s) indicating each remuneration scale)

Unit: NTD

Title	Name (Note 1)	Payroll (A) (Note 2)		Pension (B)		Bonuses and special expenses, etc. (C) (Note 3)		Employee's Remuneration Amount (D) (Note 4)				The total of A, B, C and D as a percentage of net income after tax (%) (Note 8)				Receive remuneration from an invested enterprise other than a subsidiary or from the parent company (Note 9)	
		The Company	All companies listed in consolidated financial statements (Note 5)	The Company	All companies listed in consolidated financial statements (Note 5)	The Company	All companies listed in consolidated financial statements (Note 5)	The Company		All companies listed in consolidated financial statements (Note 5)		The Company		All companies listed in consolidated financial statements (Note 5)			
								Cash	Stock	Cash	Stock	Cash	Stock	Cash	Stock		
President	HO, YING-LAN																
Senior Vice President	HUANG, CHIH-YUAN(Note2)																
Senior Vice President	WANG, PO-HSUAN																
Senior Vice President	TU, KUN-YI																
Vice President	LIU, CHUNG-WEN																
Vice President	LIN, HSIEN-TANG																
Vice President	WU, YA-YING																
Vice President	YEH, JIH-CHIN																
Vice President	HUANG, JUNG-TSAN(Note3)																
Vice President	KAO, CHUAN-TE																
Vice President	LIU, TING-CHING																
Vice President	CHEN, KUO-CHU(Note4)	38,464,293	38,464,293	13,821,667	13,821,667	38,762,585	38,762,585	11,392,346	0	11,392,346	0	102,440,891	5.11%	102,440,891	5.11%	None	
Vice President	LIN, HSIU-CHUAN																
Vice President	TSAI, SHIH-HSIEN																
Vice President	TSENG, KUO-HUI																
Vice President	LO, KUO-FENG																
Vice President	YANG, YUEH-TSANG																
Vice President	SHENG, YU-HSIANG(Note5)																
Vice President	YANG, CHING-WEN																
Vice President	CHANG, HUNG-CHI(Note6)																
Vice President	WANG, TAI-YU(Note7)																
Vice President	YANG, JUN-YAN(Note8)																
Vice President	LI, SI-YI(Note9)																

* Regardless of title, any position equivalent in status to that of a president or vice president (e.g., Governor, chief executive officer, director...etc.) shall be disclosed.

Note 1: The "Employee's Remuneration" listed in this table are the amounts to be distributed in 2022, from the 2021 earnings.

Note 2: Senior Vice President HUANG, CHIH-YUAN retired on 10/01/2022; only the income earned before 09/30/2022 is disclosed.

Note 3: Vice President HUANG, JUNG-TSAN retired on 03/01/2022; only the income earned before 02/28/2022 is disclosed.

Note 4: Vice President CHEN, KUO-CHU retired on 08/01/2022; only the income earned before 07/31/2022 is disclosed.

Note 5: Vice President SHENG, YU-HSIANG resigned on 06/01/2022; only the income earned before 05/31/2022 is disclosed.

Note 6: Vice President CHANG, HUNG-CHI Date of assuming the post: 03/01/2022 .

Note 7: Vice President WANG, TAI-YU Date of assuming the post: 06/01/2022 .

Note 8: Vice President YANG, JUN-YAN Date of assuming the post: 09/01/2022 .

Note 9: Vice President LI, SI-YI Date of assuming the post: 09/01/2022 .

Note9: The remuneration of the Vice President listed in this table refers to the total income of the person for the whole year, including the income before assuming the Vice President.

Remuneration scale table

Remuneration scale for each president and vice president of the Company	Name of President and Vice President	
	the Company (Note 6)	All companies listed in consolidated financial statements (Note 7)E
Less than \$1,000,000	None	None
\$1,000,000 (incl.) ~ \$2,000,000 (not incl.)	KAO, CHUAN-TE、WANG, TAI-YU、SHENG, YU-HSIANG	KAO, CHUAN-TE、WANG, TAI-YU、SHENG, YU-HSIANG
\$2,000,000 (incl.) ~ \$3,500,000 (not incl.)	LIU, CHUNG-WEN、 TSAI, SHIH-HSIEN、YANG, YUEH-TSANG、YANG, CHING-WEN、LI, SI-YI、YEH, JIH-CHIN、CHANG, HUNG-CHI、WU, YA-YING、YANG, JUN-YAN、LIN, HSIU-CHUAN、TSENG, KUO-HUI、LIN, HSIEN-TANG	LIU, CHUNG-WEN、 TSAI, SHIH-HSIEN、YANG, YUEH-TSANG、YANG, CHING-WEN、LI, SI-YI、YEH, JIH-CHIN、CHANG, HUNG-CHI、WU, YA-YING、YANG, JUN-YAN、LIN, HSIU-CHUAN、TSENG, KUO-HUI、LIN, HSIEN-TANG
\$3,500,000 (incl.) ~ \$5,000,000 (not incl.)	TU, KUN-YI、LIU, TING-CHING、HUANG, CHIH-YUAN、LO, KUO-FENG、WANG, PO-HSUAN	TU, KUN-YI、LIU, TING-CHING、HUANG, CHIH-YUAN、LO, KUO-FENG、WANG, PO-HSUAN
\$5,000,000 (incl.) ~ \$10,000,000 (not incl.)	HUANG, JUNG-TSAN、	HUANG, JUNG-TSAN、
NT\$ 10,000,000 (incl.) ~ NT\$ 15,000,000 (not incl.)	CHEN, KUO-CHU	CHEN, KUO-CHU
NT\$ 15,000,000 (incl.) ~ NT\$ 30,000,000 (not incl.)	HO, YING-LAN	HO, YING-LAN
NT\$ 30,000,000 (incl.) ~ NT\$ 50,000,000 (not incl.)	None	None
NT\$ 50,000,000 (incl.) ~ NT\$ 100,000,000 (not incl.)	None	None
Over NT\$100,000,000	None	None
Total	23	23

* Regardless of title, any position equivalent in status to that of a president or vice president shall be disclosed.

Note 1: The names of the president and vice president should be listed separately, with amounts of various items paid to them disclosed in an aggregated manner. If the director is serving concurrently as a President or Vice President, the following table (1-1), or tables (1-2-1) and (1-2-2) should be filled out.

Note 2: Fill in the salaries, occupational allowances and severance pay that were paid to presidents and vice presidents for the most recent year.

Note 3: Fill in the amount of bonuses, incentive payments, travel expenses, special expenses, various stipends, accommodations, car allocations and other goods provisions, as well as other remuneration amounts for presidents and vice presidents for the most recent year.

When housing, automobiles and other vehicles, or exclusive personal expenses are provided, then the nature and the cost of the assets provided, rent, fuel and other payments in the actual or fair market value, should be disclosed. If a driver is assigned, please include a note stating the relevant remuneration paid by the Company to the said driver, which amount shall not be counted as director's remuneration.

Salary expense recognized in accordance with IFRS 2 "Share-based Payment", including the acquisition of Employee Stock Warrants, New Restricted Employee Shares and the participation in cash capital increase to subscribe for shares, should also be included in remuneration.

Note 4: Fill in the amount of employee remuneration (including stock and cash) distributed to presidents and vice presidents, as approved by the board of directors, in the most recent year. If no estimate can be made, then calculate the proposed distribution amount for this year, based on the actual distribution amount last year, and fill in the following table (5).

Note 5: The total amount of remuneration paid to the Company's presidents and vice presidents by all companies (including the Company) listed in the consolidated financial statements should be disclosed.

Note 6: The total amount of each remuneration item paid by the Company to each president and vice president is disclosed under the name of the president and vice president in the scale to which he/she belongs.

Note 7: The total amount of each remuneration item paid by all companies listed in the consolidated financial statements (including the Company) to each president and vice president of the Company is disclosed under the name of the president and vice president in the scale to which he/she belongs.

Note 8: The net income after tax refers to the net income after tax of a parent company only financial report or individual financial report, in the most recent year.

Note 9: a. It should be explicitly stated in this column the amount of remuneration received by the Company's presidents and vice presidents from invested enterprises, other than subsidiaries, or from the parent company (if none, please enter "None").

b. If a Company's presidents and vice presidents receive remuneration from invested enterprises, other than subsidiaries, or the parent company, the remuneration received by the Company's presidents and vice presidents from invested enterprises other than subsidiaries, or the parent company,

should be included in Column E of the remuneration scale table, and the name of the column should be changed to "Parent Company and All Invested Enterprises".

c. Remuneration refers to the remuneration received by the Company's presidents and vice presidents in their capacity as directors, supervisors, or managerial officers of the Company's invested enterprises, other than subsidiaries or parent company, remuneration (including remuneration to employees, directors and supervisors) and business expenses.

* The contents of the remuneration disclosed in this table is other than the concept of the income as referenced in the income tax laws, therefore, the purpose of this table is for information disclosure only, and not for tax purposes.

(4) The names of the managerial officers who received the distributed employee remuneration and status of the distribution

Unit: NTD

Item	Title (Note 1)	Name (Note 1)	Stock	Cash	Total	Total amount as a percentage of net income after tax (%)	
Managerial officer	President	HO,YING-LAN	0	20,527,123	20,527,123	20,527,123	1.02%
	Senior Vice President	WANG, PO-HSUAN					
	Senior Vice President	LIU, CHUNG-WEN					
	Senior Vice President	TU, KUN-YI					
	Vice President	KAO, CHUAN-TE					
	Vice President	YEH, JIH-CHIN					
	Vice President	WU, YA-YING					
	Vice President	LO, KUO-FENG					
	Vice President	LIU, TING-CHING					
	Vice President	TSAI, SHIH-HSIEN					
	Vice President	YANG, JUN-YAN					
	Vice President	LIN, HSIEN-TANG					
	Vice President	LI, SI-YI					
	Vice President	YANG,YUEH-TSANG					
	Vice President	YANG, CHING-WEN					
	Vice President	CHANG, HUNG-CHI					
	Vice President	TSENG, KUO-HUI					
	Vice President	WANG,TAI-YU					
	Vice President	LIN, HSIU-CHUAN					
	Manager	KAO,JUI-TSE					
	Manager	XU,LING-RONG					
	Manager	SHEN,XIN-YI					
	Manager	PENG, CHIH-HENG					
	Manager	TSAI, MENG-CHANG					
	Finance Supervisor	CHANG, PAO-KUEI					
	Manager	HSUEH,YU-CHENG					
	Manager	HUANG, PO-CHIEN					
	Manager	CHUANG, YAO-CHANG					
	Manager	PENG, WEI-WEN					
	Manager	LIU, CHIH-CHIEN					
	Manager	CHEN, CHUN-CHIEH					
	Manager	CHEN, CHIEN-LIANG					
	Manager	CHENG,CHUNG-JUNG					
	Manager	CHOU, CHI-WEN					
	Manager	WANG, AN-KAI					
	Manager	CHANG, MEI-YAO					
	Manager	XIAO,SHU-ZHEN					
	Manager	WANG, HUI-CHEN					
	Manager	CHENG,WEI-CHAO					
	Manager	HAN,KUO-HSUAN					
	Accounting Supervisor	TSENG, YA-FANG					
Manager	WANG,MING-ZHENG						
Manager	ZHANG,YI-MING						
Manager	LU,YEN-LUNG						
Manager	CHEN,ZHAO-XIONG						
Manager	CHANG,CHAN-CHIH						
Manager	LIU,CHIA-YU						
Manager	LI,YUN-HSUAN						

Note 1: Individual names and titles should be disclosed, but the distribution of profits should be disclosed in an aggregated manner.

Note 2: Fill in the value of employee remuneration (including stock and cash) distributed to managerial officers, as approved by (the board of directors), in the most recent year. If no estimate can be made, then calculate the proposed distribution amount for this year based on the actual distribution amount of the last year.

Net income after income tax refers to the net income after income tax of the most recent year.

Note 3: The applicable scope of the managerial officers, in accordance with the provisions of Tai-Cai-Zheng-San-Zi Order No. 0920001301 dated March 27, 2013, is as follows:

- (1) President and equivalent
- (2) Vice president and equivalent
- (3) Assistant Manager and equivalent
- (4) Finance Supervisors
- (5) Accounting Supervisors
- (6) Other persons who manage company affairs and have the authority to sign for the company

Note 4: If the director(director), president and vice president are receiving employee remuneration (including stock and cash), in addition to filling out (1-1) or (1-2), (3-1) or (3-2), (4), this form should also be filled out.

(5) Remuneration and related information for the chairman and general manager of the chairman and general manager who have retired from the insurance industry or its affiliates to return to the insurance industry consultant: None.

(6) The chairman of the board, the general manager, the manager responsible for financial or accounting affairs, has not worked in the firm or its affiliates of the visa accountant in the most recent year.

3. Labor Relations:

(1) Significant existing labor agreements and their implementation

1. Employee Benefit Measures:

In addition to vacations, labor insurance and universal health insurance, employees of the Company are also covered by group accident insurance, and an "Employee Welfare Committee" has been established to promote various welfare activities. The "Employee Welfare Committee" provides annual subsidies for employee travel, and in the event of employees' wedding, injury /hospitalization, or funeral, it coordinates with the Company to give celebration gifts, consolation gifts, and condolence gifts. Education subsidies are also provided for employees' children's schooling.

2. Employee education and training:

The Company actively conducts a variety of on-the-job training programs for employees. In addition to training in various domestic educational institutions, or sending employees to attend seminars and workshops, the Company provides overseas training opportunities for employees in order to enhance their professional skills. In regards to employees' on-the-job training, if an employee meets the requirements of the company's incentive program, he/she will be given a grant for each semester of study.

3. Retirement plan:

The Company's retirement plan is summarized as follows: 10% of the total salaries paid in a given year is allocated and deposited into a dedicated account in the Bank of Taiwan's trustee department; for managers, variable amounts are allocated and deposited into the Labor Retirement Reserve Fund Account.

A. Voluntary retirement:

- (1) Those with more than 25 years of service.
- (2) Those who have at least fifteen years of service and are at least fifty-five years old.
- (3) Those who have at least ten years of service and are at least sixty years old.

B. Compulsory Retirement:

- (1) Those who are sixty-five years old or older.
- (2) A person who is mentally or physically incapacitated for work.

The above-mentioned retirees are paid with their respective pension plans, for up to 45 months of their pension bases, with an additional 20% for those who suffer from mental or physical disability or serious injury or illness as a result of performing their duties.

The Labor Pension Regulation came into effect on July 1, 2005, and adopts a Defined Contribution Plan. After its implementation, employees may now choose to adopt the pension regulations applicable to the Labor Standards Act, or adopt the pension system as stipulated in the Act and retain the work seniority prior to their application of the Act. For those who choose to adopt applicable regulations, the Company shall contribute no less than 6% of the employee's monthly salary to the employee's monthly pension.

4. Other material agreements: None

(2) Losses due to labor disputes in recent years: None.

(3) Violation of the Labor Standards Act as a result of labor inspection: None.

4. Cybersecurity Management:

- (I) Describe the cybersecurity risk management structure, cybersecurity policies, specified management plans, and resources invested in cybersecurity management

1. Cybersecurity Risk Management Structure

To realize the information safety management works of the Company, the coordination between different units for the information safety operations, as well as communication with external parties, the Company established the “Information Safety Management Committee” according to the “Information Safety Policy” to govern the coordination and determination of information safety policies, plans, and resource allocation.

The dedicated information safety unit shall report at the Board meeting regarding the overall implementation status of information safety to reinforce the protection of information safety.

Continue maintaining the effectiveness of the ISMS certification through third-party audits and implement management systems

2. Cybersecurity Policy

To reinforce the Company’s information safety management, implement information safety policies, as well as measure and consider the requirements of different units to ensure the confidentiality, completeness, and availability of information, the reliability of information equipment (including computer hardware, software, and peripheral products, and the employees’ understanding of information safety, in addition to ensuring that the abovementioned resources are free from the interference, destruction, invasion, or any adverse acts and intention arising from any factor.

A. Declaration of Information Safety Policy

- a. Established the “Information Safety Management Committee” to ensure the effectiveness of the information safety management operations.
- b. Established the list of information assets for different units, executed risk assessment operations, performed risk management regarding risks exceeding the acceptable level to effectively minimize risks, and continued implementing various control measures.
- c. All employees, contracted personnel, and contractors who make use of the Company’s information to provide information services or execute relevant work have responsibilities and obligations to protect the Company’s information assets they obtained or used to prevent unauthorized access, alteration, destruction, or inappropriate disclosures.
- d. Established the business continual operation plan and carried out regular drills; continued to make adjustments and updates in accordance with business development and the current status of the organization.
- e. Establish a safe and reliable information system environment to allow the Company’s business to achieve sustainable operations.
- f. Membership data and insurance purchase information are deemed as the business secrets of the Company; personnel shall comply with the permission granted when processing or using confidential information without surpassing.
- g. All employees of the Company shall comply with the requirements of the legal specifications and information safety policies; the supervisor shall supervise the implementation status of information safety and improve employees’ understanding and concepts of information safety and legal compliance.
- h. Information safety is the common responsibility of all employees; we ensure the Company’s information safety system is becoming more comprehensive through constant examination and improvement.

B. Information Safety Target

To protect the confidentiality, completeness and availability of the Company's information assets and protect the privacy of customers' information, we aim at achieving the following targets through the joint efforts of all our employees:

- a. Protect the information of the Company's business activities and avoid unauthorized access and modification to ensure the accuracy and completeness.
- b. Establish a dedicated information safety organization to be responsible for the establishment, promotion, implementation, evaluation, and improvement of information safety management matters to ensure the Company possessing the information environment that allows the continual operations of our business.
- c. Organize information safety educational training to improve employees' awareness for information safety and reinforce their understanding of relevant responsibilities.
- d. Implement an information safety risk assessment system to improve the effectiveness and timeliness of information safety management.
- e. Implement the information safety internal audit system to ensure the implementation and execution of information safety management.
- f. The execution of the Company's business activities shall comply with relevant laws and regulations.

Carry out the measurement during the period scheduled for the information safety target to ensure the effectiveness and make judgment at the management review meeting; an examination or amendment shall be performed at least once a year.

C. Review

The policy shall be included in the management review meeting for evaluation at least once a year to reflect the latest development status of the governmental laws, technologies, and businesses, ensuring the effectiveness of the information safety practices.

3. Specified Cybersecurity Management Plan

- A. Mail Audit: Automatically examine the content of e-mails from external parties through the system and establish the encryption system for sensitive data to avoid damages to customers' interests resulting from relevant sensitive data being mis-sent or being abused after the theft of such mails by third parties.
- B. Control on USB devices and discs for Internal PCs: Make use the control on flash drives and memory cards and control on the burner function of the CD-ROM drive to avoid significant business information of customers' sensitive information from being retrieved when PCs are invaded.
- C. IPS: Utilize the second line IPS equipment set up internally to improve the function of blocking malicious external invasion and attacks and protect the Company's internal mainframe, network, and PCs from the theft of significant business data and customer data due to the invasion.
- D. External network protection (HiNet Cybersecurity Fleet): HiNet DDoS advanced protection can prevent the Company's network from being paralyzed for the suspension of customer services by intentional personage through DDoS attacks.
- E. Computer online management: Carry out webpage control (such as not being able to open pornographic websites, game, cloud space, and social media websites to prevent the computers from being implanted with zombie viruses or Trojan viruses.

- F. Server frame management: Divide into the DMZ Zone (Demilitarized Zone), OA Zone (Office Automation Zone), and SF Zone (Server Frame Zone), adopt two lines of firewalls for control, and implement segregation access control to avoid unauthorized usage.
- G. F-ISAC: Improve the Company's information safety protection capacity through nine major services provided by F-ISAC, including information safety report, information analysis, information sharing for information safety, assistance in information safety consultation and evaluation, seminar and educational training, international exchanges, assistance in the emergency management of information safety event, information safety drills for financial institutions, and assistance in the information safety specification evaluation and recommendation.
- H. Establishment of WAF: Protect the website from the SQL Injection, malware, and other attacks from hackers.

4. Resources Invested in Cybersecurity Safety Management

- A. The Information Safety Management Committee convene the information management review meeting (the content describes the follow-up and processing status of prior management review conclusions, changes in internal and external issues related to the information safety management system, feedback of information safety performances, feedback from stake-holding groups, results of risk assessment and status of risk processing plan, and recommendations for continual improvement) each year.
 - B. The Company regularly organizes information safety educational training as well as e-mail and social media engineering drills for all employees each year.
 - C. The Company actively implements the continual operation drill plan for its business and compiles exercise result report based on various records during the course of the information safety drills (i.e., WFH core information system drills, virus outbreak and malware invasion drill, DDoS attack drill, information system remote backup drill, and the information safety initiation drill for personal information leakage). We execute result analysis to examine whether there is room to improve for our information system to ensure that the organization possesses the capacity to respond to the risks related to the suspension of the server room and significant information system for crucial businesses due to material malfunction or disasters, and protect the safety of personal information of all our customers.
- (II) Set out the losses, possible effects, and countermeasures resulting from significant cybersecurity events in recent years; for those that cannot be reasonably estimated, please describe the fact that cannot be reasonably estimated: None.
- (III) Effects of cybersecurity risks on the Company's financial operations and countermeasures

There has been no effect of cybersecurity on the Company's financial operations in recent years. To minimize the risks of improper use, leakage, alteration, damage of information assets due to human errors, intentional acts, or natural disasters that affect and harm the normal operations of the information system related to the financial operations, the Company has established relevant information safety management procedures for various management systems (including network access management, e-mail dispatch, social media, APPs, and IoT equipment) to improve the risk control ability, and we reinforced employees' awareness of information safety risks through information safety educational training.

5. Personnel changes in the positions of the presidents, audit supervisors and/or certified actuary in the last two year:

Title \ Year	2022	2021
President	HO, YING-LAN	HO, YING-LAN
Audit supervisor	WANG, TAI-YU	LIN, HSIEN-TANG
Certified Actuary	PENG, CHIH-HENG	PENG, CHIH-HENG

6. Changes in the method of reserve allocations: None.
7. In the most recent year, the insurance business has been subject to a resolution of the shareholders meeting to increase or reduce capital, or issued new shares by resolution of the board of directors (supervisors), and its application (or filing) was not approved (or not approved for verification) by the FSC, or its application for registration of capital change was not approved by the Ministry of Economic Affairs: None.
8. In the last three years, the claim expenditure, re-insurance amortization and financial impact analysis of claims cases with a claim amount of more than TWD 20 million:

the Year 2022

Insurance types	Claim case number	Amount of Claim	Amount Recovered	Financial impact (net loss)
Fire insurance	0009FBC0000137	36,000	16,500	(19,500)
Fire insurance	0011MMC0000026	41,127	21,797	(19,330)
Fire insurance	0009FBC0000067	48,733	13,077	(35,656)
Fire insurance	0009FBC0000211	240,000	120,720	(119,280)
Fire insurance	0009FBC0000271	28,738	14,951	(13,787)
Fire insurance	0010FBC0000056	49,853	37,390	(12,463)
Fire insurance	0009FBC0000242	66,567	16,642	(49,925)
Fire insurance	0010FBC0000167	51,086	38,314	(12,772)
Fire insurance	0011FBC0000075	37,711	35,826	(1,885)
Fire insurance	0010FBC0000013	42,000	42,000	-
Other insurance	0006ADC0000028	20,413	5,413	(15,000)
Marine insurance	0008MTC0000161	105,122	102,494	(2,628)
Marine insurance	0010MAC0000003	22,129	15,488	(6,641)

the Year 2021

Insurance types	Claim case number	Amount of Claim	Amount Recovered	Financial impact (net loss)
Marine insurance	0010MFC0000002	40,500	38,475	(2,025)
Marine insurance	0010MFC0000010	20,085	6,026	(14,059)
Marine insurance	0010MHC0000028	20,007	6,132	(13,875)
Marine insurance	0010MFC0000015	30,144	16,244	(13,900)
Fire insurance	0008FBC0000348	20,768	19,815	(953)
Fire insurance	0010FBC0000037	67,956	50,967	(16,989)
Fire insurance	0009FBC0000223	180,810	112,504	(68,306)
Fire insurance	0007FBC0000097	124,193	77,621	(46,572)
Fire insurance	0009FBC0000242	25,610	6,402	(19,208)
Fire insurance	0009FBC0000211	240,369	88,406	(151,963)
Fire insurance	0009FBC0000146	31,075	14,532	(16,543)
Fire insurance	0010FBC0000167	80,000	60,000	(20,000)
Fire insurance	0009FBC0000223	80,972	50,383	(30,589)
Fire insurance	0008FBC0000348	79,851	77,741	(2,110)

the Year 2020

Insurance types	Claim case number	Amount of Claim	Amount Recovered	Financial impact (net loss)
Marine insurance	0008MTC0000161	38,591	37,626	(965)
Marine insurance	0005MHC0000084	27,091	26,115	(976)
Marine insurance	0008MTC0000276	45,486	40,565	(4,921)
Marine insurance	0008MHC0000031	26,399	14,367	(12,032)
Marine insurance	0008MFC0000025	67,253	60,864	(6,389)
Marine insurance	0008MFC0000025	294,046	286,440	(7,606)
Marine insurance	0009MFC0000015	20,098	20,098	-
Marine insurance	0008MTC0000161	93,633	91,292	(2,341)
Fire insurance	0008FBC0000036	21,622	5406	(16,216)
Fire insurance	0008FBC0000391	29,846	7,461	(22,385)
Fire insurance	0008FBC0000100	70,000	70,000	-
Other insurance	0007EAC0000024	23,221	11,012	(12,209)
Other insurance	0008AHC0000169	26,899	16,509	(10,390)

- 9、 The name and credit rating of the re-insurance company, whose re-insurance expenses accounted for more than 1% of the total premium revenues of the most recent year:

Name of Reinsurance company	Name of rating agency	Rating
Swiss Re Asia Pte. Ltd., Hong Kong Branch	Standard & Poor's	AA-
Central Reinsurance Corporation	A.M. Best	A
Starr International Insurance (Asia) Limited	A.M. Best	A

10. Credit rating information:

Name of rating agency	Date of rating	Rating results
Taiwan Ratings Corporation	November 2022	twAA +/- Stable
Standard & Poor's	November 2022	A/Stable
A.M. Best	April, 2022	A/Stable

Two. Market price, dividends and equity distribution

1、 Market Price, Net Worth, Earnings and Dividend Information per Share

Unit: NTD; share

Item		Year	2022	2021
Market price per share	Highest		58.40	49.50
	Lowest		41.80	36.50
	Average		50.62	42.15
Net worth per share	Before Distribution		47.57	48.29
	After Distribution		(註 1)	45.09
Earnings per share	Weighted average number of shares		315,963,300	315,963,300
	Earnings per share		6.34	7.13
Dividends per share	Cash dividends		(Note 1)	3.2
	Stock dividends distribution	Retained shares distribution	(Note 1)	-
		Capital surplus distribution	(Note 1)	-
	Accumulated unpaid dividends		(Note 1)	-
Investment return analysis	P/E Ratio		7.98	5.91
	Price to dividend ratio		(Note 1)	13.17
	Cash dividend yield		(Note 1)	7.59%

Note 1 : The year 2022 surplus distribution proposal has yet to be resolved by the shareholders' meeting.

2、 Equity diversification

(1). Common stock (Face value at NTD10 per share)

December 31, 2022

Shareholding classification	Number of shareholders	Share held	Shareholding Percentage
1 ~ 999	4,143	779,075	0.25%
1,000 ~ 5,000	7,707	16,886,636	5.34%
5,001 ~ 10,000	1,516	11,887,661	3.76%
10,001 ~ 15,000	503	6,413,815	2.03%
15,001 ~ 20,000	330	6,014,019	1.90%
20,001 ~ 30,000	297	7,523,518	2.38%
30,001 ~ 40,000	145	5,134,133	1.63%
40,001 ~ 50,000	104	4,771,955	1.51%
50,001 ~ 100,000	187	13,695,750	4.33%
100,001 ~ 200,000	102	14,444,413	4.57%
200,001 ~ 400,000	45	12,384,594	3.92%
400,001 ~ 600,000	23	11,435,220	3.62%
600,001 ~ 800,000	17	11,361,894	3.60%
800,001 ~ 1,000,000	11	9,884,300	3.13%
1,000,001 and above	40	183,346,317	58.03%
Total	15,170	315,963,300	100.00%

(2). Preferred Stock : The Company does not issue any preferred shares.

3、Changes in the shareholding of directors, supervisors, managers and major shareholders

(1).Changes in the shareholding of directors, supervisors, managers and major shareholders

Title (Note 1)	Name	2022		Current year ending January 31	
		Increase (decrease) of held shares	Increase (decrease) of pledged shares	Increase (decrease) of held shares	Increase (decrease) of pledged shares
Chairman	WU,HSIN-HUNG	-	-	-	-
Vice chairman	Hong En Co., Ltd. Representative:SHIEH,MUNG-SHIUNG	-	-	-	-
Director	Hong En Co., Ltd. Representative:WU,TONG-SHENG	-	-	-	-
Director	Shin Kong Wu Huo-Shih Memorial Hospital Representative:LIN,PO-FONG	-	-	-	-
Director	Kong Min Enterprises Co., Ltd. Representative:CHANG, MAO-SONG	(565,000)	-	-	-
Director	Hong Pu Co., Ltd. Representative:YANG, CHENG-PIN	-	-	-	-
Director	Mao Wei Investment Co., ltd. Representative:WU,TUNG-SHENG	-	-	-	-
Director	HO,YING-LAN	980,000	-	-	-
Major shareholder	Shin Kong Textile Co., Ltd.	-	-	-	-
Independent director	TSAI-SHIH-CHI	-	-	-	-
Independent director	CHI, WEI-HSUEN	-	-	-	-
Independent director	CHOU, HSIEN-TSAI	-	-	-	-
President	HO,YING-LAN	-	-	-	-
Senior Vice President	HUANG, CHIH-YUAN (Date of release: 10/01/2022)	-	-	-	-
Senior Vice President	TU, KUN-YI	-	-	-	-
Senior Vice President	WANG, PO-HSUAN	6000	-	-	-
Senior Vice President	LIU, CHUNG-WEN	-	-	-	-
Vice President	HUANG, JUNG-TSAN (Date of release: 03/01/2022)	(5,000)	-	-	-
Vice President	YANG, JUN-YAN (Date of assuming the post: 09/01/2022)	-	-	-	-
Vice President	YEH, JIH-CHIN	-	-	-	-
Vice President	YANG, YUEH-TSANG	5,000	-	-	-
Vice President	TSAI, SHIH-HSIEN	2,000	-	-	-
Vice President	CHANG,HUNG-CHI	-	-	-	-
Vice President	LI, SI-YI (Date of assuming the post: 09/01/2022)	-	-	-	-
Vice President	LIN, HSIU-CHUAN	-	-	-	-
Vice President	TSENG, KUO-HUI	-	-	-	-
Vice President	WU, YA-YING (Date of release: 31/01/2023)	-	-	-	-
Vice President	LIN, HSIEN-TANG	-	-	-	-
Vice President	CHEN, KUO-CHU	-	-	-	-

Title (Note 1)	Name	2022		Current year ending January 31	
		Increase (decrease) of held shares	Increase (decrease) of pledged shares	Increase (decrease) of held shares	Increase (decrease) of pledged shares
	(Date of release: 08/01/2022)				
Vice President	LIU, TING-CHING	-	-	-	-
Vice President	KAO, CHUAN-TE	-	-	-	-
Vice President	LO, KUO-FENG	-	-	-	-
Vice President	SHENG, YU-HSIANG (Date of release: 06/01/2022)	-	-	-	-
Vice President	YANG, CHING-WEN				
Vice President	WANG, TAI-YU (Date of assuming the post: 06/01/2022)	-	-	-	-
Assistant Manager	KAO, JUI-TSE	-	-	-	-
Assistant Manager	SHEN, XIN-YI (Date of assuming the post: 09/01/2022)	2,000			
Assistant Manager	XU, LING-RONG (Date of assuming the post: 09/01/2022)				
Manager	HUANG, PO-CHIEN	-	-	-	-
Manager	CHUANG, YAO-CHANG	-	-	-	-
Manager	LI, YUN-HSUAN	-	-	-	-
Manager	HSU, KUO-KUNG (Date of assuming the post: 03/01/2022) (Date of release: 08/18/2022)	-	-	-	-
Manager	PENG, WEI-WEN		-	-	-
Manager	RUAN, REN-LIANG (Date of assuming the post: 03/01/2022) (Date of release: 04/18/2022)	-	-	-	-
Manager	WANG, MING-ZHENG (Date of assuming the post: 08/18/2022)				
Manager	CHEN, CHUN-CHIEH	-	-	-	-
Manager	CHEN, ZHAO-XIONG (Date of assuming the post: 08/18/2022)	-	-	-	-
Manager	PENG, CHIH-HENG	-	-	-	-
Manager	HAN, KUO-HSUAN				
Manager	CHENG, CHUNG-JUNG	-	-	-	-
Manager	HSUEH, YU-CHENG				
Manager	LIU, CHIA-YU				
Manager	LU, YEN-LUNG				
Manager	CHENG, WEI-CHAO				
Manager	ZHANG, YI-MING	-	-	-	-

Title (Note 1)	Name	2022		Current year ending January 31	
		Increase (decrease) of held shares	Increase (decrease) of pledged shares	Increase (decrease) of held shares	Increase (decrease) of pledged shares
	(Date of assuming the post: 12/01/2022)				
Manager	WANG,CHIEN-CHAO (Date of release: 05/01/2022)			-	-
Manager	LIU,CHIH-CHIEN	6,500	-	-	-
Manager	CHANG,CHAN-CHIH				
Manager	TSAI,MENG-CHANG	-	-	-	-
Manager	WANG,HUI-CHEN	3,000	-	-	-
Manager (Finance Supervisor)	CHANG,PAO-KUEI	-	-	-	-
Manager	WANG,AN-KAI	(2,000)	-	-	-
Manager	CHEN,CHIEN-LIANG	-	-	-	-
Manager	CHANG,MEI-YAO	-	-	-	-
Manager	CHOU,CHI-WEN	-	-	-	-
Manager	HSIAO,SHU-CHEN (Date of assuming the post: 01/01/2022)	-	-	-	-
Deputy Manager	LIANG,SHIH-CHANG (Date of release: 12/15/2022)	-	-	-	-
Manager (Accounting Supervisor)	TSENG,YA-FANG	-	-	-	-

Note 1: The listed title is the Internal title of the Company

Note 2: The following table should be completed if the counterparties to the equity transfer or equity pledge are related parties.

(2) Equity Transfer Information

Name (Note 1)	Reasons for Equity Transfer (Note 2)	Transaction Date	Counterparties	Relationships between a counterparty and the company, its directors, supervisors and shareholders who hold more than 10 percent of the shares	Number of shares	Transaction price
None						

Note 1: Fill in the names of company directors, supervisors and shareholders who hold more than 10 percent of the shares

Note 2: Fill in whether it is acquisition or disposition

(3) Equity Pledge Information

Name (Note 1)	Reasons for change in pledge (Note 2)	Change date	Counterparties	Relationships between a counterparty and the company, its directors, supervisors and shareholders who hold more than 10 percent of the shares	Shares	Shareholding ratio	Pledge Ratio	Amount borrowed (redeemed)
None								

Note 1: Fill in the names of company directors, supervisors and shareholders who hold more than 10 percent of the shares.

Note 2: Fill in whether it is pledge or redemption.

(4) Information about the Shelf Registration system: None.

Three. Material Financial Information

1. Summary of the Balance Sheet and Statement of Comprehensive Income in the Last Five Years

(1). Information for the Balance Sheet

Item	Year	Financial data for the last five years				
		2018	2019	2020	2021	2022
Cash and Cash Equivalents		10,803,697	9,607,479	10,975,768	11,766,660	10,852,136
Accounts Receivable		1,882,445	1,843,051	1,857,006	1,945,038	1,598,331
Financial Assets and Loans		12,629,322	16,020,607	16,726,129	19,561,027	21,811,610
Reinsurance Contract Assets		5,607,158	5,840,010	7,781,387	8,246,645	7,530,740
Property, Plant, and Equipment		1,024,792	1,110,073	1,080,035	1,308,644	1,146,939
Right-of-Use Assets.		-	37,716	34,595	34,393	33,204
Intangible Assets		37,028	30,808	19,525	27,455	22,846
Other Assets		1,048,459	1,056,650	997,896	995,618	1,008,880
Total Assets		33,032,901	35,546,394	39,472,341	43,885,480	44,004,686
Accounts Payables		2,407,691	2,700,923	2,438,589	2,894,222	2,691,211
Various Financial Liabilities		-	-	3,831	-	249,174
Lease Liabilities		-	38,048	35,124	34,924	33,836
Insurance Liabilities and Financial Products Nature of Insurance Contract Preparation		19,610,448	20,509,924	23,224,171	25,067,097	25,503,894
Reserve for Liabilities		216,628	174,626	127,546	119,280	47,837
Others Liabilities		206,303	448,607	419,380	512,725	448,779
Total Liabilities	Before Distribution	22,441,070	23,872,128	26,248,641	28,628,248	28,974,731
	After Distribution	23,278,373	24,440,862	26,864,769	29,639,331	(Note 2)
Capital		3,159,633	3,159,633	3,159,633	3,159,633	3,159,633
Capital Surplus		64,777	64,777	64,800	64,800	64,800
Retained earnings	Before Distribution	6,912,281	7,633,951	8,702,181	10,337,062	11,370,341
	After Distribution	6,074,978	7,065,217	8,086,053	9,325,979	(Note 2)
Other Items in Equity		455,140	815,905	1,297,086	1,695,737	435,181
Total Equity	Before Distribution	10,591,831	11,674,266	13,223,700	15,257,232	15,029,955
	After Distribution	9,754,528	11,105,532	12,607,572	14,246,149	(Note 2)

Note 1: The above financial information has been prepared in accordance with the provisions of the Regulations Governing the Preparation of Financial Reports by Insurance Enterprises and IFRSs, and has been audited and attested to by a CPA.

Note 2: The year 2022 surplus distribution proposal has yet to be resolved by the shareholders' meeting.

(2.) Statement of Comprehensive Income

Item \ Year	Financial data for the last five years				
	2018	2019	2020	2021	2022
Operating Revenues	14,749,316	15,531,150	16,510,114	18,464,057	18,930,606
Operating Costs	(9,580,025)	(10,420,159)	(11,207,473)	(12,140,278)	(12,705,404)
Operating Expenses	(3,156,419)	(3,241,421)	(3,386,841)	(3,659,019)	(3,764,558)
Non-Operating Revenues and Expenses	3,356	21,323	13,844	(9,777)	13,172
Net Income Before Tax	2,016,228	1,890,893	1,929,644	2,654,983	2,473,816
Net Income After Tax	1,770,368	1,562,053	1,629,724	2,253,993	2,003,570
Other Comprehensive Income	(537,596)	357,685	488,421	395,667	(1,219,764)
Earnings Per Share (NT Dollar)	5.6	4.94	5.16	7.13	6.34

Note 1: The above financial information has been prepared in accordance with the provisions of the Regulations Governing the Preparation of Financial Reports by Insurance Enterprises and IFRSs, and has been audited and attested to by a CPA.

2 、 Analysis of Key Financial Ratios

Analysis Item (Note 2)		Year (Note 1)				
		Analysis of financial business indicators for the last five years				
		2018	2019	2020	2021	2022
Business Indicator	Direct premium revenues change rate	3.70%	7.98%	7.29%	8.36%	3.08%(1)
	Direct indemnity paid change rate	-17.08%	13.91%	7.12%	-0.17%	6.35%(2)
	Retained premium change rate	5.87%	8.57%	6.11%	10.40%	5.83%(3)
	Net worth ratio	32.06%	32.84%	33.50%	34.77%	34.16%
Profitability Indicator	Returns on assets	5.44%	4.56%	4.35%	5.41%	4.56%
	Return on equity	17.35%	14.03%	13.09%	15.83%	13.23%
	Net return of fund operations	3.29%	2.26%	2.39%	3.17%	1.54%(4)
	Return on investment	2.99%	2.05%	2.18%	2.91%	1.42%(4)
	General retained ratio	90.95%	91.58%	91.82%	88.95%	90.24%
	Retained expense ratio	36.96%	35.84%	35.47%	35.30%	34.75%
	Retained earned loss ratio	53.99%	55.74%	56.35%	53.65%	55.49%
Overall Operating Indicator	Retained premium to equity ratio	130.33%	128.38%	120.27%	115.08%	123.64%
	Gross premium to equity ratio	170.24%	166.26%	156.92%	147.34%	153.78%
	Net re-insurance commission to equity effect ratio	2.63%	2.37%	2.18%	1.64%	1.26%(5)
	Various insurance liabilities to equity ratios	185.15%	175.68%	175.63%	164.30%	169.69%
	Equity change ratio	7.93%	10.22%	13.27%	15.38%	-1.49%(6)
	Expense ratio	30.56%	29.77%	29.16%	29.16%	29.16%

Description of the changes in the indicators of financial operations in the past two years: Those with a ratio of increase/decrease reaching 20% are analyzed as follows:

- (1) Direct premium revenues change rate: Primarily due to the decrease in the growth of the signed premium revenues this year compared with last year.
- (2) Direct indemnity paid change rate: Primarily due to the increase in the direct indemnity paid this year compared with last year.
- (3) Retained premium change rate: Primarily due to the decrease in the growth of signed premium revenues this year compared with last year.
- (4) Net return of fund operations and return on investment: Primarily due to the decrease in the net investment gains for the year.
- (5) Net re-insurance commission to equity effect ratio: Primarily due to the decrease in re-insurance commission this year.
- (6) Equity change ratio: Primarily due to the decrease in equity due to the unrealized valuation losses of financial assets this year.

Note 1: The above financial information has been prepared in accordance with the provisions of the Regulations Governing the Preparation of Financial Reports by Insurance Enterprises and IFRSs, and has been audited and attested to by a CPA.

Note 2: The formulas for the analysis item are as follows:

1. Business indicator

- (1) Direct premium revenues change ratio = (accumulated amount of direct premium revenues in the current period - accumulated amount of direct premium revenues in the previous period) / accumulated amount of direct premium revenues in the previous period
["Direct insurance premium revenues" refers to the insurance premium revenues obtained by insurance companies from directly issuing insurance policies to the insured.]
- (2) Direct indemnity paid change ratio = (accumulated amount of direct indemnity paid in the current period - accumulated amount of direct indemnity paid in the previous period) / accumulated amount of direct indemnity paid in the previous period
[Direct Indemnity Paid: refers to indemnity paid as a result of an insured accident under a policy issued directly to the insured by the insurance company.]
- (3) Retained premium change ratio = (accumulated amount of retained premium in the current period - accumulated amount of retained premium in the previous period) / accumulated amount of retained premium in the previous period
[Retained premium = direct premium revenues + Reinsurance premium income - reinsurance premiums ceded]
- (4) Net worth ratio = equity / total assets excluding separate accounts for investment-linked insurance

2. Profitability Indicator

- (1) Return on assets = [net income after tax + interest expense × (1 - tax rate)] / average total assets
[Average total assets = (Opening assets + Closing assets)/2]
- (2) Return on equity = Profit or loss after tax / average equity
[Average equity = (Current period equity + Previous period equity)/2]
- (3) Net return of fund operations = (net investment income in current period + gain or loss on disposal of equity instruments at fair value through other comprehensive income in current period) / [(funds available at the beginning of the period + funds available at the end of the period - net investment income in current period - gain or loss on disposal of equity instruments at fair value through other comprehensive income in current period)/2]
- (4) Return on investment = (net investment income in current period + gain or loss on disposal of equity instruments at fair value through other comprehensive income in current period) / [(opening assets + closing assets - net investment income in current period - gain or loss on disposal of equity instruments at fair value through other comprehensive income in current period)/2]
- (5) General retained ratio = Retained expense ratio + Retained earned loss ratio
- (6) Retained expense ratio = Retained expense / Retained premium
[Retained premium = direct premium revenues + Reinsurance premium income - reinsurance premiums ceded]
[Retained expenses = Commission and underwriting fee expense + Re-insurance commission expense - Re-insurance commission income + Operating expenses + Administrative expenses + Depreciation and amortization of real estate for own use]

- (7) Retained earned loss ratio = Retained claims payments / retained earned premium revenues
[Retained claims payments = insurance claims and benefits - amortized re-insurance claims and benefits + net change in claims reserves]
[Retained earned premium revenues = Underwriting premium revenues + Reinsurance premium income - reinsurance premiums ceded - Unearned premium reserve net change]

3. Overall Operating Indicator

- (1) Retained premium to equity ratio = Retained premium / equity
- (2) Gross premium to equity ratio = (direct premium revenues + Reinsurance premium income) / equity
- (3) Net re-insurance commission to equity effect ratio = (unearned premium reserve / retained premium) x re-insurance commission income / equity
- (4) Various insurance liabilities to equity ratios = various insurance liabilities / equity
[Various insurance liabilities = special reserve + claims reserve + unearned policy reserve + various other reserves]
- (5) Equity change ratio = (current period equity-previous period equity) / absolute value of equity in the previous year
- (6) Expense ratio = Expense / (direct premium revenues + Reinsurance premium income)
[Expenses = commission and underwriting expenses + operating expenses + administrative expenses + depreciation and amortization of real estate for own use + re-insurance commission expenses]
3. Other important information sufficient to enhance the understanding of financial position, financial performance and cash flow or its changing trends: None.

Four 、 Review and Analysis of Financial Position and Financial Performance

1 、 Comparative Analysis of Financial Position

Item	Year	2022	2021	Difference	
				Amount	%
Cash and Cash Equivalents		10,852,136	11,766,660	(914,524)	(7.77)
Accounts Receivable		1,598,331	1,945,038	(346,707)	(17.83)
Financial Assets and Loans		21,811,610	19,561,027	2,250,583	11.51
Reinsurance Contract Assets		7,530,740	8,246,645	(715,905)	(8.68)
Property, Plant, and Equipment		1,146,939	1,308,644	(161,705)	(12.36)
Right-of-Use Assets.		33,204	34,393	(1,189)	(3.46)
Intangible Assets		22,846	27,455	(4,609)	(16.79)
Other Assets		1,008,880	995,618	13,262	1.33
Total Assets		44,004,686	43,885,480	119,206	0.27
Accounts Payables		2,691,211	2,894,222	(203,011)	(7.01)
Various Financial Liabilities		249,174	-	249,174	100.00
Lease Liabilities		33,836	34,924	(1,088)	(3.12)
Insurance Liabilities and Financial Products Nature of Insurance Contract Preparation		25,503,894	25,067,097	436,797	1.74
Reserve for Liabilities		47,837	119,280	(71,443)	(59.90)
Others Liabilities		448,779	512,725	(63,946)	(12.47)
Total Liabilities		28,974,731	28,628,248	346,483	1.21
Capital		3,159,633	3,159,633	-	-
Capital Surplus		64,800	64,800	-	-
Retained Earnings		11,370,341	10,337,062	1,033,279	10.00
Other Items in Equity		435,181	1,695,737	(1,260,556)	(74.34)
Total Equity		15,029,955	15,257,232	(227,277)	(1.49)
<p>Those with a ratio of increase or decrease reaching 20% and above with the amount of change reaching NT\$10 million are analyzed as follows:</p> <ol style="list-style-type: none"> 1. Various Financial Liabilities: Primarily due to the valuation loss of derivative financial instruments in the current period. 2. Reserve for Liabilities: Primarily due to the decrease in reserve for employee benefit liabilities. 3. Other Items in Equity: Primarily due to the increase in the unrealized valuation losses of financial assets. 					

2、 Financial Performance Analysis

Item	Year			Increase (decrease) amount	Change ratio
		2022	2021		
Operating Revenues		18,930,606	18,464,057	466,549	2.53%
Operating Costs		(12,705,404)	(12,140,278)	(565,126)	4.65%
Operating Expenses		(3,764,558)	(3,659,019)	(105,539)	2.88%
Net Operating Income		2,460,644	2,664,760	(204,116)	-7.66%
Non-operating revenues and expenses		13,172	(9,777)	22,949	-234.72%
Income from Continuing Operations Before Tax		2,473,816	2,654,983	(181,167)	-6.82%
Tax Expense		(470,246)	(400,990)	(69,256)	17.27%
Income from Continuing Operations After Tax		2,003,570	2,253,993	(250,423)	-11.11%
Those with a ratio of increase or decrease reaching 10% and above are analyzed as follows:					
1. Non-operating revenues and expenses: Primarily due to the recognition of the impairment losses of non-financial assets last year.					
2. Income tax: Primarily due to the decrease in net investment gains/losses and in deferred tax assets this year.					
3. Income from Continuing Operations After Tax: Primarily due to the decrease in net investment gains/losses and the increase in tax expense.					

Five、 CPA information：

1、 Information on Accountants' fees

Firm Accountant	Name of Accountant	Audit Period	Audit Fee	Non- Audit Fee	Total	Note
Ernst & Young	Hsu Daniel	2022.01.01~ 2022.12.31	2,380	19,107	21,487	The Non-Audit Fees include the Tax Compliance Audit、Risk-Based Capital Review and Audit、Internal Control System Audit、Taiwan Insurance Stability Fund appropriation amount review, and Projects Consulting Service fee.
	Chang Bob					

- (1) Alter the CPA Firm and the audit fee in altering year is less than that in the previous year：None
(2) The Audit Fee is reduced by over 10% compared with the previous year：None。

2、 Alternation of CPA：

(1) Information on former CPA

Alternation date	Alternation since the first quarter of 2022			Alternation since the first quarter of 2023				
Alternation reason and explanation	Due to the rotation of internal positions in accounting firm			Due to the rotation of internal positions in accounting firm				
Whether it is the client or CPA who terminates or declines engagement	Party		CPA	Client	Party		CPA	Client
	Situation				Situation			
	Voluntary termination of engagement		V		Voluntary termination of engagement		V	
No longer accepting (continuing) engagement				No longer accepting (continuing) engagement				
Opinions and reasons for audit reports other than unqualified opinions issued in the last two years	None			None				
Whether there is any different opinion from the insurance enterprises	Yes		Accounting principles or practices	Yes		Accounting principles or practices		
			Disclosure of financial reports			Disclosure of financial reports		
			Audit scope or steps			Audit scope or steps		
			Others			Others		
	No	V		No	V			
Explanation			Explanation					
Other disclosure (In accordance with Item (1) D of Subparagraph 2 of Article 24 of Regulations Governing the Preparation of Financial Reports by Insurance Enterprises)	None			None				

(2) Information on successor CPA

Firm Accountant	Ernst & Young	Ernst & Young
Name of CPA	Hsu Daniel, Chang Bob	Hsu Daniel, James Huang
Date of engagement	Alternation since the first quarter of 2022	Alternation since the first quarter of 2023
Consultation and results of accounting treatments or accounting principles for specific transactions and possible opinions of financial reports before engagement	None	None
Written opinion of the successor CPA on matters with different opinions from the predecessor CPA	None	None

(3) Reply letter from the former CPA with regards to the matters regulated in Item (1) and Item (2) C of Subparagraph 2 of Article 24 of Regulations Governing the Preparation of Financial Reports by Insurance Enterprises: Not applicable due to an internal business adjustment of the firm.