

UNION INSURANCE CO., LTD.**Financial Statements**

**With Independent Auditors' Review Report
For the Three Months Ended March 31, 2023 and 2022**

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The independent auditors' review report and the accompanying financial statements are the English translation of the Chinese version prepared and used in the Republic of China. If there is any conflict between, or any difference in the interpretation of the English and Chinese language independent auditors' review report and financial statements, the Chinese version shall prevail.

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Independent Auditors' Review Report

To the Board of Directors of Union Insurance Co., LTD.:

Introduction

We have reviewed the accompanying balance sheets of Union Insurance Co., LTD. as of March 31, 2023 and 2022, and the related statements of comprehensive income, changes in equity and cash flows for the three months ended March 31, 2023 and 2022, and notes to the financial statements, including a summary of significant accounting policies. Management is responsible for the preparation and fair presentation of the financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Insurance Enterprises and International Accounting Standard 34, "Interim Financial Reporting" endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China. Our responsibility is to express a conclusion on the financial statements based on our reviews.

Scope of Review

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

Conclusion

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



The engagement partners on the reviews resulting in this independent auditors' review report are WU, CHENG YEN and TSAI, PEI JU.

KPMG

Taipei, Taiwan (Republic of China)
April 27, 2023

Notes to Readers

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

The independent auditors' review report and the accompanying financial statements are the English translation of the Chinese version prepared and used in the Republic of China. If there is any conflict between, or any difference in the interpretation of the English and Chinese language independent auditors' review report and financial statements, the Chinese version shall prevail.

(English Translation of Financial Statements Originally Issued in Chinese)
Reviewed only, not audited in accordance with Standards on Auditing as of March 31, 2023 and 2022

UNION INSURANCE CO., LTD.

Balance Sheets

March 31, 2023, December 31, 2022, and March 31, 2022

(Expressed in Thousands of New Taiwan Dollars)

	March 31, 2023		December 31, 2022		March 31, 2022			March 31, 2023		December 31, 2022		March 31, 2022	
	Amount	%	Amount	%	Amount	%		Amount	%	Amount	%	Amount	%
Assets							Liabilities and Equity						
11000 Cash and cash equivalents (note 6(a))	\$ 3,271,040	17	3,067,290	17	3,320,016	17	21000 Accounts payable (note 6(b) and (e))	\$ 1,144,178	6	1,167,305	7	1,322,819	7
12000 Receivables (note 6(b))	819,562	4	615,306	3	868,361	5	21700 Current tax liabilities	-	-	-	-	126,315	1
12600 Current tax assets	10,408	-	7,234	-	-	-	24000 Insurance liabilities (note 6(n))	12,720,367	66	12,124,121	66	11,288,678	59
14110 Financial assets at fair value through profit or loss (note 6(f))	1,162,559	6	802,477	4	1,756,178	9	27000 Provisions	110,138	1	110,113	1	163,670	1
14190 Financial assets at fair value through other comprehensive income (note 6(f))	2,281,990	12	2,140,676	12	2,087,554	11	23800 Lease liabilities (note 6(j))	25,485	-	11,931	-	19,391	-
14145 Financial assets at amortized cost (note 6(f))	2,461,507	13	2,733,848	15	1,790,456	9	28000 Deferred tax liabilities	63,920	-	63,920	-	63,920	-
14180 Other financial assets, net (note 6(f))	1,711,800	9	1,622,875	9	2,384,120	12	25000 Other liabilities	20,518	-	19,368	-	15,547	-
16700 Right-of-use assets (note 6(i))	25,345	-	11,796	-	19,242	-	Total liabilities	<u>14,084,606</u>	<u>73</u>	<u>13,496,758</u>	<u>74</u>	<u>13,000,340</u>	<u>68</u>
14200 Investment property (note 6(g))	850,492	4	851,695	5	855,305	5	Equity						
15000 Reinsurance assets (note 6(c))	4,506,364	24	4,252,018	23	3,910,298	20	31100 Ordinary share (note 6(p))	2,236,080	12	2,236,080	12	2,236,080	12
16000 Property and equipment (note 6(h))	1,286,078	7	1,292,268	7	1,258,789	7	33100 Legal reserve (note 6(p))	1,004,854	5	1,004,854	5	854,366	4
17000 Intangible assets	157,595	1	113,373	1	115,668	1	33200 Special reserve (note 6(n) and (p))	2,750,537	15	2,750,537	15	2,459,890	13
18000 Other assets	643,857	3	790,755	4	797,625	4	33300 Unappropriated retained earnings (note 6(p))	(921,508)	(5)	(1,120,584)	(6)	526,297	3
							34210 Revaluation gains (losses) on investments in equity instruments measured at fair value through other comprehensive income	34,028	-	(66,034)	-	86,639	-
Total assets	<u>\$ 19,188,597</u>	<u>100</u>	<u>18,301,611</u>	<u>100</u>	<u>19,163,612</u>	<u>100</u>	Total equity	<u>5,103,991</u>	<u>27</u>	<u>4,804,853</u>	<u>26</u>	<u>6,163,272</u>	<u>32</u>
							Total liabilities and equity	<u>\$ 19,188,597</u>	<u>100</u>	<u>18,301,611</u>	<u>100</u>	<u>19,163,612</u>	<u>100</u>

(English Translation of Financial Statements Originally Issued in Chinese)
Reviewed only, not audited in accordance with Standards on Auditing

UNION INSURANCE CO., LTD.

Statements of Comprehensive Income

For the and three months ended March 31, 2023 and 2022

(Expressed in Thousands of New Taiwan Dollars , Except for Earnings Per Share)

		For the three months ended March 31,			
		2023		2022	
		Amount	%	Amount	%
41000	Operating revenue:				
41110	Written premium	\$ 3,138,577	133	2,821,425	139
41120	Reinsurance premium	142,977	6	119,229	6
41100	Premium	3,281,554	139	2,940,654	145
51100	Less: Reinsurance expense	837,717	35	701,167	34
51310	Net change in unearned premiums reserve	364,884	16	219,927	11
41130	Retained earned premium	2,078,953	88	2,019,560	100
41300	Reinsurance commission received	159,513	7	115,185	6
41500	Net income (loss) from investments				
41510	Interest income	29,275	1	17,507	1
41521	Gain (losses) on financial assets at fair value through profit or loss	95,088	4	(136,095)	(7)
41550	Foreign exchange gains (losses), investments	(506)	-	6	-
41570	Gains (losses) on investment property	7,764	-	7,475	-
41585	Expected credit losses or reversal of expected credit losses of investments (note 6(f))	(4,454)	-	10	-
41800	Other operating income	2,975	-	5,157	-
	Total operating revenue	2,368,608	100	2,028,805	100
51000	Operating costs:				
51200	Insurance claim payment	1,608,669	68	1,367,512	67
41200	Less: Claims recovered from reinsurers	388,678	16	391,485	19
51260	Retained claim payment	1,219,991	52	976,027	48
51300	Net change in other insurance liability (note6(n))				
51320	Net change in claim reserve	141,097	6	81,292	4
51340	Net change in special claim reserve	1,344	-	27,771	2
51350	Net change in premium deficiency reserve	(222,659)	(9)	-	-
51500	Commission expense	495,944	21	460,432	23
51800	Other operating costs	6,218	-	9,515	-
51700	Finance costs	1,619	-	2,005	-
	Total operating costs	1,643,554	70	1,557,042	77
58000	Operating expenses:				
58100	General expenses	427,470	18	423,179	21
58200	Administrative expenses	96,828	4	86,231	4
58300	Staff training expenses	223	-	153	-
58400	Expected credit losses or reversal of expected credit losses of non-investments (note 6(b))	3,138	-	2,227	-
	Total operating expenses	527,659	22	511,790	25
	Net operating (loss) income	197,395	8	(40,027)	(2)
59000	Non-operating income and expenses	1,681	-	2,254	-
62000	Net (loss) income before income tax	199,076	8	(37,773)	(2)
63000	Less: Income tax (income) expenses (note6(o))	-	-	24,275	1
	Net (Loss) Income	199,076	8	(62,048)	(3)
83000	Other comprehensive income:				
83100	Components of other comprehensive income that will not be reclassified to profit or loss				
83190	Unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income	100,062	4	7,155	-
	Components of other comprehensive income that will not be reclassified to profit or loss	100,062	4	7,155	-
83000	Other comprehensive income (after tax)	100,062	4	7,155	-
	Total comprehensive income	\$ 299,138	12	(54,893)	(3)
97500	Basic (loss) earnings per share (note 6(q))	\$ 0.89		(0.28)	
98500	Diluted (loss) earnings per share (note 6(q))	\$ 0.89		(0.28)	

See accompanying notes to financial statements.

(English Translation of Financial Statements Originally Issued in Chinese)
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UNION INSURANCE CO., LTD.

Statements of Changes in Equity

For the three months ended March 31, 2023 and 2022

(Expressed in Thousands of New Taiwan Dollars)

	Share capital		Retained earnings		Other equity	Total equity
	Ordinary shares	Legal reserve	Special reserve	Unappropriated retained earnings	Unrealized gains (losses) on financial assets measured at fair value through other comprehensive income	
Balance at January 1, 2022	\$ 2,236,080	854,366	2,459,890	811,953	79,484	6,441,773
Net loss	-	-	-	(62,048)	-	(62,048)
Other comprehensive income	-	-	-	-	7,155	7,155
Total comprehensive income	-	-	-	(62,048)	7,155	(54,893)
Appropriation and distribution of retained earnings:						
Cash dividends of ordinary share	-	-	-	(223,608)	-	(223,608)
Balance at March 31, 2022	\$ 2,236,080	854,366	2,459,890	526,297	86,639	6,163,272
Balance at January 1, 2023	\$ 2,236,080	1,004,854	2,750,537	(1,120,584)	(66,034)	4,804,853
Net Income	-	-	-	199,076	-	199,076
Other comprehensive income	-	-	-	-	100,062	100,062
Total comprehensive income	-	-	-	199,076	100,062	299,138
Balance at March 31, 2023	\$ 2,236,080	1,004,854	2,750,537	(921,508)	34,028	5,103,991

See accompanying notes to financial statements.

(English Translation of Financial Statements Originally Issued in Chinese)
Reviewed only, not audited in accordance with Standards on Auditing

UNION INSURANCE CO., LTD.

Statements of Cash Flows

For the three months ended March 31, 2023 and 2022

(Expressed in Thousands of New Taiwan Dollars)

	For the three months ended March 31,	
	2023	2022
Cash flows from (used in) operating activities:		
Net (loss) income before income tax	\$ 199,076	(37,773)
Adjustments:		
Adjustments to reconcile profit (loss):		
Depreciation expense	13,258	13,155
Amortization expense	5,182	4,314
Net loss (gain) on financial assets or liabilities at fair value through profit or loss	(94,588)	138,923
Interest expense	1,619	2,005
Interest income	(29,275)	(17,507)
Dividend income	(500)	(2,828)
Net change in insurance liabilities	596,721	330,796
Net change in other provisions	25	(15,407)
(Reversal of) expected credit loss of investments	4,454	(10)
Expected credit loss of non-investments	3,138	2,227
Total adjustments to reconcile profit (loss)	<u>500,034</u>	<u>455,668</u>
Changes in operating assets and liabilities:		
Changes in operating assets:		
Increase in notes receivable	(7,568)	(27,335)
Increase in premiums receivable	(195,031)	(117,237)
Increase in other receivables	(9,500)	(38,751)
Increase in financial assets at fair value through profit or loss	(265,494)	(15,742)
Increase in financial assets at fair value through other comprehensive income	(41,252)	-
Decrease (increase) in financial assets at amortized cost	300,000	(394,501)
(Increase) decrease in other financial assets	(88,925)	43,300
Increase in reinsurance assets	(254,346)	(50,281)
Increase in current tax assets	(3,174)	-
Decrease (increase) in other assets	88,605	(3,513)
Total changes in operating assets	<u>(476,685)</u>	<u>(604,060)</u>
Changes in operating liabilities:		
Decrease in other payable	(23,127)	(138,474)
Increase (decrease) in other liabilities	1,150	(3,268)
Total changes in operating liabilities	<u>(21,977)</u>	<u>(141,742)</u>
Cash inflow (outflow) generated from (used in) operations	200,448	(327,907)
Interest received	33,915	11,959
Dividends received	559	2,179
Interest paid	(1,619)	(2,005)
Income taxes paid	-	(896)
Net Cash flows from (used in) operating activities	<u>233,303</u>	<u>(316,670)</u>
Cash flows from (used in) investing activities:		
Increase in prepayments	(13,693)	(2,880)
Acquisition of property and equipment	(1,687)	(4,622)
Acquisition of intangible assets	(10,000)	-
Net cash flows used in investing activities	<u>(25,380)</u>	<u>(7,502)</u>
Cash flows from (used in) financing activities:		
Payment of lease liabilities	(4,173)	(4,039)
Net cash flows used in financing activities	<u>(4,173)</u>	<u>(4,039)</u>
Net increase (decrease) in cash and cash equivalents	203,750	(328,211)
Cash and cash equivalents at beginning of period	<u>3,067,290</u>	<u>3,648,227</u>
Cash and cash equivalents at end of period	<u>\$ 3,271,040</u>	<u>3,320,016</u>

See accompanying notes to financial statements.

(English Translation of Financial Statements Originally Issued in Chinese)
Reviewed only, not audited in accordance with Standards on Auditing as of March 31, 2023 and 2022

UNION INSURANCE CO., LTD.

Notes to the Financial Statements

For the three months ended March 31, 2023 and 2022

(Expressed in Thousands of New Taiwan Dollars, Unless Otherwise Specified)

(1) Company history

UNION INSURANCE CO., LTD. (the “Company”) was founded on February 20, 1963 and registered under the Ministry of Economic Affairs, R.O.C. The address of the Company’s registered office is 12th Floor, No. 219, Sec. 4, Zhongxiao E. Road, Taipei, Taiwan, R.O.C. The Company are primarily engaged in underwriting of fire, marine, automobile, engineering, liability and accident insurance, reinsurance, insurance businesses entrusted by other companies, performing a variety of investments and other businesses in accordance with the regulations.

(2) Approval date and procedures of the financial statements:

These financial reports were approved and announced by the Board of Directors on April 27, 2023.

(3) New standards, amendments and interpretations adopted:

- (a) The impact of the International Financial Reporting Standards (“IFRSs”) endorsed by the Financial Supervisory Commission, R.O.C. which have already been adopted.

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

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

(Continued)

UNION INSURANCE CO., LTD.
Notes to the Financial Statements

- (b) The impact of IFRS issued by IASB but not yet endorsed by the FSC

The following new and amended standards, which may be relevant to the Company, have been issued by the International Accounting Standards Board (IASB), but have yet to be endorsed by the FSC:

<u>Standards or Interpretations</u>	<u>Content of amendment</u>	<u>Effective date per IASB</u>
IFRS 17 “Insurance Contracts”	<p>The new standard of accounting for insurance contracts contain recognition, measurement, presentation and disclosure of insurance contracts issued, and the main amendments are as follows:</p> <ul style="list-style-type: none"> ● Recognition: an entity recognizes a group of insurance contracts that it issues from the earliest of : <ul style="list-style-type: none"> - the beginning of the coverage period of the group of contracts; - the date when the first payment from a policyholder in the group because due; and - for a group of onerous contracts, when the group becomes onerous, if facts and circumstances indicate that there is such a group. ● Measurement: on initial recognition, an entity shall measure a group of insurance contracts at the total of the fulfilment cash flows and the contractual service margin. For subsequent measurement, the entity shall estimate the cash flows, discount rates and the adjustment for non-financial risk. ● Presentation and disclosure: the presentation of insurance revenue is based on the provision of service pattern and investment components excluded from insurance revenue. 	January 1, 2023

(Continued)

UNION INSURANCE CO., LTD.
Notes to the Financial Statements

Standards or Interpretations	Content of amendment	Effective date per IASB
Amendments to IFRS 17 “Insurance Contracts”	The fundamental principles introduced when the Board first issued IFRS 17 in May 2017 remain unaffected. The amendments are designed to: <ul style="list-style-type: none"> ● reduce costs by simplifying some requirements in the Standard; ● make financial performance easier to explain; and ● ease transition by deferring the effective date of the Standard to 2023 and by providing additional relief to reduce the effort required when applying IFRS 17 for the first time. 	January 1, 2023
Amendments to IFRS 17 “Initial Application of IFRS 17 and IFRS 9 – Comparative Information “	The amendment adds a new transition option to IFRS 17 (the ‘ classification overlay’) to alleviate accounting mismatches in comparative information between insurance contract liabilities and related financial assets on the initial application of IFRS 17. It allows presentation of comparative information about financial assets to be presented in a manner that is more consistent with IFRS 9 Financial Instruments.	January 1, 2023

The Company is evaluating the impact of its initial adoption of the abovementioned standards or interpretations on its consolidated financial position and financial performance. The results thereof will be disclosed when the Company completes its evaluation.

The Company does not expect the following other new and amended standards, which have yet to be endorsed by the FSC, to have a significant impact on its financial statements:

- Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets Between an Investor and Its Associate or Joint Venture”
- Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”
- Amendments to IAS 1 “Non-current Liabilities with Covenants”
- IFRS16 “Requirements for Sale and Leaseback Transactions”

(Continued)

UNION INSURANCE CO., LTD.
Notes to the Financial Statements

(4) Summary of significant accounting policies:

The significant accounting policies presented in the financial statements are summarized as follows. Unless otherwise indicated, the significant accounting policies have been applied consistently to all periods presented in these financial statements.

(a) Statement of compliance

These financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Insurance Companies and guidelines of IAS 34 “Interim Financial Reporting” which are endorsed and issued into effect by FSC, and do not include all of the information required by the Regulations and International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations and SIC Interpretations endorsed and issued into effect by the FSC (hereinafter referred to IFRS endorsed by the FSC) for a complete set of the annual financial statements.

Except the following accounting policies mentioned below, the significant accounting policies adopted in the financial statements are the same as those in the financial statement for the year ended December 31, 2022. For the related information, please refer to note 4 of the financial statements for the year ended December 31, 2022.

(b) Income taxes

The income tax expenses have been prepared and disclosed in accordance with paragraph B12 of International Financial Reporting Standards 34, Interim Reporting.

Income tax expenses for the period are best estimated by multiplying pre-tax income for the interim reporting period using the effective annual tax rate as forecasted by the management. This should be recognized fully as tax expense for the current period.

Temporary differences between the carrying amount of assets and liabilities for financial reporting purposes and their respective tax bases shall be measured based on the tax rates that have been enacted or substantively enacted at the time of the asset or liability is recovered or settled and recognized directly in equity or other comprehensive income as tax expense.

(c) Employee benefits

The pension cost in the interim period is calculated on a year-to-date basis by using the actuarially determined pension cost rate at the end of the prior fiscal year, adjusted for subsequent significant market fluctuations and for significant workforce reduction, settlements, or other significant one-off events.

(5) Significant accounting assumptions and judgments, and major sources of estimation uncertainty:

The preparation of the financial statements in conformity with the Regulations Governing the Preparation of Financial Reports and IAS 34 “Interim Financial Reporting” which are endorsed and issued into effect by FSC requires management to make judgments, estimates and assumptions that affect the application of the accounting policies and the reported amount of assets, liabilities, income and expenses. Actual results may differ from these estimates.

(Continued)

UNION INSURANCE CO., LTD.
Notes to the Financial Statements

In these financial statements, judgments and key sources of estimation uncertainty used by management in the application of critical accounting policies are expected to be consistent with those of Note 5 of the financial statements for the year ended December 31, 2022.

The management continues to monitor the accounting estimates and assumptions. The management recognizes any changes in accounting estimates during the period and the impact of those changes in accounting estimates in the following period.

(6) Explanation of significant accounts:

Except for the following disclosures, there were no material differences in the disclosures of significant accounts between the financial statements for the current period and the 2022 financial statements. Please refer to Note 6 of the 2022 annual financial statements.

(a) Cash and cash equivalents

	<u>March 31, 2023</u>	<u>December 31, 2022</u>	<u>March 31, 2022</u>
Cash on hand	\$ 93	332	438
Petty cash	13,010	13,010	13,010
Cash in bank	2,353,144	2,353,282	2,401,234
Bonds purchased under resale agreements	904,793	700,666	905,334
Total	<u>\$ 3,271,040</u>	<u>3,067,290</u>	<u>3,320,016</u>

(b) Receivables and Payables

(i) Receivables

<u>Item</u>	<u>March 31, 2023</u>	<u>December 31, 2022</u>	<u>March 31, 2022</u>
Notes receivable	\$ 288,243	280,811	273,355
Premiums receivable	377,519	185,270	408,867
Other receivables	153,800	149,225	186,139
Total	<u>\$ 819,562</u>	<u>615,306</u>	<u>868,361</u>

(ii) Payables

<u>Item</u>	<u>March 31, 2023</u>	<u>December 31, 2022</u>	<u>March 31, 2022</u>
Commission payable	\$ 224,591	178,341	202,209
Due to ceding companies	209,519	42,429	268,719
Reinsurance premium payable	425,878	553,943	345,096
Reinsurance commission payable	271	2,147	1,107
Insurance claims payable	26,530	10,083	17,592
Other payables	257,389	380,362	488,096
Total	<u>\$ 1,144,178</u>	<u>1,167,305</u>	<u>1,322,819</u>

(Continued)

UNION INSURANCE CO., LTD.
Notes to the Financial Statements

(iii) Receivables of insurance contracts

<u>Item</u>	<u>March 31, 2023</u>	<u>December 31, 2022</u>	<u>March 31, 2022</u>
Notes receivable	\$ 288,612	281,043	274,866
Less : Loss allowance	(369)	(232)	(1,511)
Total	<u>\$ 288,243</u>	<u>280,811</u>	<u>273,355</u>

<u>Item</u>	<u>March 31, 2023</u>	<u>December 31, 2022</u>	<u>March 31, 2022</u>
Premiums receivable			
Fire insurance	\$ 39,722	28,194	71,968
Marine insurance	55,672	25,106	55,675
Hull and fishing vessel insurance	7,546	3,634	10,217
Other accident insurance	161,937	69,272	162,533
Compulsory pure premium	6,892	9,395	9,342
Voluntary automobile insurance	18,068	7,816	39,485
Compulsory automobile liability insurance	3,058	4,429	3,933
Overdue receivables	91,915	41,934	60,842
Subtotal	384,810	189,780	413,995
Less : Loss allowance	(7,291)	(4,510)	(5,128)
Total	<u>\$ 377,519</u>	<u>185,270</u>	<u>408,867</u>

(iv) Other receivables

<u>Item</u>	<u>March 31, 2023</u>	<u>December 31, 2022</u>	<u>March 31, 2022</u>
Other receivables	\$ 193,633	188,838	221,546
Less : Loss allowance	(39,833)	(39,613)	(35,407)
Total	<u>\$ 153,800</u>	<u>149,225</u>	<u>186,139</u>

(Continued)

UNION INSURANCE CO., LTD.
Notes to the Financial Statements

As of March 31, 2023, December 31 and March 31, 2022, the overdue receivables in notes receivable, premiums receivable and other receivables were \$130,758, \$80,181 and \$96,653, which provisioned the loss allowance \$47,493, \$44,355 and \$42,046, respectively. The movements of the loss allowance for receivables were as follows:

	For the three months ended March 31,	
	2023	2022
Beginning balance	\$ 44,355	39,819
Loss recognized	3,138	2,227
Ending balance	<u>\$ 47,493</u>	<u>42,046</u>

On August 25, 2022, the Company's Board of Directors has passed a resolution to write off \$496 of notes receivable and \$90 of premiums receivable which are uncollectible.

The Company's aging analysis of receivables was as follows:

	March 31, 2023	December 31, 2022	March 31, 2022
Under 90 days	\$ 813,355	606,545	842,417
91~270 days	19,362	19,489	36,635
More than 271 days	34,338	33,627	31,355

The estimate of expected credit losses of the Company's receivables please refer to Note 6(u).

(v) Payables of insurance contracts

Item	March 31, 2023	December 31, 2022	March 31, 2022
Commission payable	<u>\$ 224,591</u>	<u>178,341</u>	<u>202,209</u>

(c) Reinsurance assets

	March 31, 2023	December 31, 2022	March 31, 2022
Claims recoverable from reinsurers (Note 6(d))	\$ 216,051	242,912	256,116
Due from reinsurers and ceding companies – net (Note 6(e))	371,633	402,481	286,027
Reinsurance reserve assets (Note 6(n))			
Ceded unearned premiums reserve	1,658,189	1,621,156	1,705,057
Ceded claim reserve	2,166,264	1,927,315	1,663,098
Ceded premium deficiency reserve	94,227	58,154	-
Total	<u>\$ 4,506,364</u>	<u>4,252,018</u>	<u>3,910,298</u>

(Continued)

UNION INSURANCE CO., LTD.
Notes to the Financial Statements

(d) Claims recoverable from reinsurers

<u>Item</u>	<u>March 31, 2023</u>	<u>December 31, 2022</u>	<u>March 31, 2022</u>
Fire insurance	\$ 9,200	10,845	7,276
Marine insurance	1,131	1,748	1,445
Land and air insurance	21	3	79
Liability insurance	49,877	63,887	65,362
Surety insurance	145	67	(1,756)
Other property insurance	83,572	97,598	126,092
Accident insurance	10,032	9,227	12,874
Health insurance	2,990	2,456	2,352
Compulsory automobile liability insurance	59,066	57,057	42,340
Overdue receivables	17	24	52
Less : Loss allowance	-	-	-
Total	\$ 216,051	242,912	256,116

(e) Due from (to) reinsurers and ceding companies

(i) Receivables of insurance contracts

<u>Item</u>	<u>March 31, 2023</u>	<u>December 31, 2022</u>	<u>March 31, 2022</u>
Due from ceding companies	\$ 109,891	227,864	112,597
Reinsurance premium receivable	91,032	66,208	64,043
Reinsurance commission receivable	140,565	76,822	103,619
Overdue receivables	30,145	31,587	5,768
Subtotal	371,633	402,481	286,027
Less : Loss allowance	-	-	-
Total	\$ 371,633	402,481	286,027

(Continued)

UNION INSURANCE CO., LTD.
Notes to the Financial Statements

(ii) Payables of insurance contracts

<u>Item</u>	<u>March 31, 2023</u>	<u>December 31, 2022</u>	<u>March 31, 2022</u>
Due to ceding companies	\$ 209,519	42,429	268,719
Reinsurance premium payable	425,878	553,943	345,096
Reinsurance commission payable	271	2,147	1,107
Total	<u>\$ 635,668</u>	<u>598,519</u>	<u>614,922</u>

(f) Financial assets

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

	<u>March 31, 2023</u>	<u>December 31, 2022</u>	<u>March 31, 2022</u>
Financial assets mandatorily measured at fair value through profit or loss:			
Beneficiary certificate	\$ 131,002	23,876	219,403
Real estate investment trust beneficiary certificate	332,077	341,911	362,902
Domestic listed stocks and OTC stocks	<u>699,480</u>	<u>436,690</u>	<u>1,173,873</u>
Total	<u>\$ 1,162,559</u>	<u>802,477</u>	<u>1,756,178</u>

Sensitivity analysis - the risk of equity price:

If there is an increase in the securities' price of 1% on the reporting date (assume that all other variables remain the same), the impact on comprehensive income for the three months ended March 31, 2023 and 2022 will increase \$11,626 and \$17,562, respectively. Conversely, if there is a decrease in the securities' price of 1% on the reporting date based on all other variables remain the same, there will be the same amount but opposite direction of influence.

(ii) Financial assets at fair value through other comprehensive income

	<u>March 31, 2023</u>	<u>December 31, 2022</u>	<u>March 31, 2022</u>
Equity investments at fair value through other comprehensive income:			
Domestic listed stocks and OTC stocks	\$ 2,266,884	2,125,500	2,072,014
Domestic unlisted stocks	<u>15,106</u>	<u>15,176</u>	<u>15,540</u>
Total	<u>\$ 2,281,990</u>	<u>2,140,676</u>	<u>2,087,554</u>

(Continued)

UNION INSURANCE CO., LTD.
Notes to the Financial Statements

The Company designated the investments shown above as equity securities at fair value through other comprehensive income because these equity securities represented those investments that the Company intended to hold not for trading purposes.

During the three months then ended March 31, 2023 and 2022, no dividend income was recognized for equity investments measured at fair value through other comprehensive income held at the three months then ended, respectively; no dividend income was recognized for equity investments derecognized during the three months then ended March 31, 2023 and 2022, respectively.

Sensitivity analysis-the risk of equity price:

If there is an increase in the securities' price of 1% on the reporting date (assume that all other variables remain the same), the impact on comprehensive income for the three months ended March 31, 2023 and 2022 will increase \$22,820 and \$20,876, respectively. Conversely, if there is a decrease in the securities' price of 1% on the reporting date based on all other variables remain the same, there will be the same amount but opposite direction of influence.

(iii) Financial assets at amortized cost

	March 31, 2023	December 31, 2022	March 31, 2022
Government bonds	\$ 615,053	915,046	964,770
Financial bonds	1,300,000	1,300,000	300,000
Corporate bonds	<u>950,000</u>	<u>950,000</u>	<u>950,000</u>
Subtotal	2,865,053	3,165,046	2,214,770
Less: Security deposits	(397,986)	(430,092)	(423,670)
Loss allowance	<u>(5,560)</u>	<u>(1,106)</u>	<u>(644)</u>
Total	<u><u>\$ 2,461,507</u></u>	<u><u>2,733,848</u></u>	<u><u>1,790,456</u></u>

- 1) The Company assessed financial assets that are held to maturity in order to collect contractual cash flows, which are solely payments of principal and interest on the principal amount outstanding. Therefore, these financial assets were classified as measured at amortized cost.
- 2) Please refer to Note 6(u) for further information of credit risk and the movement in the loss allowance of financial assets measured at amortized cost.
- 3) The Company's financial assets measured at amortized cost had been pledged partially, please refer to Note 8.

(Continued)

UNION INSURANCE CO., LTD.
Notes to the Financial Statements

- 4) The Company assessed the impairment of financial asset for the three months ended March 31, 2023 and 2022, the amounts of the expected credit loss recognized (reversal of credit loss) were as follows:

	For the three months ended March 31,	
	2023	2022
Beginning balance	\$ 1,106	654
(Reversal of) loss recognized	4,454	(10)
Ending balance	\$ 5,560	644

- (iv) Other financial assets, net:

	March 31, 2023	December 31, 2022	March 31, 2022
Time deposits—initial maturity date over than three months	\$ 1,758,800	1,789,875	2,551,120
Less: Security deposits	(47,000)	(167,000)	(167,000)
Total	\$ 1,711,800	1,622,875	2,384,120

The Company's time deposits were provided as pledged assets and were reclassified to refundable deposits, please refer to Note 8 for further information.

- (v) Capital outsourcing information

As of March 31, 2023, December 31 and March 31, 2022, the Company had outsourced to Securities Investment Trust to manage investment project and capital amount. Further information were as follows:

Investment Trust Company	Investment	March 31, 2023 Amount	December 31, 2022 Amount	March 31, 2022 Amount
Nomura Asset Management	Domestic listed stocks and OTC stocks, bonds purchased under resale agreements, short term bills, etc.	\$ 500,000	500,000	600,000
Fuh Hwa Securities Investment Trust	"	500,000	500,000	600,000
Capital Investment Trust Corporation	"	500,000	500,000	600,000
		\$ 1,500,000	1,500,000	1,800,000

(Continued)

UNION INSURANCE CO., LTD.
Notes to the Financial Statements

The investment project was mentioned above, and the carrying amount as of March 31, 2023, December 31 and March 31, 2022 were as follows:

	<u>March 31, 2023</u>	<u>December 31, 2022</u>	<u>March 31, 2022</u>
Cash and cash equivalents	\$ 568,638	760,956	667,658
Financial assets at fair value through profit or loss - stocks	<u>699,480</u>	<u>411,522</u>	<u>994,773</u>
	<u>\$ 1,268,118</u>	<u>1,172,478</u>	<u>1,662,431</u>

(g) Investment property

The cost, accumulated depreciation, and accumulated impairment loss of the investment property of the Company for the three months ended March 31, 2023 and 2022, were as follows:

	<u>Land and improvement</u>	<u>Buildings and construction</u>	<u>Total</u>
Cost or deemed cost:			
Balance at March 31, 2023 (Same as January 1, 2023)	\$ <u>727,887</u>	<u>217,104</u>	<u>944,991</u>
Balance at March 31, 2022 (Same as January 1, 2022)	\$ <u>727,887</u>	<u>217,104</u>	<u>944,991</u>
Accumulated depreciation and impairment loss			
Balance at January 1, 2023	\$ 2,359	90,937	93,296
Depreciation	<u>-</u>	<u>1,203</u>	<u>1,203</u>
Balance at March 31, 2023	\$ <u>2,359</u>	<u>92,140</u>	<u>94,499</u>
Balance at January 1, 2022	\$ 2,359	86,124	88,483
Depreciation	<u>-</u>	<u>1,203</u>	<u>1,203</u>
Balance at March 31, 2022	\$ <u>2,359</u>	<u>87,327</u>	<u>89,686</u>
Carrying amount:			
January 1, 2023	\$ <u>725,528</u>	<u>126,167</u>	<u>851,695</u>
March 31, 2023	\$ <u>725,528</u>	<u>124,964</u>	<u>850,492</u>
January 1, 2022	\$ <u>725,528</u>	<u>130,980</u>	<u>856,508</u>
March 31, 2022	\$ <u>725,528</u>	<u>129,777</u>	<u>855,305</u>

(Continued)

UNION INSURANCE CO., LTD.
Notes to the Financial Statements

	<u>Land and improvement</u>	<u>Buildings and construction</u>	<u>Total</u>
Fair value:			
January 1, 2023			\$ <u><u>1,568,918</u></u>
March 31, 2023			\$ <u><u>1,567,591</u></u>
January 1, 2022			\$ <u><u>1,770,222</u></u>
March 31, 2022			\$ <u><u>1,736,605</u></u>

On March 31, 2023, December 31 and March 31, 2022, the assessment of fair value of investment property mainly referred to the market trade.

As of March 31, 2023, December 31 and March 31, 2022, the Company's investment property had not been pledged as collateral.

(h) Property, plant and equipment

The cost, accumulated depreciation, and accumulated impairment loss of the property, plant and equipment of the Company for the three months ended March 31, 2023 and 2022, were as follows:

	<u>Land</u>	<u>Buildings and construction</u>	<u>Computer equipment</u>	<u>Transportation equipment</u>	<u>Other equipment</u>	<u>Leasehold improvement</u>	<u>Total</u>
Cost:							
Balance at January 1, 2023	\$ 945,824	518,148	192,284	579	55,997	2,004	1,714,836
Additions	-	651	563	-	473	-	1,687
Scrap	-	-	(372)	-	(8)	-	(380)
Balance at March 31, 2023	<u>945,824</u>	<u>518,799</u>	<u>192,475</u>	<u>579</u>	<u>56,462</u>	<u>2,004</u>	<u>1,716,143</u>
Balance at January 1, 2022	915,591	499,059	190,640	579	54,308	2,004	1,662,181
Additions	-	-	4,162	-	460	-	4,622
Scrap	-	-	(2,420)	-	(1,008)	-	(3,428)
Balance at March 31, 2022	<u>915,591</u>	<u>499,059</u>	<u>192,382</u>	<u>579</u>	<u>53,760</u>	<u>2,004</u>	<u>1,663,375</u>
Accumulated depreciation and impairment loss:							
Balance at January 1, 2023	15,196	185,858	171,412	579	47,749	1,774	422,568
Depreciation	-	3,768	2,997	-	1,011	101	7,877
Scrap	-	-	(372)	-	(8)	-	(380)
Balance at March 31, 2023	<u>15,196</u>	<u>189,626</u>	<u>174,037</u>	<u>579</u>	<u>48,752</u>	<u>1,875</u>	<u>430,065</u>
Balance at January 1, 2022	15,196	171,052	166,551	579	45,426	1,316	400,120
Depreciation	-	3,670	3,051	-	1,059	114	7,894
Scrap	-	-	(2,420)	-	(1,008)	-	(3,428)
Balance at March 31, 2022	<u>15,196</u>	<u>174,722</u>	<u>167,182</u>	<u>579</u>	<u>45,477</u>	<u>1,430</u>	<u>404,586</u>
Carrying amount:							
January 1, 2023	\$ <u>930,628</u>	<u>332,290</u>	<u>20,872</u>	<u>-</u>	<u>8,248</u>	<u>230</u>	<u>1,292,268</u>
March 31, 2023	\$ <u>930,628</u>	<u>329,173</u>	<u>18,438</u>	<u>-</u>	<u>7,710</u>	<u>129</u>	<u>1,286,078</u>
January 1, 2022	\$ <u>900,395</u>	<u>328,007</u>	<u>24,089</u>	<u>-</u>	<u>8,882</u>	<u>688</u>	<u>1,262,061</u>
March 31, 2022	\$ <u>900,395</u>	<u>324,337</u>	<u>25,200</u>	<u>-</u>	<u>8,283</u>	<u>574</u>	<u>1,258,789</u>

As of March 31, 2023, December 31 and March 31, 2022, the Company's property, plant and equipment had not been pledged as collateral.

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UNION INSURANCE CO., LTD.
Notes to the Financial Statements

(i) Right-of-use assets

The changes in the Company's costs and depreciation of leasing buildings and construction, transportation equipment were as follows:

	<u>Buildings and construction</u>	<u>Transportation equipment</u>	<u>Total</u>
Cost of right-of-use assets:			
January 1, 2023	\$ 25,844	9,088	34,932
Additions	17,727	-	17,727
Derecognition	(16,897)	-	(16,897)
March 31, 2023	<u>\$ 26,674</u>	<u>9,088</u>	<u>35,762</u>
January 1, 2022	\$ 27,381	4,435	31,816
Additions	1,341	3,840	5,181
Derecognition	(2,299)	-	(2,299)
March 31, 2022	<u>\$ 26,423</u>	<u>8,275</u>	<u>34,698</u>
Depreciation of right-of-use assets:			
January 1, 2023	\$ 19,053	4,083	23,136
Depreciation	3,957	221	4,178
Derecognition	(16,897)	-	(16,897)
March 31, 2023	<u>\$ 6,113</u>	<u>4,304</u>	<u>10,417</u>
January 1, 2022	\$ 12,884	805	13,689
Depreciation	3,475	583	4,058
Derecognition	(2,291)	-	(2,291)
March 31, 2022	<u>\$ 14,068</u>	<u>1,388</u>	<u>15,456</u>
Carrying amount:			
January 1, 2023	<u>\$ 6,791</u>	<u>5,005</u>	<u>11,796</u>
March 31, 2023	<u>\$ 20,561</u>	<u>4,784</u>	<u>25,345</u>
January 1, 2022	<u>\$ 14,497</u>	<u>3,630</u>	<u>18,127</u>
March 31, 2022	<u>\$ 12,355</u>	<u>6,887</u>	<u>19,242</u>

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UNION INSURANCE CO., LTD.
Notes to the Financial Statements

(j) Lease liabilities

The Company's lease liabilities were as follows:

	<u>March 31, 2023</u>	<u>December 31, 2022</u>	<u>March 31, 2022</u>
Less than one year	\$ 14,550	8,123	13,463
Between one and five years	10,935	3,808	5,928
Total	<u>\$ 25,485</u>	<u>11,931</u>	<u>19,391</u>

The maturity analysis please refer to Note 6(u) financial instruments.

The amounts recognized in profit or loss were as follows:

	<u>For the three months ended March 31,</u>	
	<u>2023</u>	<u>2022</u>
Interest on lease liabilities	<u>\$ 89</u>	<u>102</u>

The amounts recognized in the statement of cash flows were as follows:

	<u>For the three months ended March 31,</u>	
	<u>2023</u>	<u>2022</u>
Total cash outflow for leases	<u>\$ 4,262</u>	<u>4,141</u>

(i) Leases of buildings and construction

The Company leases buildings and construction as offices with usual lease terms of 1 to 3 years.

(ii) Other leases

The Company leases transportation equipment with lease terms of 1 to 3 years.

(k) Operating lease

The Company leases out its investment properties, during the three months ended March 31, 2023 and 2022, there are no significant new operating lease agreements, please refer to Notes 6(k) of the financial statements for the year ended December 31, 2022 for related information.

(l) Employee benefits

(i) Defined benefit plans

Management believes that there was no material volatility of the market, no material workforce reduction, reimbursement and settlement or other material one-time events since prior fiscal year. As a result, the pension cost in the accompanying interim period was measured and disclosed according to the actuarial report as of December 31, 2022 and 2021.

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UNION INSURANCE CO., LTD.
Notes to the Financial Statements

The Company's expenses recognized in profit or loss amounted to \$1,919 and \$2,035 for the three months ended March 31, 2023 and 2022, respectively.

(ii) Defined contribution plan

The pension costs of the Company incurred from the contributions to the Bureau of the Labor Insurance amounted to \$8,737 and \$8,060 for the three months ended March 31, 2023 and 2022, respectively.

(m) Employee compensation and directors' remuneration

In accordance with the Articles of Incorporation the Company should contribute 1%~5% of the profit as employee compensation, and no more than 5% directors' and supervisors' remuneration when there is profit for the year. However, if the Company has accumulated deficits, the profit should be reserved to offset the deficit.

For the three months ended March 31, 2023 and 2022, the Company estimated its employee remuneration and director's remuneration all amounting to \$0. The estimated amounts mentioned above were calculated based on the net profit before tax, excluding the remuneration to employees and directors of each period, multiplied by the percentage of remuneration to employees and directors as specified in the Company's articles. These remunerations were expensed under operating costs or expenses for each period. If the actual amounts were subsequently decided after the approval and the issuance date of the financial statements in the following year differ from the estimated amount, the differences are accounted for as changes in accounting estimates and recognized in profit or loss in the following year. If the Board of Directors resolved to distribute the employees' remuneration in the form of shares, the number of shares of the distribution is based on the closing price of the day before the Board of Directors' meeting date.

The amounts of compensation for employees and directors of the Company in 2022 and 2021 were \$0 , \$28,500 and \$0 , \$6,500 , respectively. There is no difference in the actual distribution situation. Relevant information can be obtained from the Market Observation Post System.

(n) Insurance liability

	March 31, 2023	December 31, 2022	March 31, 2022
Unearned premium reserve	\$ 6,310,188	5,908,746	6,041,412
Claims reserve	5,207,221	4,827,175	4,052,666
Special reserve	935,353	934,009	1,194,600
Premium deficiency reserve	267,605	454,191	-
Total	<u>\$ 12,720,367</u>	<u>12,124,121</u>	<u>11,288,678</u>

(Continued)

UNION INSURANCE CO., LTD.
Notes to the Financial Statements

(i) Unearned premium reserve

1) Unearned premium reserve and ceded unearned premium reserves

March 31, 2023					
Item	Unearned premium reserve		Ceded unearned premium reserve		Retained business
	Direct business	Reinsurance ceded in	Reinsurance ceded out		
Fire insurance	\$ 752,173	63,636	399,153		416,656
Marine insurance	70,418	910	59,940		11,388
Land and air insurance	32,085	313	22,109		10,289
Liability insurance	1,795,477	56,541	269,017		1,583,001
Surety insurance	10,863	688	5,106		6,445
Other property insurance	2,485,886	34,250	647,118		1,873,018
Accident insurance	464,705	3,367	35,908		432,164
Health insurance	13,134	-	2,755		10,379
Compulsory automobile liability insurance	361,779	163,963	217,083		308,659
Total	\$ 5,986,520	323,668	1,658,189		4,651,999

December 31, 2022					
Item	Unearned premium reserve		Ceded unearned premium reserve		Retained business
	Direct business	Reinsurance ceded in	Reinsurance ceded out		
Fire insurance	\$ 734,153	36,116	400,092		370,177
Marine insurance	85,362	1,270	75,532		11,100
Land and air insurance	44,819	579	35,187		10,211
Liability insurance	1,657,155	67,276	279,657		1,444,774
Surety insurance	9,196	570	5,134		4,632
Other property insurance	2,274,182	30,478	572,274		1,732,386
Accident insurance	413,984	3,610	29,470		388,124
Health insurance	21,784	-	6,220		15,564
Compulsory automobile liability insurance	362,630	165,582	217,590		310,622
Total	\$ 5,603,265	305,481	1,621,156		4,287,590

(Continued)

UNION INSURANCE CO., LTD.
Notes to the Financial Statements

March 31, 2022				
Item	Unearned premium reserve		Ceded unearned premium reserve	
	Direct business	Reinsurance ceded in	Reinsurance ceded out	Retained business
Fire insurance	\$ 691,219	44,696	360,282	375,633
Marine insurance	63,942	428	53,867	10,503
Land and air insurance	29,837	363	18,674	11,526
Liability insurance	1,720,170	110,615	343,725	1,487,060
Surety insurance	7,804	773	3,935	4,642
Other property insurance	2,337,454	34,714	651,899	1,720,269
Accident insurance	451,915	3,182	49,693	405,404
Health insurance	14,803	-	5,015	9,788
Compulsory automobile liability insurance	363,258	166,239	217,967	311,530
Total	\$ 5,680,402	361,010	\$ 1,705,057	4,336,355

2) The Net change in reserve for unearned premiums and reserve for ceded unearned premiums

For the three months ended March 31, 2023													
Items	Premium revenue	Reinsurance premium	Reinsurance expense	Retained Premium	Direct business Unearned premium reserve		Reinsurance ceded in Unearned premium reserve		Net change in unearned premium reserve	Reinsurance ceded out Unearned premium reserve		Net change in ceded unearned premium reserve	Retained earned premium
					Provision	Recovery	Provision	Recovery		Provision	Recovery		
Compulsory insurance	\$ 232,987	78,002	97,796	213,193	361,779	362,630	163,963	165,582	(2,470)	217,083	217,590	(507)	215,156
Non-compulsory insurance	2,905,590	64,975	739,921	2,230,644	5,624,741	5,240,160	159,705	139,899	404,387	1,441,106	1,403,566	37,540	1,863,797
Total	\$ 3,138,577	142,977	837,717	2,443,837	5,986,520	5,602,790	323,668	305,481	401,917	1,658,189	1,621,156	37,033	2,078,953

For the three months ended March 31, 2022													
Items	Premium revenue	Reinsurance premium	Reinsurance expenses	Retained Premium	Direct business Unearned premium reserve		Reinsurance ceded in Unearned premium reserve		Net change in unearned premium reserve	Reinsurance ceded out Unearned premium reserve		Net change in ceded unearned premium reserve	Retained earned premium
					Provision	Recovery	Provision	Recovery		Provision	Recovery		
Compulsory insurance	\$ 233,344	81,283	98,568	216,059	363,258	366,445	166,239	165,105	(2,053)	217,967	219,878	(1,911)	216,201
Non-compulsory insurance	2,588,081	37,946	602,599	2,023,428	5,317,144	5,115,688	194,771	212,147	184,080	1,487,090	1,523,079	(35,989)	1,803,359
Total	\$ 2,821,425	119,229	701,167	2,239,487	5,680,402	5,482,133	361,010	377,252	182,027	1,705,057	1,742,957	(37,900)	2,019,560

(Continued)

UNION INSURANCE CO., LTD.
Notes to the Financial Statements

- 3) The movements in unearned premium reserve and ceded unearned premium reserve were as follows:

Item	For the three months ended March 31, 2023	
	Unearned premium reserve	Ceded unearned premium reserve
Beginning balance	\$ 5,908,746	1,621,156
Provision	6,310,188	1,658,189
Recovery	(5,908,746)	(1,621,156)
Ending balance	\$ 6,310,188	1,658,189
	For the three months ended March 31, 2022	
Item	Unearned premium reserve	Ceded unearned premium reserve
Beginning balance	\$ 5,859,977	1,742,957
Provision	6,041,412	1,705,057
Recovery	(5,859,977)	(1,742,957)
Ending balance	\$ 6,041,412	1,705,057

The provision methods of unearned premium reserve are determined by an actuary according to the characteristics of each insurance and are stated in the instruction of insurance commodity calculation and shall not be changed without the approval of the competent authority. The Company has submitted the provision method of unearned premium reserve on Letter (Wang) Zong Jing Suan No. 1112 on October 24, 2011 and had been approved by Financial Supervisory Commission, R.O.C. (Taiwan) Insurance Bureau Jin Guan Bao Cai Zi No. 10002518120.

On October 9, 2014, the Company signed a specific business transferring contract with Asia Insurance Company Ltd. Taiwan Branch and accepted its long term fire insurance contracts on the delivery date, which was December 15, 2014. The Company undertook the amount of \$3,916 unearned premium reserve and charged \$3,648 to Asia Insurance Company Ltd. Taiwan Branch. According to IFRS 4 “Insurance Contract” that paragraph of insurance contracts acquired in business combination or portfolio transfer: the intangible asset recognized was the difference of \$268 from the fair value of the contractual insurance rights acquired and insurance obligations assumed to a liability measured in accordance with the insurer's accounting policies for insurance contracts that it issued. The subsequent measurement of this asset shall be consistent with the measurement of the related insurance liability.

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UNION INSURANCE CO., LTD.
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On December 7, 2012, the Company signed a special business transferring contract with Walsun Insurance Ltd. and accepted its direct business of four types of insurance contracts on January 10, 2013: long term residential fire insurance contracts, employer's accidental liability insurance contracts, contractor's liability insurance contracts, and architect's professional liability insurance contracts. The Company undertook the amount of \$232,939 unearned premium reserve and requested for a grant of \$67,451 from the Insurance and Security Fund of the Corporation. According to IFRS 4 "Insurance Contract" that paragraph of insurance contracts acquired in business combination or portfolio transfer: the intangible asset recognized was the difference of \$165,488 from the fair value of the contractual insurance rights acquired and insurance obligations assumed to a liability measured in accordance with the insurer's accounting policies for insurance contracts that it issued. The subsequent measurement of this asset shall be consistent with the measurement of the related insurance liability.

As of March 31, 2023, December 31 and March 31, 2022, the relevant unearned premium reserve from the business transfer and intangible assets were \$14,931, \$10,481 and \$15,606 and \$10,956, \$18,139 and \$12,736, respectively.

(ii) Special reserve

1) Segmentation of specific assets

The Company is engaged in business of compulsory automobile liability insurance (hereinafter referred to as "this insurance") accounting to this insurance's relevant accounting of Compulsory Automobile Liability Insurance Law.

This insurance of special reserve provision obeys "Regulations for the Management of the Various Reserves for Compulsory Automobile Liability Insurance" Article 5 that is to the insurer shall purchase treasury bills or deposit the reserve with a financial institution as a time deposit. Provided that with the approval of the competent authority, the insurer may purchase the following domestic securities:

- a) Government bonds, not including exchangeable government bonds.
- b) Financial bonds, negotiable certificates of deposit, bankers' acceptances, and commercial paper guaranteed by a financial institution, provided that financial bonds shall be limited to ordinary financial bonds only.

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

If the balance of special reserve is less than 30 percent of the total amount of the retained earned pure premiums for this insurance in the most recent period, as audited or reviewed by a certified public accountant, then the full amount of its special reserve shall be deposited in a financial institution as a time deposit or treasury bills.

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UNION INSURANCE CO., LTD.
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According to Article 6 of "Regulations for the Management of the Various Reserves for Compulsory Automobile Liability Insurance", funds (all types of reserves, payables, temporary credits and amounts to be carried forward) held by an insurer for this Insurance shall be deposited in a financial institution in the form of demand deposits and time deposits, provided that with the approval of the competent authority, an insurer may purchase any of the following domestic securities:

- a) Treasury bills.
- b) Negotiable certificates of deposit, bankers' acceptances, and commercial paper guaranteed by a financial institution.
- c) Government bonds in a repo transaction.

The amount of deposits deposited in financial institutions under the first paragraph shall not be less than 45 percent of the balance remaining after subtracting the amount of special reserves from the amount of funds held by the insurer due to the operation of this Insurance, or less than 30 percent of the retained earned pure premium for the most recent period as audited or reviewed by a certified public accountant. The competent authority may raise the percentage of deposits required by the insurer to a level it deems appropriate based on the insurer's operational status.

If the total amount of unearned premium reserve and loss reserve of the insurer with respect to this Insurance is less than 30 percent of the retained earned pure premiums of this Insurance for the most recent period as audited or reviewed by a certified public accountant, the funds held by the insurer through its conduct of this Insurance shall be deposited in full with a financial institution in the form of deposits.

Accounting Article 11 of "Regulations for the Management of the Various Reserves for Compulsory Automobile Liability Insurance", when an insurer suspends business operations or terminates its operation of this Insurance, the various reserves for this Insurance shall be transferred into the various reserves set aside for handling of this Insurance by the other insurer that assumes the business.

When an insurer has been duly ordered to suspend business and undergo rehabilitation, ordered to dissolve, or its permission to operate this Insurance business has been revoked, and no other insurer is to assume this Insurance business, and there is no outstanding liability under this Insurance, and the balance of the special reserve is positive, the assets corresponding to the special reserve shall be transferred to the Motor Vehicle Accident Compensation Fund.

In accordance with the provisions of the Financial Supervisory Commission, R.O.C. (Taiwan) Jin Guan Bao Cai Zi No. 11004107771 dated February 20, 2021, the insurance company that operates as compulsory automobile liability insurance shall set aside a special reserve from the business expenses received from the operation of such business.

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UNION INSURANCE CO., LTD.
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In accordance with the provisions of the Financial Supervisory Commission, R.O.C. (Taiwan) Jin Guan Bao Cai Zi No. 10904939031 dated October 29, 2020, in order to improve the financial structure of the insurance enterprises, the insurance enterprises shall, at the end of each business year, set aside 10% of the total premium income based on the amount of insurance and the number of days of insurance, less 20% of the nominal tax rate, in a special reserve account under owners' equity in accordance with the "Standard Rate Schedule for Personal Travel-Insurance Accidental Death and Dismemberment Benefit".

Special reserve – Compulsory Automobile Liability Insurance

Item	For the three months ended March 31,	
	2023	2022
Beginning balance	\$ 90,188	17,943
Provision	9,099	33,998
Recovery	(6,506)	(4,978)
Ending balance	<u>\$ 92,781</u>	<u>46,963</u>

Special reserve – Non-Compulsory Automobile Liability Insurance

Item	For the three months ended March 31, 2023						
	Liability			Special reserve			
	Catastrophic risk	Contingency risk	Total	Contingency risk	Contingency risk	Travel Insurance	Total
Beginning balance	\$ 101,480	738,185	839,665	884,765	1,841,170	10,314	2,736,249
Recovery	(1,249)	-	(1,249)	-	-	-	-
Ending balance	<u>\$ 100,231</u>	<u>738,185</u>	<u>838,416</u>	<u>884,765</u>	<u>1,841,170</u>	<u>10,314</u>	<u>2,736,249</u>

Item	For the three months ended March 31, 2022						
	Liability			Special reserve			
	Catastrophic risk	Contingency risk	Total	Contingency risk	Contingency risk	Travel Insurance	Total
Beginning balance	\$ 106,545	1,038,185	1,144,730	790,535	1,650,413	4,289	2,445,237
Recovery	(1,249)	-	(1,249)	-	-	-	-
Ending balance	<u>\$ 105,296</u>	<u>1,038,185</u>	<u>1,143,481</u>	<u>790,535</u>	<u>1,650,413</u>	<u>4,289</u>	<u>2,445,237</u>

Note: The liability of special reserve mentioned above means non-compulsory automobile liability insurance reserve had been provisioned before January 1, 2011. In addition, Financial Supervisory Commission, R.O.C. (Taiwan) Jin Guan Bao Cai Zi No.11101405951, which is the base of recovered special reserve for the three months ended March 31, 2023 and 2022.

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UNION INSURANCE CO., LTD.
Notes to the Financial Statements

2) Special reserve -Other

In 2013, the determination of cost of real estate and equipment based on the International Financial Reporting Standards No. 1 that approved by the Financial Supervisory Committee, the Company chose the exemption that the revaluation reserve of land and buildings according to the Generally Accepted Accounting Principles of the Republic of China transferred to retained earnings. However, according to the standard of the Preparation of Financial Reports by Insurance Enterprises, the revaluation reserve that estimated by the cash flow discount approach via contractual rent of the investment real estate target as the upper limit adjustment to define the cost and the value added part. Then, to fill the unrecognized pension loss, the unrecognized transition net payment obligation, the increase on defined benefit obligation based on the change of actuarial assumptions, and the employee's paid leave liability, those adjustment increased the special increase of \$4,156.

(iii) Claims reserve

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

Item	March 31, 2023			
	Insurance claims payable	Claims reserve		
	Reported to be paid	Reported but unpaid	IBNR	Total
Fire insurance	\$ 33	1,123,908	91,962	1,215,870
Marine insurance	6	200,394	64,047	264,441
Land and air insurance	-	41,756	17,626	59,382
Liability insurance	8,173	1,128,321	297,187	1,425,508
Surety insurance	1	19,013	6,246	25,259
Other property insurance	8,916	1,022,286	74,448	1,096,734
Accident insurance	2,592	65,257	172,062	237,319
Health insurance	2,129	9,770	115,491	125,261
Compulsory automobile liability insurance	4,680	200,002	557,445	757,447
Total	\$ 26,530	3,810,707	1,396,514	5,207,221

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UNION INSURANCE CO., LTD.
Notes to the Financial Statements

December 31, 2022				
Item	Insurance claims payable	Claims reserve		
	Reported to be paid	Reported but unpaid	IBNR	Total
Fire insurance	\$ -	1,050,151	85,582	1,135,733
Marine insurance	-	171,781	63,146	234,927
Land and air insurance	-	47,066	17,195	64,261
Liability insurance	1,962	1,083,438	284,306	1,367,744
Surety insurance	1	19,067	5,644	24,711
Other property insurance	5,991	862,701	69,166	931,867
Accident insurance	466	58,073	159,537	217,610
Health insurance	115	19,198	90,688	109,886
Compulsory automobile liability insurance	1,548	190,174	550,262	740,436
Total	\$ <u>10,083</u>	<u>3,501,649</u>	<u>1,325,526</u>	<u>4,827,175</u>

March 31, 2022				
Item	Insurance claims payable	Claims reserve		
	Reported to be paid	Reported but unpaid	IBNR	Total
Fire insurance	\$ 33	646,848	56,710	703,558
Marine insurance	123	113,121	58,575	171,696
Land and air insurance	257	75,757	17,360	93,117
Liability insurance	2,399	999,882	289,560	1,289,442
Surety insurance	3	19,572	5,567	25,139
Other property insurance	8,437	734,136	47,683	781,819
Accident insurance	3,166	51,979	192,001	243,980
Health insurance	90	174	5,628	5,802
Compulsory automobile liability insurance	3,084	194,595	543,518	738,113
Total	\$ <u>17,592</u>	<u>2,836,064</u>	<u>1,216,602</u>	<u>4,052,666</u>

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UNION INSURANCE CO., LTD.
Notes to the Financial Statements

- 2) Reinsurance assets - the insurance ceded business for the policy holders with reported but unpaid or unreported claims

March 31, 2023			
Item	Reported but unpaid	IBNR	Total
Fire insurance	\$ 819,673	29,694	849,367
Marine insurance	169,576	45,476	215,052
Land and air insurance	36,112	12,814	48,926
Liability insurance	162,554	45,504	208,058
Surety insurance	8,378	1,803	10,181
Other property insurance	453,840	13,950	467,790
Accident insurance	10,984	40,748	51,732
Health insurance	165	3,303	3,468
Compulsory automobile liability insurance	72,380	239,310	311,690
Total	\$ 1,733,662	432,602	2,166,264
December 31, 2022			
Item	Reported but unpaid	IBNR	Total
Fire insurance	\$ 727,511	26,969	754,480
Marine insurance	137,007	45,419	182,426
Land and air insurance	40,630	12,504	53,134
Liability insurance	166,770	41,329	208,099
Surety insurance	8,386	1,687	10,073
Other property insurance	358,640	11,962	370,602
Accident insurance	9,390	30,814	40,204
Health insurance	214	3,118	3,332
Compulsory automobile liability insurance	70,136	234,829	304,965
Total	\$ 1,518,684	408,631	1,927,315

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UNION INSURANCE CO., LTD.
Notes to the Financial Statements

March 31, 2022			
Item	Reported but unpaid	IBNR	Total
Fire insurance	\$ 493,455	15,037	508,492
Marine insurance	98,775	43,998	142,773
Land and air insurance	66,917	11,562	78,479
Liability insurance	160,408	68,234	228,642
Surety insurance	9,095	1,675	10,770
Other property insurance	319,820	8,668	328,488
Accident insurance	10,520	50,745	61,265
Health insurance	50	1,160	1,210
Compulsory automobile liability insurance	72,646	230,333	302,979
Total	\$ 1,231,686	431,412	1,663,098

3) The net change of claims reserve and ceded claims reserve

For the three months ended March 31, 2023								
Item	Direct underwrite business		Reinsurance ceded-in		The net change in claims reserve	Reinsurance ceded-out		The net change in ceded claims reserve
	Provision	Recovery	Provision	Recovery		Provision	Recovery	
Fire insurance	\$ 1,194,196	1,114,837	21,674	20,896	80,137	849,367	754,480	94,887
Marine insurance	260,438	231,149	4,003	3,778	29,514	215,052	182,426	32,626
Land and air insurance	57,388	61,699	1,994	2,562	(4,879)	48,926	53,134	(4,208)
Liability insurance	1,411,148	1,356,466	14,360	11,278	57,764	208,058	208,099	(41)
Surety insurance	23,516	23,170	1,743	1,541	548	10,181	10,073	108
Other property insurance	1,090,569	926,234	6,165	5,633	164,867	467,790	370,602	97,188
Accident insurance	226,513	213,759	10,806	3,851	19,709	51,732	40,204	11,528
Health insurance	122,708	107,469	2,553	2,417	15,375	3,468	3,332	136
Compulsory automobile liability insurance	521,784	508,369	235,663	232,067	17,011	311,690	304,965	6,725
Total	\$ 4,908,260	4,543,152	298,961	284,023	380,046	2,166,264	1,927,315	238,949

For the three months ended March 31, 2022								
Item	Direct underwrite business		Reinsurance ceded-in		The net change in claims reserve	Reinsurance ceded-out		The net change in ceded claims reserve
	Provision	Recovery	Provision	Recovery		Provision	Recovery	
Fire insurance	\$ 686,078	636,718	17,480	17,377	49,463	508,492	497,495	10,997
Marine insurance	167,218	160,068	4,478	4,233	7,395	142,773	135,972	6,801
Land and air insurance	90,410	91,293	2,707	2,444	(620)	78,479	78,311	168
Liability insurance	1,272,688	1,236,198	16,754	10,609	42,635	228,642	228,122	520
Surety insurance	23,659	22,318	1,480	1,402	1,419	10,770	10,027	743
Other property insurance	778,676	723,902	3,143	3,067	54,850	328,488	290,810	37,678
Accident insurance	227,091	260,828	16,889	5,457	(22,305)	61,265	77,699	(16,434)
Health insurance	5,617	5,515	185	-	287	1,210	1,151	59
Compulsory automobile liability insurance	505,192	506,341	232,921	243,898	(12,126)	302,979	303,805	(826)
Total	\$ 3,756,629	3,643,181	296,037	288,487	120,998	1,663,098	1,623,392	39,706

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UNION INSURANCE CO., LTD.
Notes to the Financial Statements

4) The movements in claims reserve and ceded claims reserve

	For the three months ended March 31,			
	2023		2022	
Item	Claims reserve	Ceded claims reserve	Claims reserve	Ceded claims reserve
Beginning balance	\$ 4,827,175	1,927,315	3,931,668	1,623,392
Provision	5,207,221	2,166,264	4,052,666	1,663,098
Recovery	(4,827,175)	(1,927,315)	(3,931,668)	(1,623,392)
Ending balance	<u>\$ 5,207,221</u>	<u>2,166,264</u>	<u>4,052,666</u>	<u>1,663,098</u>

The methodology for providing claims reserve is decided by actuaries and reported to the Authority. If there is any change, it should adopt the same procedures as fore mentioned. The Company submitted the method of claims reserve provision in the letter of (Wang) Zong Qi Zi No. 1920 on December 23, 2009, which has been approved by Financial Supervisory Commission, R.O.C. (Taiwan) Insurance Bureau Jin Guan Bao Cai Zi No. 09802245610. The relevant provision methods is explained as follows:

- 1) Regarding to the claims reserve for reported but not paid, it should be estimated based on actual situation by each case.
- 2) Regarding to the claims reserve for IBNR, it should be estimated based on the experience of claim loss development of each type insurance by actuary methodology.

(iv) Premium deficiency reserve

- 1) Premium deficiency reserve and ceded premium deficiency reserve

Item	March 31, 2023			
	Premium deficiency reserve		Ceded premium deficiency reserve	
	Direct business	Reinsurance ceded-in	Reinsurance ceded-out	Retained business
Fire Insurance	\$ 88,430	7,316	93,747	1,999
Marine insurance	1,613	-	480	1,133
Health insurance	170,246	-	-	170,246
Total	<u>\$ 260,289</u>	<u>7,316</u>	<u>94,227</u>	<u>173,378</u>

Item	December 31, 2022			
	Premium deficiency reserve		Ceded premium deficiency reserve	
	Direct business	Reinsurance ceded-in	Reinsurance ceded-out	Retained business
Fire Insurance	\$ 57,717	1,551	57,390	1,878
Marine insurance	1,146	-	-	1,146
Health insurance	393,777	-	764	393,013
Total	<u>\$ 452,640</u>	<u>1,551</u>	<u>58,154</u>	<u>396,037</u>

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UNION INSURANCE CO., LTD.
Notes to the Financial Statements

2) The net change in premium deficiency reserve and ceded premium deficiency reserve

Item	Direct underwrite		Reinsurance ceded-in		The net change in premium deficiency	Reinsurance ceded-out		The net change in premium ceded deficiency	Net deposit of premium deficiency reserve
	Provision	Recover	Provision	Recover		Provision	Recover		
Fire insurance	\$ 88,430	57,717	7,316	1,551	36,478	93,747	57,390	36,357	121
Marine insurance	1,613	1,146	-	-	467	480	-	480	(13)
Health insurance	170,246	393,777	-	-	(223,531)	-	764	(764)	(222,767)
Fire insurance	<u>\$ 260,289</u>	<u>452,640</u>	<u>7,316</u>	<u>1,551</u>	<u>(186,586)</u>	<u>94,227</u>	<u>58,154</u>	<u>36,073</u>	<u>(222,659)</u>

3) The movements in premium deficiency reserve and ceded premium deficiency reserve

Item	March 31, 2023	
	Premium deficiency reserve	Ceding premium deficiency reserve
Beginning balance	\$ 454,191	58,154
Provision	267,605	94,227
Recover	(454,191)	(58,154)
Ending balance	<u>\$ 267,605</u>	<u>94,227</u>

The methodology for premium deficiency reserve provision is decided by actuaries and shall report to the Authority, same as afterward change. The Company reported the methodology for premium deficiency reserve provision on February 16, 2012 in the letter of (Wang) Zong Jing Suan No.0005, which has been approved by Financial Supervisory Commission, R.O.C. (Taiwan) Jin Guan Bao Cai Zi No. No.10102503930.

(o) Income tax

The components of the Company's income tax for the three months ended March 31, 2023 and 2022 were as follows:

	For the three months ended March 31,	
	2023	2022
Current income tax expenses	\$ -	<u>24,275</u>

The Company's tax returns for the year through 2021 were assessed by the Taipei National Tax Administration tax authorities.

According to the R.O.C Income Tax Act allows net losses, as assessed by the tax authorities, to offset taxable income over a period of ten years for local tax reporting purpose. As of March 31, 2023, the information of the Company's losses were recognized are as follows:

Loss year	Undeducted loss	Final year to be deducted
Estimated in 2022	<u>\$ 530,803</u>	2032

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UNION INSURANCE CO., LTD.
Notes to the Financial Statements

(p) Capital and other equity

(i) Share capital

As of March 31, 2023, December 31 and March 31, 2022, the number of authorized ordinary shares were all \$6,236,320 with par value of \$10 per share, i.e. 623,632 thousand shares. The issued shares were both 223,608 thousand shares of common stock.

(ii) Retained earnings

1) Legal reserve

According to the Company Act, the Company is able to issue new stock or cash dividend from legal reserve if there is no deficit as long as the legal reserve is over 25% of the paid in capital.

2) Special reserve

Based on Financial Supervisory Commission Jin Guan Bao Cai Zi No.10102508861 on June 5, 2012, when the Company distributes retained surplus that transferred from the special reserve of unrealized revaluation increment \$12,143, it should be accounted a decrease in other equity, with the same amount of the prior years' inappropriate retained earning provision being equal to current year's net income. The amount of decrease in other equity belonged to the prior accumulation, the same amount of special reserve should be not appropriated. However, the Company's has provisioned the special reserve based on former standard, the difference between the provision amount and the decrease in other equity has been provision special reserve. Then, if a reversal of shareholders' equity contra account occurs, the reversed portion of the special reserve could be distributed as dividends.

According to the letter from the Financial Supervisory Commission Jin Guan Bao Cai Zi No. 10502066464 on July 13, 2016. The insurance industry should allocate a special surplus reserve from 0.5% to 1% of the net profit after tax when the 2016-2018 fiscal year surplus is distributed. Moreover, since 2017, the expense of employee transferring training, transferring occupation, and settle down during the development of financial technology should be reversal. As of March 31, 2023, December 31 and March 31, 2022 the special reserve distributed by the Company in accordance with the regulations were \$2,145, \$2,145 and \$2,510, respectively.

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UNION INSURANCE CO., LTD.
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3) Undistributed retained earnings appropriated

Under the Company's Article of Incorporation, the Company's net income after deduction of income tax and losses (if any) and offset the prior years' deficits, should be provisioned 20% of remaining amount as legal reserve, except the legal reserve is equal to the capital. In addition to any remaining profit together with any undistributed retained earnings shall be distributed based on the Company considering the operating need and legal requirement to provision special reserve, the distribution plan proposed by the Board of Directors and submitted to the stockholders' meeting for approval.

The Board of Directors is authorized to distribute all or parts of the dividends and bonuses in cash to the shareholders by a resolution decided by the Board, with at least two-thirds or a majority of the directors present in the board meeting.

The remuneration of non-executive director in the Company is authorized to the board's meeting to set rational remuneration, and do not attend the earning distribution. The Company belongs to property and casualty insurance, the enterprise development should cooperate with the Government's policy and risk based capital, the ability of underwriting and solvency have to be stronger. The Company's earning distribution policy has to consider the current and future investment environment, capital requirement, market competition situation and budget, etc., with the benefit of shareholders, balancing dividend and long term financial plan, etc. and then the earning distribution that the board's meeting set will provide to the shareholder's meeting. The earning distribution should be in form of cash or stock dividend to distribute, in addition to the amount of cash dividend should not be lower than 10% of stock dividend. However, the amount of par cash dividend is lower than \$0.1, the dividend should use the form of stock dividend to distribute.

The amount of cash dividends on the appropriations of earnings for 2021 had been approved during the board meeting on March 24, 2022. The relevant dividend distributions to shareholders were as follows:

	2021	
	Allotment per share	Total Amount
Dividends distributed to ordinary shareholders :		
Cash	\$ 1.00	223,608

The relevant information about distribution of retained earnings under the consent of the shareholders' meeting, can be obtained on the website of Market Observation Post System.

The Board of Directors proposed the loss make-up proposal for 2022 on March 31, 2023. Because there are still accumulated losses, there is no surplus for distribution. The loss make-up proposal for 2022 is to be determined by the shareholder's meeting.

(Continued)

UNION INSURANCE CO., LTD.
Notes to the Financial Statements

(q) (Loss) earnings per share

The calculation of basic (loss) earnings per share and diluted (loss) earnings per share were shown as follows:

	For the three months ended March 31,	
	2023	2022
Net (loss) income attributable to ordinary shareholders of the Company	\$ 199,076	(62,048)
Weighted average number of ordinary shares (thousands shares)	223,608	223,608
Basic (loss) earnings per share (in dollars)	\$ 0.89	(0.28)
Diluted (loss) earnings per share (in dollars)	\$ 0.89	(0.28)

(r) Disclosure of acquisition cost of insurance contracts

Acquisition cost of insurance contracts

Item	For the three months ended March 31, 2023					
	Commission expense	Agent fee	Charge	Reinsurance commission expense	Other cost	Total
Fire insurance	\$ 41,584	-	-	(68)	-	41,516
Marine insurance	7,219	-	-	64	-	7,283
Land and air insurance	905	-	-	-	-	905
Liability insurance	164,772	-	-	985	-	165,757
Surety insurance	949	-	-	-	-	949
Other property insurance	181,799	-	-	3,157	-	184,956
Accident insurance	60,666	-	-	-	-	60,666
Health insurance	3,397	-	-	-	-	3,397
Compulsory automobile liability insurance	30,515	-	-	-	-	30,515
Total	\$ 491,806	-	-	4,138	-	495,944

(Continued)

UNION INSURANCE CO., LTD.
Notes to the Financial Statements

For the three months ended March 31, 2022

Item	Commission expense	Agent fee	Charge	Reinsurance commission expense	Other cost	Total
Fire insurance	\$ 31,794	-	-	(209)	-	31,585
Marine insurance	7,938	-	-	127	-	8,065
Land and air insurance	963	-	-	(93)	-	870
Liability insurance	157,099	-	-	84	-	157,183
Surety insurance	547	-	-	21	-	568
Other property insurance	169,215	-	-	2,543	-	171,758
Accident insurance	57,994	-	-	111	-	58,105
Health insurance	1,496	-	-	-	-	1,496
Compulsory automobile liability insurance	30,802	-	-	-	-	30,802
Total	<u>\$ 457,848</u>	<u>-</u>	<u>-</u>	<u>2,584</u>	<u>-</u>	<u>460,432</u>

(s) Disclosure of insurance cost-benefit analysis

(i) Direct written business cost-benefit analysis

For the three months ended March 31, 2023

Item	Written premium	The net change in unearned premium reserve	Insurance contract acquisition cost	Claims	The net change in claims reverse	Gain (Loss)
Fire insurance	\$ 419,482	18,495	41,584	96,016	79,359	184,028
Marine insurance	56,816	(14,944)	7,219	25,777	29,289	9,475
Land and air insurance	11,138	(12,734)	905	14,832	(4,311)	12,446
Liability insurance	956,748	138,322	164,772	395,361	54,682	203,611
Surety insurance	6,489	1,667	949	491	346	3,036
Other property insurance	1,175,733	211,704	181,799	514,300	164,335	103,595
Accident insurance	267,070	50,721	60,666	106,980	12,754	35,949
Health insurance	12,114	(8,650)	3,397	213,803	15,239	(211,675)
Compulsory automobile liability insurance	232,987	(851)	30,515	161,151	13,415	28,757
Total	<u>\$ 3,138,577</u>	<u>383,730</u>	<u>491,806</u>	<u>1,528,711</u>	<u>365,108</u>	<u>369,222</u>

(Continued)

UNION INSURANCE CO., LTD.
Notes to the Financial Statements

For the three months ended March 31, 2022

Item	Written premium	The net change in unearned premium reserve	Insurance contract acquisition cost	Claims	The net change in claims reverse	Gain (Loss)
Fire insurance	\$ 337,795	(13,801)	31,794	44,533	49,360	225,909
Marine insurance	49,362	(19,258)	7,938	16,929	7,150	36,603
Land and air insurance	9,703	(12,438)	963	1,539	(883)	20,522
Liability insurance	902,823	121,691	157,099	412,036	36,490	175,507
Surety insurance	4,240	353	547	302	1,341	1,697
Other property insurance	1,017,593	91,586	169,215	507,150	54,774	194,868
Accident insurance	260,162	45,031	57,994	133,496	(33,737)	57,378
Health insurance	6,403	(11,708)	1,496	6,027	102	10,486
Compulsory automobile liability insurance	233,344	(3,187)	30,802	145,297	(1,149)	61,581
Total	<u>\$ 2,821,425</u>	<u>198,269</u>	<u>457,848</u>	<u>1,267,309</u>	<u>113,448</u>	<u>784,551</u>

(ii) Reinsurance cost-benefit analysis

For the three months ended March 31, 2023

Item	Reinsurance premium	The net change in unearned premium reserve	Reinsurance commission expense	Reinsurance Claims	The net change in claims reverse	Ceded in Gain (Loss)
Fire insurance	\$ 45,036	27,520	(68)	276	778	16,530
Marine insurance	1,372	(360)	64	(16)	225	1,459
Land and air insurance	-	(266)	-	773	(568)	61
Liability insurance	4,450	(10,735)	985	3,655	3,082	7,463
Surety insurance	424	118	-	16	202	88
Other property insurance	12,004	3,772	3,157	4,252	532	291
Accident insurance	1,689	(243)	-	331	6,955	(5,354)
Health insurance	-	-	-	-	136	(136)
Compulsory automobile liability insurance	78,002	(1,619)	-	70,671	3,596	5,354
Total	<u>\$ 142,977</u>	<u>18,187</u>	<u>4,138</u>	<u>79,958</u>	<u>14,938</u>	<u>25,756</u>

(Continued)

UNION INSURANCE CO., LTD.
Notes to the Financial Statements

For the three months ended March 31, 2022

Item	Reinsurance premium	The net change in unearned premium reserve	Reinsurance commission expense	Reinsurance Claims	The net change in claims reverse	Ceded in Gain (Loss)
Fire insurance	\$ 22,458	1,658	(209)	497	103	20,409
Marine insurance	1,251	(401)	127	85	245	1,195
Land and air insurance	(579)	(308)	(93)	111	263	(552)
Liability insurance	1,463	(19,604)	84	17,339	6,145	(2,501)
Surety insurance	829	425	21	43	78	262
Other property insurance	9,743	(532)	2,543	3,255	76	4,401
Accident insurance	2,781	1,386	111	1,319	11,432	(11,467)
Health insurance	-	-	-	-	185	(185)
Compulsory automobile liability insurance	81,283	1,134	-	77,554	(10,977)	13,572
Total	\$ 119,229	(16,242)	2,584	100,203	7,550	25,134

(iii) Gain/Loss on reinsurance contracts

For the three months ended March 31, 2023

Item	Reinsurance expense	The net change in unearned premium reserve	Reinsurance commission received	Claims recovered from reinsurers	The net change in ceded claims reserve	Ceded out Gain (Loss)
Fire insurance	\$ (275,089)	(939)	35,074	67,177	94,887	(78,890)
Marine insurance	(26,092)	(15,592)	2,702	13,264	32,626	6,908
Land and air insurance	(5,690)	(13,078)	358	14,523	(4,208)	(8,095)
Liability insurance	(124,191)	(10,640)	38,947	70,671	(41)	(25,254)
Surety insurance	(1,822)	(28)	257	143	108	(1,342)
Other property insurance	(274,121)	74,844	74,786	112,685	97,188	85,382
Accident insurance	(32,738)	6,438	7,411	13,787	11,528	6,426
Health insurance	(178)	(3,465)	(22)	2,973	136	(556)
Compulsory automobile liability insurance	(97,796)	(507)	-	93,455	6,725	1,877
Total	\$ (837,717)	37,033	159,513	388,678	238,949	(13,544)

(Continued)

UNION INSURANCE CO., LTD.
Notes to the Financial Statements

For the three months ended March 31, 2022

Item	Reinsurance expense	The net change in unearned premium reserve	Reinsurance commission received	Claims recovered from reinsurers	The net change in ceded claims reserve	Ceded out Gain (Loss)
Fire insurance	\$ (214,056)	(12,691)	27,925	31,451	10,997	(156,374)
Marine insurance	(16,935)	(19,634)	2,571	8,120	6,801	(19,077)
Land and air insurance	(4,164)	(10,450)	213	607	168	(13,626)
Liability insurance	(130,005)	(362)	34,993	94,743	520	(111)
Surety insurance	(1,630)	(41)	338	92	743	(498)
Other property insurance	(198,284)	(365)	43,175	129,911	37,678	12,115
Accident insurance	(36,725)	9,080	5,970	36,432	(16,434)	(1,677)
Health insurance	(800)	(1,526)	-	2,335	59	68
Compulsory automobile liability insurance	(98,568)	(1,911)	-	87,794	(826)	(13,511)
Total	<u>\$ (701,167)</u>	<u>(37,900)</u>	<u>115,185</u>	<u>391,485</u>	<u>39,706</u>	<u>(192,691)</u>

(t) Disclosure of insurance contract risk

Except for the following disclosure, there were no significant changes in the Company's objectives, policies, procedures and methods used to manage the risk management of insurance contracts and the credit risk, liquidity risk and market risk of insurance contracts for the three months ended March 31, 2023 and 2022. For the related information, please refer to Note 6(t) of the financial statements for the year ended December 31, 2022.

(Continued)

UNION INSURANCE CO., LTD.
Notes to the Financial Statements

(i) Insurance risk information

1) Sensitivity analysis of insurance risk

Item	For the three months ended March 31, 2023			
	Written premium	Expected rate of loss	Effect of profit or loss on 1% movement of expected rate of loss	
			Before reinsurance	After reinsurance
Fire insurance	\$ 464,518	64.70 %	4,190	1,429
Marine insurance	58,188	62.31 %	735	318
Land and air insurance	11,138	65.50 %	241	54
Liability insurance	961,198	66.76 %	8,336	6,988
Surety insurance	6,913	72.70 %	51	33
Other property insurance	1,187,737	64.15 %	9,723	7,730
Accident insurance	268,759	76.66 %	2,183	1,920
Health insurance	12,114	61.00 %	208	171
Compulsory automobile liability insurance	310,989	No applicable	No applicable	No applicable

Item	For the three months ended March 31, 2022			
	Written premium	Expected rate of loss	Effect of profit or loss on 1% movement of expected rate of loss	
			Before reinsurance	After reinsurance
Fire insurance	\$ 360,253	67.30 %	3,730	1,462
Marine insurance	50,613	62.56 %	703	337
Land and air insurance	9,124	64.37 %	219	73
Liability insurance	904,286	66.18 %	8,022	6,718
Surety insurance	5,069	72.49 %	43	26
Other property insurance	1,027,336	64.45 %	9,363	7,376
Accident insurance	262,943	74.69 %	2,165	1,889
Health insurance	6,403	64.93 %	181	158
Compulsory automobile liability insurance	314,627	No applicable	No applicable	No applicable

Note: Due to various insurance contract frameworks are difference, the impact of a one percent change in rate of expected loss is not linear relationship to incomes and losses.

(Continued)

UNION INSURANCE CO., LTD.
Notes to the Financial Statements

2) Concentration of insurance risk

The risk of insurance risk concentration is controlled by reinsurance transfer method. For example, the risk caused by natural disasters is based on the RMS and AIR natural disaster model and the selected 250-year regression period is used as the basis for arranging the natural disaster reinsurance contract. Its content is used as a reference for setting key risk indicators for catastrophe.

a) The premium proportion of underwriting and ceded in reinsurance.

The insurance contracts which the Company underwrites are separated in various types of insurances, and not concentrated in any single type of insurance. The top 3 insurances in terms of proportion is voluntary automobile insurance, compulsory automobile liability insurance and accident insurance. The voluntary automobile insurance has the highest proportion accounts for 52.06% and 55.45% for the three months ended March 31, 2023 and 2022, respectively. Although the proportion is slightly higher than other insurances, the loss experience of voluntary automobile insurance is stable and the risk variation is low. The remaining types of insurance are no risk concentration.

The premium proportion of underwriting insurance and ceded in reinsurance:

Type	For the three months ended March 31,			
	2023		2022	
	Amount	Percentage	Amount	Percentage
Fire insurance	\$ 243,177	7.41 %	183,812	6.25 %
Marine cargo insurance	52,295	1.59 %	44,717	1.52 %
Hull, fishing vessel and aviation insurance	17,035	0.52 %	15,614	0.53 %
Voluntary automobile insurance	1,708,417	52.06 %	1,630,514	55.45 %
Compulsory automobile liability insurance	310,989	9.48 %	314,627	10.70 %
Liability insurance	166,998	5.09 %	128,621	4.37 %
Engineering and nuclear insurance	237,978	7.25 %	145,412	4.94 %
Surety and credit insurance	6,913	0.21 %	5,069	0.17 %
Other property insurance	22,741	0.69 %	18,113	0.62 %
Accident insurance	268,759	8.19 %	262,943	8.94 %
Typhoon, flood and earthquake insurance	221,295	6.75 %	177,196	6.03 %
Personal and commercial all-risk insurance	12,801	0.39 %	8,921	0.30 %
Health insurance	12,114	0.37 %	6,403	0.22 %
Overseas ceded-in reinsurance	42	-	(1,308)	(0.04)%
Total	\$ 3,281,554	100.00 %	2,940,654	100.00 %

(Continued)

UNION INSURANCE CO., LTD.
Notes to the Financial Statements

b) Percentage of retained premium

The top 3 insurances with the highest proportion is voluntary automobile insurance, compulsory automobile liability insurance, accident insurance in term of retained business. The voluntary automobile insurance which has the highest proportion accounts for 60.25% and 63.56% for the three months ended March 31, 2023 and 2022, respectively. The Company assesses the possibility of accumulated loss in order to arrange the contracts of reinsuring to diversify the risk. Therefore, there is no the situation of risk concentration.

In addition, the insurance which is likely to result in significant accumulated loss such as catastrophe insurance (earthquake, typhoon and flood) and the insurances are likely to result in accumulation are property insurance (fire insurance and engineering insurance), marine insurance and accident insurance should avoid the operating risk resulting from the underwriting risk concentration, the Company has bought catastrophe reinsurance contracts in advance for abovementioned insurances to diversify the risk.

The percentage of retained premium was as follows:

Type	For the three months ended March 31,			
	2023		2022	
	Amount	Percentage	Amount	Percentage
Fire insurance	\$ 118,076	4.83 %	90,013	4.02 %
Marine cargo insurance	36,574	1.50 %	37,404	1.67 %
Hull, fishing vessel and aviation insurance	971	0.04 %	1,467	0.06 %
Voluntary automobile insurance	1,472,450	60.25 %	1,423,485	63.56 %
Compulsory automobile liability insurance	213,193	8.72 %	216,059	9.65 %
Liability insurance	129,002	5.28 %	81,040	3.62 %
Engineering and nuclear insurance	121,873	4.99 %	75,891	3.39 %
Surety and credit insurance	5,091	0.21 %	3,439	0.15 %
Other property insurance	15,951	0.65 %	14,919	0.67 %
Accident insurance	236,021	9.66 %	226,218	10.10 %
Typhoon, flood and earthquake insurance	73,550	3.01 %	56,940	2.54 %
Personal and commercial all-risk insurance	11,347	0.46 %	7,956	0.36 %
Health insurance	11,936	0.49 %	5,603	0.25 %
Overseas ceded-in reinsurance	(2,198)	(0.09)%	(947)	(0.04)%
Total	\$ 2,443,837	100.00 %	2,239,487	100.00 %

(Continued)

UNION INSURANCE CO., LTD.
Notes to the Financial Statements

3) Claims trend

For the three months ended March 31, 2023

Occurrence year	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
1	41,020,376	3,019,920	3,505,019	4,231,875	3,846,573	4,548,623	4,201,280	4,120,597	4,742,416	6,043,107	1,237,590
2	41,163,055	3,216,949	3,615,016	4,483,260	4,058,010	4,804,267	4,901,074	4,890,228	5,292,664	6,475,356	
3	41,088,170	3,161,079	3,557,644	4,338,968	3,989,815	4,784,261	4,774,671	4,886,780	5,282,977		
4	41,025,302	3,151,586	3,530,087	4,331,187	3,997,617	4,714,228	4,775,424	4,886,685			
5	40,968,164	3,151,839	3,505,206	4,348,353	3,972,187	4,711,259	4,777,918				
6	40,944,545	3,130,980	3,518,795	4,300,980	3,971,299	4,711,438					
7	40,929,427	3,155,004	3,501,489	4,301,352	3,970,638						
8	41,259,830	3,128,978	3,502,875	4,301,286							
9	40,904,322	3,127,878	3,502,688								
10	40,901,729	3,134,144									
11	40,901,691										
Estimates	40,901,691	3,134,144	3,502,688	4,301,286	3,970,638	4,711,438	4,777,918	4,886,685	5,282,977	6,475,356	1,237,590
Actual	40,857,755	3,132,612	3,498,366	4,287,664	3,928,416	4,663,696	4,698,433	4,762,592	4,613,405	4,834,820	305,860
Subtotal	43,936	1,532	4,322	13,622	42,222	47,742	79,485	124,093	669,572	1,640,536	931,730
Reconciliations	-	-	-	-	-	-	-	-	-	-	-
Total amount recognized in balance sheet	43,936	1,532	4,322	13,622	42,222	47,742	79,485	124,093	669,572	1,640,536	931,730

For the three months ended March 31, 2022

Occurrence year	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
1	38,110,201	2,593,826	3,019,920	3,505,019	4,231,875	3,846,573	4,548,623	4,201,280	4,120,597	4,742,416	874,180
2	38,426,550	2,885,933	3,216,949	3,615,016	4,483,260	4,058,010	4,804,267	4,901,074	4,890,228	5,071,666	
3	38,277,122	2,855,978	3,161,079	3,557,644	4,338,968	3,989,815	4,784,261	4,774,671	4,929,025		
4	38,232,192	2,837,248	3,151,586	3,530,087	4,331,187	3,997,617	4,714,228	4,768,424			
5	38,188,054	2,835,816	3,151,839	3,505,206	4,348,353	3,972,187	4,708,259				
6	38,132,348	2,830,761	3,130,980	3,518,795	4,300,980	3,975,607					
7	38,113,784	2,834,001	3,155,004	3,501,489	4,300,708						
8	38,095,426	2,849,616	3,128,978	3,500,772							
9	38,410,214	2,833,969	3,128,954								
10	38,070,353	2,833,941									
11	38,073,675										
Estimates	38,073,675	2,833,941	3,128,954	3,500,772	4,300,708	3,975,607	4,708,259	4,768,424	4,929,025	5,071,666	874,180
Actual	38,032,876	2,829,186	3,118,719	3,494,080	4,286,224	3,927,807	4,639,972	4,623,922	4,626,517	3,741,178	215,743
Subtotal	40,799	4,755	10,235	6,692	14,484	47,800	68,287	144,502	302,508	1,330,488	658,437
Reconciliations	-	-	-	-	-	-	-	-	-	-	-
Total amount recognized in balance sheet	40,799	4,755	10,235	6,692	14,484	47,800	68,287	144,502	302,508	1,330,488	658,437

(Continued)

UNION INSURANCE CO., LTD.
Notes to the Financial Statements

(ii) Credit risk of insurance contracts

1) Credit risk

- a) Compliance with the “Regulations Governing the Provision of Unauthorized Reinsurance Reserves for Insurance Company” No.5, the transaction with unauthorized reinsurers shall be represented in the notes of financial statements and the content shall include:
- i) The summary of unauthorized reinsurance contracts and types of reinsurance.
 - ii) The reinsurance premium expense of unauthorized reinsurance contracts.
 - iii) General description of the amount of unauthorized reserve and its components.
- b) The abstract and related insurance of unauthorized reinsurance contracts in the Company were as follows:

As of March 31, 2023

Company	Annotation
Asia Capital Reinsurance Group Pte Ltd.	Facultative reinsurance of each kind of insurance
Asia Capital Reinsurance Group Pte Ltd. (Hong Kong Branch)	Treaty and Facultative reinsurance of each kind of insurance
Trust International Insurance and Reinsurance CO.B.S.C (C) Trust Re	Treaty and Facultative reinsurance of each kind of insurance
S-Squared Insurance Company, Inc.	Facultative reinsurance of fire insurance

As of December 31, 2022

Company	Annotation
Asia Capital Reinsurance Group Pte Ltd.	Facultative reinsurance of each kind of insurance
Asia Capital Reinsurance Group Pte Ltd. (Hong Kong Branch)	Treaty and Facultative reinsurance of each kind of insurance
Trust International Insurance and Reinsurance CO. B.S.C. (C) Trust Re	Treaty and Facultative reinsurance of each kind of insurance
S-Squared Insurance Company, Inc.	Facultative reinsurance of fire insurance

(Continued)

UNION INSURANCE CO., LTD.
Notes to the Financial Statements

As of March 31, 2022

<u>Company</u>	<u>Annotation</u>
Asia Capital Reinsurance Group Pte Ltd.	Facultative reinsurance of each kind of insurance
Asia Capital Reinsurance Group Pte Ltd. (Hong Kong Branch)	Treaty and Facultative reinsurance of each kind of insurance
Trust International Insurance and Reinsurance CO. B.S.C. (C) Trust Re	Treaty and Facultative reinsurance of each kind of insurance

- c) For the three months ended March 31, 2023 and 2022, the reinsurance premium expenses (reversal) for unauthorized reinsurance in the Company amounted to \$1 and \$0, respectively.
- d) The principal summary of amounts and component items of unauthorized reinsurance reserve in the Company were as follows:

	<u>March 31, 2023</u>	<u>December 31, 2022</u>	<u>March 31, 2022</u>
Unearned premium reserve	\$ 2,427	2,427	-
Claims recoverable from reinsurers of paid claims overdue in nine months	-	13	-
Claims recoverable from reinsurers reported but unpaid	1,980	1,980	4,435
Total unauthorized reinsurance reserve	<u>\$ 4,407</u>	<u>4,420</u>	<u>4,435</u>

2) Liquidity risk

The Company's liquidity risk includes capital liquidity risk and market liquidity risk of insurance contracts, via monitoring and managing the liquidity risk of risk management to maintain the sufficient liquidity when the occasion events and raise the balance of assets income investment.

To ensure the operating stability, the Company needs the sufficient liquidity assets that can immediately into cash in case the needs of premium deficiency or unexpected claim duty increase sharply.

(Continued)

UNION INSURANCE CO., LTD.
Notes to the Financial Statements

3) Market risk

The market risk of insurance contracts in the Company includes interest rate risk, foreign currency risk and price risk. The monitoring market risk includes the overall and individual transaction processes of each trading unit and each financial product, such as change in positions, change in profit and loss, trading patterns and trading targets, etc., which should be carried out within the scope of the Company including quota, stop loss and over limit treatment. The competent authority shall conduct risk reporting according to its responsibilities and the risk management department shall regularly report the market risk monitoring table to the operating management and report to the risk management committee and the Board of Directors regularly.

(u) Financial instruments

(i) Credit risk

1) Credit risk exposure

Maximum credit risk exposure was as follows:

	<u>March 31, 2023</u>	<u>December 31, 2022</u>	<u>March 31, 2022</u>
Cash and cash equivalents	\$ 3,271,040	3,067,290	3,320,016
Receivables	819,562	615,306	868,361
Financial assets at fair value through profit or loss	1,162,559	802,477	1,756,178
Financial assets at fair value through other comprehensive income	2,281,990	2,140,676	2,087,554
Financial assets at amortized cost	2,461,507	2,733,848	1,790,456
Other financial assets	1,711,800	1,622,875	2,384,120
Reinsurance contract assets	587,684	645,393	542,143
Other assets	576,660	697,358	704,699
Total	<u>\$ 12,872,802</u>	<u>12,325,223</u>	<u>13,453,527</u>

The Company does not involve into lending business. The financial assets are mainly receivables, reinsurance contract assets and investment projects in the open market. The credit risk is controlled by the limit method and the risk status of the counterparty is assessed regularly.

As of March 31, 2023, December 31 and March 31, 2022, the overdue refundable deposits accounted for under other assets were \$20,000, \$20,000 and \$0, which provisioned the loss allowance \$20,000, \$20,000 and \$0, respectively.

(Continued)

UNION INSURANCE CO., LTD.
Notes to the Financial Statements

2) Impairment loss of receivables

The expected credit losses of receivables were as follows:

	March 31, 2023				Total
	Not overdue	Overdue under 90 days	Overdue for 91- 270 days	Overdue 271 over days	
Notes receivable:					
Expected credit loss rate	0.08%	100%	100%	100%	
Carrying amount	\$ 288,463	149	-	-	288,612
Expected credit loss amount	220	149	-	-	369
Premiums receivable:					
Expected credit loss rate	0.72%	2%~10%	2%~10%	10%~100%	
Carrying amount	\$ 292,895	74,567	16,224	1,124	384,810
Expected credit loss amount	2,122	3,119	926	1,124	7,291
Other receivables:					
Carrying amount	\$ 154,939	2,342	3,138	33,214	193,633
Expected credit loss amount	1,930	1,551	3,138	33,214	39,833
	December 31, 2022				Total
	Not overdue	Overdue under 90 days	Overdue for 91- 270 days	Overdue 271 over days	
Notes receivable:					
Expected credit loss rate	0.08%	100%	100%	100%	
Carrying amount	\$ 281,030	13	-	-	281,043
Expected credit loss amount	219	13	-	-	232
Premiums receivable:					
Expected credit loss rate	1.04%	2%~10%	2%~10%	10%~100%	
Carrying amount	\$ 147,846	24,201	16,597	1,136	189,780
Expected credit loss amount	1,532	948	894	1,136	4,510
Other receivables:					
Carrying amount	\$ 150,604	2,851	2,892	32,491	188,838
Expected credit loss amount	2,275	1,955	2,892	32,491	39,613

(Continued)

UNION INSURANCE CO., LTD.
Notes to the Financial Statements

	March 31, 2022				Total
	Not overdue	Overdue under 90 days	Overdue for 91- 270 days	Overdue 271 over days	
Notes receivable:					
Expected credit loss rate	0.11%	100%	100%	100%	
Carrying amount	\$ 273,671	58	-	1,137	274,866
Expected credit loss amount	316	58	-	1,137	1,511
Premiums receivable:					
Expected credit loss rate	0.44%	2%~10%	2%~10%	10%~100%	
Carrying amount	\$ 353,153	26,588	33,037	1,217	413,995
Expected credit loss amount	1,536	915	1,460	1,217	5,128
Other receivables:					
Carrying amount	\$ 186,930	2,017	3,598	29,001	221,546
Expected credit loss amount	1,992	1,272	3,142	29,001	35,407

3) The movement in loss allowance and information of credit quality of financial assets at amortized cost

a) The movement in loss allowance

	For the three months ended March 31, 2023					Total
	12-month ECL stage 1	Lifetime ECL (assessed on collective) stage 2	Lifetime ECL (assessed on individual) stage 3	The provision of impairment in accordance with IFRS9 (subtotal)	The provision of impairment in accordance with Guidelines for Handling Assessment of Assets, Loans Overdue, Receivable on Demand and Bad Debts by Insurance Enterprises.	
Beginning balance	\$ 1,106	-	-	1,106	-	1,106
Changes	440	4,014	-	4,454	-	4,454
Ending balance	<u>\$ 1,546</u>	<u>4,014</u>	<u>-</u>	<u>5,560</u>	<u>-</u>	<u>5,560</u>

(Continued)

UNION INSURANCE CO., LTD.
Notes to the Financial Statements

For the three months ended March 31, 2022

	12-month ECL stage 1	Lifetime ECL (assessed on collective) stage 2	Lifetime ECL (assessed on individual) stage 3	The provision of impairment in accordance with IFRS9 (subtotal)	The provision of impairment in accordance with Guidelines for Handling Assessment of Assets, Loans Overdue, Receivable on Demand and Bad Debts by Insurance Enterprises.	Total
Beginning balance	\$ 654	-	-	654	-	654
Changes	(10)	-	-	(10)	-	(10)
Ending balance	\$ 644	-	-	644	-	644

b) The information of credit quality

	March 31, 2023										
	stage1				stage2				stage3	Allowance impairment loss	Total
	Low-risk	Moderate- risk	High-risk	Total	Low-risk	Moderate- risk	High-risk	Total			
Financial assets at amortized cost (including statutory deposit)	\$ 2,695,053	-	-	2,695,053	170,000	-	-	170,000	-	5,560	2,859,493

	December 31, 2022										
	stage1				stage2				stage3	Allowance impairment loss	Total
	Low-risk	Moderate- risk	High-risk	Total	Low-risk	Moderate- risk	High-risk	Total			
Financial assets at amortized cost (including statutory deposit)	\$ 3,165,046	-	-	3,165,046	-	-	-	-	-	1,106	3,163,940

	March 31, 2022										
	stage1				stage2				stage3	Allowance impairment loss	Total
	Low-risk	Moderate- risk	High-risk	Total	Low-risk	Moderate- risk	High-risk	Total			
Financial assets at amortized cost (including statutory deposit)	\$ 2,214,770	-	-	2,214,770	-	-	-	-	-	644	2,214,126

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UNION INSURANCE CO., LTD.
Notes to the Financial Statements

(ii) Liquidity risk

The following table shows the maturity date of financial liabilities. The Company does not anticipate that the cash flow of the maturity analysis will occur significantly earlier, or the actual amount will be significantly different.

March 31, 2023						
Non-derivative financial liabilities	Amount	Contract undiscounted cash amount	Overdue under 3 months	Overdue for 3 - 9 months	Overdue for 9 - 12 months	Overdue over 12 months
Payables						
Claims payable	\$ 26,530	26,530	25,328	16	22	1,164
Commissions payable	224,591	224,591	224,591	-	-	-
Due to ceding companies	635,668	635,668	618,708	15,834	-	1,126
Other payables	257,389	257,389	215,126	-	42,252	11
Lease liabilities	25,485	25,993	4,298	7,587	3,063	11,045
Other liabilities						
Guarantee deposits received	9,966	9,966	375	25	1,101	8,465
Total	\$ 1,179,629	1,180,137	1,088,426	23,462	46,438	21,811
December 31, 2022						
Non-derivative financial liabilities	Amount	Contract undiscounted cash amount	Overdue under 3 months	Overdue for 3 - 9 months	Overdue for 9 - 12 months	Overdue over 12 months
Payables						
Claims payable	\$ 10,083	10,083	8,890	26	5	1,162
Commissions payable	178,341	178,341	178,341	-	-	-
Due to ceding companies	598,519	598,519	561,768	30,615	189	5,947
Other payables	380,362	380,362	379,525	288	144	405
Lease liabilities	11,931	12,127	3,437	3,661	1,180	3,849
Other liabilities						
Guarantee deposits received	9,962	9,962	2	422	10	9,528
Total	\$ 1,189,198	1,189,394	1,131,963	35,012	1,528	20,891

(Continued)

UNION INSURANCE CO., LTD.
Notes to the Financial Statements

	March 31, 2022					
	Amount	Contract undiscounted cash amount	Overdue under 3 months	Overdue for 3 - 9 months	Overdue for 9 - 12 months	Overdue over 12 months
Non-derivative financial liabilities						
Payables						
Claims payable	\$ 17,592	17,592	14,899	81	96	2,516
Commissions payable	202,209	202,209	202,209	-	-	-
Due to ceding companies	614,922	614,922	566,261	48,042	-	619
Other payables	488,096	488,096	413,097	35,000	39,999	-
Lease liabilities	19,391	19,746	4,116	7,270	2,334	6,026
Other liabilities						
Guarantee deposits received	6,730	6,730	1,296	237	-	5,197
Total	\$ 1,348,940	1,349,295	1,201,878	90,630	42,429	14,358

(iii) Foreign currency risk

1) Exposure about foreign currency risk

The amounts of the original currency (in thousands) exposed to the significant foreign currency exchange rate risk were as follows:

	<u>March 31, 2023</u>	<u>December 31, 2022</u>	<u>March 31, 2022</u>
<u>Financial assets</u>			
<u>Monetary items</u>			
USD	\$ 6,685	6,808	4,942
EUR	141	178	48
JPY	121	121	120
HKD	105	12	40
KRW	170	149	10
CNY	-	-	40
GBP	40	43	26
THB	31	51	126
<u>Financial liability</u>			
<u>Monetary items</u>			
USD	1,678	1,713	3,422
KRW	582	512	466
THB	-	-	79

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UNION INSURANCE CO., LTD.
Notes to the Financial Statements

Important rate:

	Rates		
	<u>March 31, 2023</u>	<u>December 31, 2022</u>	<u>March 31, 2022</u>
USD	\$ 30.46	30.71	28.63
EUR	33.14	32.72	31.92
JPY	0.2283	0.2324	0.2353
HKD	3.88	3.94	3.66
KRW	0.0236	0.0246	0.0238
CNY	4.43	4.41	4.51
GBP	37.67	37.09	37.62
THB	0.8965	0.8941	0.8651

2) Sensitivity analysis

As of March 31, 2023 and 2022, with all other variable factors that remain constant, when NTD increases 1% compared to other currency, the amount of the Company's comprehensive income will increase as follows:

	<u>March 31, 2023</u>	<u>March 31, 2022</u>
USD(increases 1%)	\$ 1,220	348
EUR(increases 1%)	37	12
HKD(increases 1%)	3	1
CNY(increases 1%)	-	1
GBP(increases 1%)	12	8
THB(increases 1%)	-	-

Conversely, if there is a decrease of 1% compared to other currency based on all other variables remain the same, there will be the same amount but opposite direction of influence as of March 31, 2023 and 2022.

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UNION INSURANCE CO., LTD.
Notes to the Financial Statements

(iv) Interest rate risk

1) Summary

The amounts of interest bearing financial instruments related to interest rate risk on the reporting date were as follows:

	<u>Carrying Amount</u>		
	<u>March 31, 2023</u>	<u>December 31, 2022</u>	<u>March 31, 2022</u>
Variable interest rate instrument:			
Term deposit	\$ <u>1,198,000</u>	<u>1,170,220</u>	<u>372,000</u>

2) Sensitivity Analysis of variable interest rate financial instruments

Based on the carrying amount of those financial instruments on the reporting date, assuming they are held for one year, and all other variable factors remaining constant, when interest rate change 10 basis points, the Company's net income will increase or decrease as follows:

	<u>March 31, 2023</u>	<u>December 31, 2022</u>	<u>March 31, 2022</u>
Increase 10 basis points	\$ 1,198	1,170	372
Decrease 10 basis points	(1,198)	(1,170)	(372)

(v) Fair value and hierarchy information

1) Fair value information

a) General description

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction among market participants at the measurement date.

b) Definition of fair value hierarchy

i) Level 1

The input of Level 1 is the public quote of the same financial instrument in an active market. An active market is a market that meets all the conditions listed below: Products traded in the market is of homogeneity; it is able to reach buyer and seller anytime in the market and the price information can be accessed by the public. Listed stock, OTC stock, beneficiary certificates, as well as equity and derivative instruments with public quote in an active market possessed by the Company belong to Level 1.

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UNION INSURANCE CO., LTD.
Notes to the Financial Statements

ii) Level 2

The input of Level 2 refers to observable price except public quote in an active market, including direct observable input parameters (such as price) or indirect observable input parameters (derivation from price).

iii) Level 3

The input of level 3 is the parameters of measuring fair value, which is from neither on direct market data nor from the counter party.

2) Based on fair value measurement

a) Hierarchy information of fair value

The Company's financial instruments measured at fair value are evaluated on a recurring basis. The financial assets and liabilities measured at fair value were as follows:

		March 31, 2023			
Assets and liabilities	Total	Quoted prices in active markets for identical assets (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)	
<u>Repeatably fair value measurement</u>					
<u>Non-derivative financial assets</u>					
Financial assets at fair value through profit or loss					
Beneficiary certificates	\$ 131,002	131,002	-	-	
Real estate investment trust beneficiary certificates	332,077	332,077	-	-	
Stocks	699,480	699,480	-	-	
Financial assets at fair value through other comprehensive income					
Stocks	2,281,990	2,266,884	-	15,106	
		December 31, 2022			
Assets and liabilities	Total	Quoted prices in active markets for identical assets (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)	
<u>Repeatably fair value measurement</u>					
<u>Non-derivative financial assets</u>					
Financial assets at fair value through profit or loss					
Beneficiary certificates	\$ 23,876	23,876	-	-	
Real estate investment trust beneficiary certificates	341,911	341,911	-	-	
Stocks	436,690	436,690	-	-	
Financial assets at fair value through other comprehensive income					
Stocks	2,140,676	2,125,500	-	15,176	

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UNION INSURANCE CO., LTD.
Notes to the Financial Statements

Assets and liabilities	March 31, 2022			
	Total	Quoted prices in active markets for identical assets (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Repeatable fair value measurement				
<u>Non-derivative financial assets</u>				
Financial assets at fair value through profit or loss				
Beneficiary certificates	\$ 219,403	219,403	-	-
Real estate investment trust beneficiary certificates	362,902	362,902	-	-
Stocks	1,173,873	1,173,873	-	-
Financial assets at fair value through other comprehensive income				
Stocks	2,087,554	2,072,014	-	15,540

b) Valuation techniques of fair value measurement

The valuation of non-derivative financial instruments are based on transparent offer price as fair value if there is existence of active market. The basic of fair value is the market price announced by stock exchange, OTC, etc., the listed stocks and OTC stocks as equity instruments, and debt instruments in active market.

If obtaining frequently and timely transparent offers from stock exchange, brokers, securities underwriter, industrial union and set price service organization or supervisor organization that means the price is actual and frequent fair market deal that is the transparent offer price as fair value in the active market. If the conditions above mentioned are fail, the market is considered as non active market. Generally, the difference between bid ask is big and significant or with the volume of deal is few would be indicated that non active market. The equity of non transparent offer price shall be evaluated by valuation techniques by using the Market approach public company comparable with the discount of lack equity liquidity.

c) Transfer between Level 1 and Level 2

There is no transfer between Level 1 and Level 2 for the three months ended March 31, 2023 and 2022.

d) Movements of financial assets at fair value classified into Level 3

Name	For the three months ended March 31, 2023							Balance at the end of the year
	Balance at the beginning of the year	Gains and losses on valuation		Increase		Decrease		
		Recognized in profit or loss	Recognized in other comprehensive income	Purchase or issue	Transferred from Level 3	Sale, disposal or settlement	Transferred out Level 3	
Financial assets at fair value through other comprehensive income	\$ 15,176	-	(70)	-	-	-	-	15,106

Name	For the three months ended March 31, 2022							Balance at the end of the year
	Balance at the beginning of the year	Gains and losses on valuation		Increase		Decrease		
		Recognized in profit or loss	Recognized in other comprehensive income	Purchase or issue	Transferred from Level 3	Sale, disposal or settlement	Transferred out Level 3	
Financial assets at fair value through other comprehensive income	\$ 15,372	-	168	-	-	-	-	15,540

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UNION INSURANCE CO., LTD.
Notes to the Financial Statements

- e) Quantified information of fair value measurement for significant unobservable inputs (Level 3)

The Company's Level 3 fair value measurements are financial assets at fair value through other comprehensive income – equity instruments investment.

The Company's equity instruments investment without active market include multiple significant unobservable inputs. Those unobservable inputs of equity instrument without active market are independent from each other, thus, they are not correlative. Since the correlation between significant unobservable inputs and fair value cannot be fully measured in practical, the quantified information is not disclosed.

<u>Items</u>	<u>Evaluation</u>	<u>significant unobservable inputs</u>	<u>relationship between significant unobservable inputs and the fair value</u>
Financial assets at fair value through other comprehensive income - equity instruments without an active market	Market method	<ul style="list-style-type: none"> · Price to Book Ratio · Discount for lack of marketability 	<ul style="list-style-type: none"> · The higher price to book ratio is, the higher fair value is. · The higher discount for lack of marketability is, the lower the fair value is.

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UNION INSURANCE CO., LTD.
Notes to the Financial Statements

- f) Fair value measurement to Level 3, and the sensitivity analysis of the substitutable appropriate assumption made on fair value

The fair value measurement that the Company made for the financial instruments is deemed reasonable; however, different valuation models or inputs could result in different valuation results. Specifically, if the valuation input of financial instruments classified in the Level 3 changes by 1%, the effects on other comprehensive income are as follows:

	Change in fair value recognized in other comprehensive income	
	Favorable	Unfavorable
March 31, 2023		
Financial assets fair value through other comprehensive income	\$ 151	(151)
December 31, 2022		
Financial assets fair value through other comprehensive income	\$ 152	(152)
March 31, 2022		
Financial assets fair value through other comprehensive income	\$ 155	(155)

Favorable and unfavorable movements of the Company refer to the fluctuation of fair value, and the fair value is calculated through the valuation technique according to the unobservable inputs to different extent. If the fair value of a financial instrument is affected by more than one input, the above table only illustrates the effect as a result of one single input, and the correlation and variance among multiple inputs are not listed here.

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UNION INSURANCE CO., LTD.
Notes to the Financial Statements

(vi) Financial instruments not measured at fair value

1) Fair value information

The carrying amount of financial instruments not measured at fair value, such as cash and cash equivalents, receivables, reinsurance assets, other financial assets, account payables and other financial liabilities that are approximate to the fair value in the Company does not disclose the fair value, except for below items:

<u>Item</u>	<u>Carrying amount</u>	<u>Fair value</u>
March 31, 2023		
Financial assets		
Financial assets at amortized cost (included statutory deposits)	\$ 2,859,493	2,840,755
Investment Property	850,492	1,567,591
December 31, 2022		
Financial assets		
Financial assets at amortized cost (included statutory deposits)	3,163,940	3,129,985
Investment Property	851,695	1,568,918
March 31, 2022		
Financial assets		
Financial assets at amortized cost (included statutory deposits)	2,214,126	2,211,425
Investment Property	855,305	1,736,605

(Continued)

UNION INSURANCE CO., LTD.
Notes to the Financial Statements

2) Fair value information

March 31, 2023				
Item	Total	Quoted prices in active markets for identical assets (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Financial assets at amortized cost \$ (included statutory deposits)	2,840,755	-	2,840,755	-
Investment property	1,567,591	-	-	1,567,591
December 31, 2022				
Item	Total	Quoted prices in active markets for identical assets (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Financial assets at amortized cost \$ (included statutory deposits)	3,129,985	-	3,129,985	-
Investment property	1,568,918	-	-	1,568,918
March 31, 2022				
Item	Total	Quoted prices in active markets for identical assets (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Financial assets at amortized cost \$ (included statutory deposits)	2,211,425	-	2,211,425	-
Investment property	1,736,605	-	-	1,736,605

3) Valuation techniques

The valuation assumption and methods of financial instruments not measured at fair value is used by the Company were as follows:

- a) The fair value of short-term financial commodity is estimated by the carrying amount of balance sheet. The carrying amount is the reasonable basis to estimate the fair value, because the maturity date of the commodity is near. The method applied on cash and equivalent cash, accounts receivables and accounts payables.

(Continued)

UNION INSURANCE CO., LTD.
Notes to the Financial Statements

- b) Financial assets at amortized cost (bond investments without active market)

If investments assets measured at amortized cost have transaction price or quotes of the market makers, use the recent transaction price and quotes as the basis of estimating fair value. If without market value, discounted cash flow method or the quotes of the counterparties are used to calculate fair value or the quoted prices of the counter party.

- c) The refundable deposits and guarantee deposits have no specific maturity date, as a result, using the carrying amount on the balance sheet as the fair value.
- d) The fair value of investment property is assessed by the market practices.

- 4) Transfer between Level 1 and Level 2

There were no transfer for the three months ended March 31, 2023 and 2022.

- (v) Financial risk management

There were no significant changes in the Company's financial risk management objectives and policies as disclosed in Note 6(v) of the financial statements for the year ended December 31, 2022.

- (w) Capital Management

Management believes that the objectives, policies and processes of capital management of the Company has been applied consistently with those described in the financial statements for the year ended December 31, 2022. For the related information, please refer to Note 6(w) of the financial statements for the year ended December 31, 2022.

- (x) Structured entities not included in the financial statements

- (i) The Company possesses the equities of the following structured entities which are not included in the financial statements. The fund is from the Company and an outside third party:

<u>Types of structured entity</u>	<u>Characteristic and purpose</u>	<u>Equity owned by the Company</u>
Assets securitization products-REITS	Invests in assets securitization products of commercial real estate.	Asset backed securities issued by the entity

- (ii) The carrying amount of the assets related to the structured entities recognized by the Company but not yet included in the financial statements on March 31, 2023, December 31 and March 31, 2022, were as follows:

<u>March 31, 2023</u>	<u>Asset securitization products-REITS</u>
Assets possessed by the Company	
– Financial assets at fair value through profit or loss	\$ 332,077
Total assets possessed by the company	<u>\$ 332,077</u>

(Continued)

UNION INSURANCE CO., LTD.
Notes to the Financial Statements

December 31, 2022	Asset securitization products-REITS
Assets possessed by the Company	
– Financial assets at fair value through profit or loss	\$ 341,911
Total assets possessed by the company	<u>\$ 341,911</u>
March 31, 2022	Asset securitization products-REITS
Assets possessed by the Company	
– Financial assets at fair value through profit or loss	\$ 362,902
Total assets possessed by the company	<u>\$ 362,902</u>

The maximum exposure of the possible loss from the entity is the carrying amount of the assets possessed.

- (iii) The Company did not provide any financial support for the asset securitization products not included in the financial statements for the three months ended March 31, 2023 and 2022.

(7) Related-party transactions:

- (a) Final controller

Mr. Tsai Yan Ming is the Company final controller.

- (b) Names and relationship of related parties

The followings are entities that have had transactions with related party during the periods covered in the financial statements.

Name of Related Party	Relationship with the Company
Want Want Co., Ltd.	Material related party
Want Chia Enterprises Co.,Ltd.	Material related party
H.Y. Tsai Co., Ltd.	Material related party
Tsai Ho Want Enterprises Co., Ltd.	Material related party
Want Want Constructions Co., Ltd.	Material related party
Digital Commercial Times Inc.	Material related party
CTI Television Incorporation Co., Ltd.	Material related party
China Times Culture Co., Ltd.	Material related party
China Television Company Co., Ltd.	Material related party
Touche Innovative Media Co., Ltd.	Material related party
Media Sphere Communications Ltd..	Material related party
TY Star Network Technology Co., Ltd.	Material related party
Want Tai Media Co., Ltd.	Material related party

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UNION INSURANCE CO., LTD.
Notes to the Financial Statements

<u>Name of Related Party</u>	<u>Relationship with the Company</u>
I Lan Foods Ind. Co., Ltd.	Material related party
First Family Enterprise Co., Ltd.	Material related party
Want Pu Trading Limited, Taiwan Branch (B.V.I)	Material related party
Newwing Limited, Taiwan Branch (B.V.I)	Material related party
Twitcher Taiwan Limited, Taiwan Branch (B.V.I)	Material related party
San Want Hotel Co., Ltd.	Material related party
Shao Yuan Co., Ltd.	Material related party
Jia Peng Development Co., Ltd.	Material related party
Ho Yuan Want Co., Ltd.	Material related party
Taiwan Marketing Logistics Co., Ltd.	Material related party
Hao Want Co., Ltd.	Material related party
Wulai Tourism Co., Ltd.	Material related party
Ren Want Co., Ltd.	Material related party
IBF Securities Co., Ltd.	Material related party
Nuowant Biomedical Technology Co., Ltd.	Material related party
Commercial Culture Co., Ltd.	Material related party
Hongkong Hai Tian Aquaculture Holdings Limited, Taiwan Branch	Material related party
Chunyuan Hospitality Ltd.	Material related party
Pozzo Bakery Co., Ltd.	Material related party
Dentsu One Co., Ltd.	Material related party (Note1)
All directors, supervisors, managers, chairman of the board, general managers are the Company's related parties.	

Note1: It has not been a related party since January 2023.

(c) Compensation of key management personnel

	For the three months ended March 31,	
	2023	2022
Short-term employee benefits	\$ 10,033	8,550
Short-term employee benefits-paid leave	1,229	588
Post-employment benefits	<u>272</u>	<u>122</u>
Total	<u>\$ 11,534</u>	<u>9,260</u>

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UNION INSURANCE CO., LTD.
Notes to the Financial Statements

(d) Significant transactions with related parties were as follows:

(i) The details of written premium, account receivables, and prepaid expenses were as follows:

1) Written premium

	For the three months ended March 31,	
	2023	2022
	Amount	Amount
Written premium		
Other related parties	\$ 689	520
Key management personnel	243	123
Total	\$ 932	643

2) Account receivables

	March 31, 2023	December 31,	March 31, 2022
	Amount	2022	Amount
Notes receivables :			
Other related parties	\$ 47	-	92
Premiums receivable:			
Other related parties	\$ 416	213	296
Key management personnel	37	-	3
Total	\$ 453	213	299

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

3) Prepaid expenses

Related parties	March 31, 2023	December 31,	March 31, 2022
		2022	
Other related parties	\$ 2	-	-

(Continued)

UNION INSURANCE CO., LTD.
Notes to the Financial Statements

(ii) The details of general expense were as follows:

Related parties	For the three months ended March 31,	
	2023	2022
Other related parties	\$ 372	890

(iii) The details of rental revenue and guarantee deposits received were as follows:

1) Rental revenue

Related parties	For the three months ended March 31,	
	2023	2022
Key Management personnel	\$ -	15

2) Guarantee deposits received

Related parties	March 31, 2023	December 31, 2022	March 31, 2022
Key Management personnel	\$ -	-	5

The above-mentioned leases were operating leases and the terms transactions were similar to those with non-related parties.

(8) Pledged assets:

As of March 31, 2023, December 31 and March 31, 2022, the assets pledged or guaranteed were as follows:

Pledged Assets	March 31, 2023	December 31, 2022	March 31, 2022	Purpose of pledge
Other financial assets - Time deposit	\$ 47,000	167,000	167,000	Guarantee for the insurance business
Financial assets at amortized cost	397,986	430,092	423,670	Guarantee for operating business, suit, and contract performance
Total	\$ 444,986	597,092	590,670	

(9) Commitments and contingencies:

- (a) The Company had several significant insurance lawsuits and was required to pay indemnities of \$127,659, of which approximately \$97,617 were reinsured. The remain had been accrued. These cases have not been resolved with District Court of Appeal as of March 31, 2023.
- (b) In order to improve computer equipment and IT systems, the Company is in contract with several IT companies. As of March 31, 2023, there is \$97,375 unpaid.

(Continued)

UNION INSURANCE CO., LTD.
Notes to the Financial Statements

(10) Losses Due to Major Disasters:None.

(11) Subsequent Events:None.

(12) Other:

(a) A summary of employee benefits, depreciation and amortization:

Function Nature	For the three months ended March 31,					
	2023			2022		
	Operating costs	Operating expense	Total	Operating costs	Operating expense	Total
Employees Benefits:						
Salaries	101,391	193,548	294,939	101,545	186,936	288,481
Labor and health insurance	-	24,053	24,053	-	23,614	23,614
Pension	-	10,656	10,656	-	10,095	10,095
Remuneration of directors	-	3,315	3,315	-	4,243	4,243
Others	-	12,109	12,109	-	11,382	11,382
Depreciation	1,203	12,055	13,258	1,203	11,952	13,155
Amortization	-	5,182	5,182	-	4,314	4,314

(Continued)

UNION INSURANCE CO., LTD.
Notes to the Financial Statements

(b) Disclosure of earned retention premium by compulsory and non-compulsory insurance

For the three months ended March 31, 2023						
Item	Premium Revenue (1)	Reinsurance Premium (2)	Reinsurance Expense (3)	Net change in unearned premium reserve (4)=(1)+(2)-(3)	Net change in unearned premium reserve(5)	Retention of earned premium (6)=(4)-(5)
Compulsory insurance	\$ 232,987	78,002	97,796	213,193	(1,963)	215,156
Non-compulsory insurance	2,905,590	64,975	739,921	2,230,644	366,847	1,863,797
Total	<u>\$ 3,138,577</u>	<u>142,977</u>	<u>837,717</u>	<u>2,443,837</u>	<u>364,884</u>	<u>2,078,953</u>

For the three months ended March 31, 2022						
Item	Premium Revenue (1)	Reinsurance Premium (2)	Reinsurance Expense (3)	Net change in unearned premium reserve (4)=(1)+(2)-(3)	Net change in unearned premium reserve(5)	Retention of earned premium (6)=(4)-(5)
Compulsory insurance	\$ 233,344	81,283	98,568	216,059	(142)	216,201
Non-compulsory insurance	2,588,081	37,946	602,599	2,023,428	220,069	1,803,359
Total	<u>\$ 2,821,425</u>	<u>119,229</u>	<u>701,167</u>	<u>2,239,487</u>	<u>219,927</u>	<u>2,019,560</u>

(c) Disclosure of self-claim by compulsory and non-compulsory insurance

For the three months ended March 31, 2023				
Item	Claims (included related expenses) (1)	Reinsurance claims (2)	Claims recovered from reinsurers (3)	Retained claim payment (4)=(1)+(2)-(3)
Compulsory insurance	\$ 161,151	70,671	93,455	138,367
Non-compulsory insurance	1,367,560	9,287	295,223	1,081,624
Total	<u>\$ 1,528,711</u>	<u>79,958</u>	<u>388,678</u>	<u>1,219,991</u>

For the three months ended March 31, 2022				
Item	Claims (included related expenses) (1)	Reinsurance claims (2)	Claims recovered from reinsurers (3)	Retained claim payment (4)=(1)+(2)-(3)
Compulsory insurance	\$ 145,297	77,554	87,794	135,057
Non-compulsory insurance	1,122,012	22,649	303,691	840,970
Total	<u>\$ 1,267,309</u>	<u>100,203</u>	<u>391,485</u>	<u>976,027</u>

(Continued)

UNION INSURANCE CO., LTD.
Notes to the Financial Statements

(d) Reserves accrued and recovered for compulsory automobile and motorcycle insurance:

For the three months ended March 31, 2023

Type	Beginning	Provision	Recovery	Ending	Note
Unearned premium reserve					
Compulsory automobile liability insurance	\$ 398,720	396,051	398,720	396,051	
Compulsory motorcycle liability insurance	129,132	128,812	129,132	128,812	
Compulsory mini electric two-wheel vehicle liability insurance	360	879	360	879	
Special reserve					
Compulsory automobile liability insurance	(219,154)	7,581	-	(211,573)	
Compulsory motorcycle liability insurance	309,295	1,461	6,506	304,250	
Compulsory mini electric two-wheel vehicle liability insurance	47	57	-	104	
Claim reserve					
Compulsory automobile liability insurance	572,412	579,532	572,412	579,532	
Compulsory motorcycle liability insurance	167,935	177,709	167,935	177,709	
Compulsory mini electric two-wheel vehicle liability insurance	89	206	89	206	
Total	\$ 1,358,836	1,292,288	1,275,154	1,375,970	

(Continued)

UNION INSURANCE CO., LTD.
Notes to the Financial Statements

For the three months ended March 31, 2022

Type	Beginning	Provision	Recovery	Ending	Note
Unearned premium reserve					
Compulsory automobile liability insurance	\$ 399,078	397,785	399,078	397,785	
Compulsory motorcycle liability insurance	132,472	131,712	132,472	131,712	
Special reserve					
Compulsory automobile liability insurance	(276,929)	32,647	-	(244,282)	
Compulsory motorcycle liability insurance	294,872	1,351	4,978	291,245	
Claim reserve					
Compulsory automobile liability insurance	569,388	566,473	569,388	566,473	
Compulsory motorcycle liability insurance	180,851	171,640	180,851	171,640	
Total	\$ 1,299,732	1,301,608	1,286,767	1,314,573	

(Continued)

UNION INSURANCE CO., LTD.
Notes to the Financial Statements

(e) Balance sheet and operating revenue and cost of compulsory automobile liability insurance:

(i) Balance sheet of compulsory automobile liability insurance:

Items	Amount		Items	Amount	
	March 31, 2023	March 31, 2022		March 31, 2023	March 31, 2022
<u>Asset</u>			<u>Liabilities</u>		
Cash and cash in bank	\$ 798,740	751,126	Claims payable	\$ 4,680	3,084
Notes receivable	6,420	7,770	Due to reinsurers and ceding companies	69,298	64,327
Premiums receivable	6,892	9,342	Unearned premium reserve	525,742	529,497
Claim recoverable from reinsures	59,066	42,340	Claims reserve	757,447	738,113
Due from reinsurers and ceding companies	49,807	50,221	Special reserve	92,781	46,963
Ceded unearned premium reserve	217,083	217,967			
Ceded claims reserve	311,690	302,979			
Temporary payments	250	239			
Total assets	\$ 1,449,948	1,381,984	Total liabilities	\$ 1,449,948	1,381,984

(ii) Operating revenue and cost of compulsory automobile liability insurance:

Item	For the three months ended March 31,	
	2023	2022
Operating revenue	145,477	147,162
Pure premium	162,981	164,272
Reinsurance premium	78,002	81,283
Premium	240,983	245,555
Less: Reinsurance expense	(97,796)	(98,568)
Net change in unearned premium reserve	1,963	142
Retained earned premium	145,150	147,129
Interest income	327	33
Operating costs	151,246	152,777
Insurance claim payment	161,151	145,297
Reinsurance claim payment	70,671	77,554
Less: Claim recovered from reinsurers	(93,455)	(87,794)
Retained claim payment	138,367	135,057
Net change in claim reserve	10,286	(11,300)
Net change in special reserve	2,593	29,020

(Continued)

UNION INSURANCE CO., LTD.
Notes to the Financial Statements

- (f) The amounts of total assets and liabilities which will be recovered or paid within or over 12 months of the balance sheet date are as follows:

<u>Assets</u>	March 31, 2023		
	<u>Within 12 months</u>	<u>Over 12 months</u>	<u>Total</u>
Cash and cash equivalents	\$ 3,271,040	-	3,271,040
Receivables	819,562	-	819,562
Current tax assets	10,408	-	10,408
Financial assets at fair value through profit or loss	1,162,559	-	1,162,559
Financial assets at fair value through other comprehensive income	-	2,281,990	2,281,990
Financial assets at amortized cost	-	2,461,507	2,461,507
Other financial assets	1,511,900	199,900	1,711,800
Right-of-use assets	-	25,345	25,345
Investment property	-	850,492	850,492
Reinsurance assets	3,976,082	530,282	4,506,364
Property and equipment	-	1,286,078	1,286,078
Intangible assets	-	157,595	157,595
Other assets	-	643,857	643,857
Total assets	<u>\$ 10,751,551</u>	<u>8,437,046</u>	<u>19,188,597</u>

<u>Liabilities</u>	March 31, 2023		
	<u>Within 12 months</u>	<u>Over 12 months</u>	<u>Total</u>
Accounts payable	\$ 1,141,877	2,301	1,144,178
Insurance liabilities	11,914,965	805,402	12,720,367
Provisions	-	110,138	110,138
Lease liabilities	14,550	10,935	25,485
Deferred tax liabilities	-	63,920	63,920
Other liabilities	12,053	8,465	20,518
Total liabilities	<u>\$ 13,083,445</u>	<u>1,001,161</u>	<u>14,084,606</u>

(Continued)

UNION INSURANCE CO., LTD.
Notes to the Financial Statements

<u>Assets</u>	December 31, 2022		
	<u>Within 12 months</u>	<u>Over 12 months</u>	<u>Total</u>
Cash and cash equivalents	\$ 3,067,290	-	3,067,290
Receivables	615,306	-	615,306
Current tax assets	7,234	-	7,234
Financial assets at fair value through profit or loss	802,477	-	802,477
Financial assets at fair value through other comprehensive income	-	2,140,676	2,140,676
Financial assets at amortized cost	267,892	2,465,956	2,733,848
Other financial assets	1,500,875	122,000	1,622,875
Right-of-use assets	-	11,796	11,796
Investment property	-	851,695	851,695
Reinsurance assets	3,605,814	646,204	4,252,018
Property and equipment	-	1,292,268	1,292,268
Intangible assets	-	113,373	113,373
Other assets	31,987	758,768	790,755
Total assets	\$ 9,898,875	8,402,736	18,301,611

<u>Liabilities</u>	December 31, 2022		
	<u>Within 12 months</u>	<u>Over 12 months</u>	<u>Total</u>
Accounts payable	\$ 1,159,791	7,514	1,167,305
Insurance liabilities	11,146,118	978,003	12,124,121
Provisions	-	110,113	110,113
Lease liabilities	8,123	3,808	11,931
Deferred tax liabilities	-	63,920	63,920
Other liabilities	9,840	9,528	19,368
Total liabilities	\$ 12,323,872	1,172,886	13,496,758

(Continued)

UNION INSURANCE CO., LTD.
Notes to the Financial Statements

<u>Assets</u>	March 31, 2022		
	<u>Within 12 months</u>	<u>Over 12 months</u>	<u>Total</u>
Cash and cash equivalents	\$ 3,320,016	-	3,320,016
Receivables	868,361	-	868,361
Financial assets at fair value through profit or loss	1,756,178	-	1,756,178
Financial assets at fair value through other comprehensive income	-	2,087,554	2,087,554
Financial assets at amortized cost	70,308	1,720,148	1,790,456
Other financial assets	2,256,120	128,000	2,384,120
Right-of-use assets	-	19,242	19,242
Investment property	-	855,305	855,305
Reinsurance assets	3,539,319	370,979	3,910,298
Property and equipment	-	1,258,789	1,258,789
Intangible assets	-	115,668	115,668
Other assets	278,943	518,682	797,625
Total assets	\$ 12,089,245	7,074,367	19,163,612

<u>Liabilities</u>	March 31, 2022		
	<u>Within 12 months</u>	<u>Over 12 months</u>	<u>Total</u>
Accounts payable	\$ 1,319,684	3,135	1,322,819
Current tax liabilities	126,315	-	126,315
Insurance liabilities	10,532,747	755,931	11,288,678
Provisions	-	163,670	163,670
Lease liabilities	13,463	5,928	19,391
Deferred tax liabilities	-	63,920	63,920
Other liabilities	10,350	5,197	15,547
Total liabilities	\$ 12,002,559	997,781	13,000,340

(Continued)

UNION INSURANCE CO., LTD.
Notes to the Financial Statements

- (g) Other disclosures in accordance with regulations governing the preparation of financial reports by insurance enterprises:
- (i) The details of the market values of investments which were held for investment purpose by the discretionary investment trust fund : Refer to Note 6(f).
 - (ii) Information regarding to discontinued operations: None.
 - (iii) Material revolutions of adjustments of organization and management policy: None.
 - (iv) Material influence because of the regulations changed: None.
 - (v) The Loan because of paying large amount of claims: None.
- (h) Disclosure in accordance to "catastrophe special reserve and equalization special reserve", "the special reserve for resident earthquake insurance" and "the special reserve for nuclear insurance":

For the three months ended March 31, 2023 and 2022, the influence for not applying the notification on net income, liabilities, and equity of the Company resulted in an increase of \$21,573, an increase of \$17,882, a decrease of \$21,573, a decrease of \$17,882, an increase of \$21,573, an increase of \$17,882, respectively. The influence on the Company for not applying the notification resulted in the EPS by an increase of \$0.10 and an increase of \$0.08, respectively.

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UNION INSURANCE CO., LTD.
Notes to the Financial Statements

(13) Other disclosures:

(a) Information on significant transactions:

The following is the information on significant transactions required by the “the Regulations Governing the Preparation of Financial Reports by Insurance Enterprises” for the Company:

- (i) Acquisition of individual real estate with amount exceeding the lower of NT\$100 million or 20% of the capital stock: None.
- (ii) Disposal of individual real estate with amount exceeding the lower of NT\$100 million or 20% of the capital stock: None.
- (iii) Related-party transactions for purchases and sales with amount exceeding the lower of NT\$100 million or 20% of the capital stock: None.
- (iv) Receivables from related parties with amount exceeding the lower of NT\$100 million or 20% of the capital stock: None.
- (v) Trading in derivative instruments: None.

(b) Information on investees: None.

(c) Information on investment in mainland China: None.

(d) Major shareholders:

Shareholder's Name	Shareholding	Shares	Percentage
Tsai Ho Want Enterprises Co., Ltd.		49,961,671	22.34 %
Want Chia Enterprises Co., Ltd.		48,480,873	21.68 %
Want Want Co., Ltd.		46,689,943	20.88 %

Notes: The information on major shareholders, which is provided by the Taiwan Depository & Clearing Corporation, summarized the shareholders who held over 5% of total non-physical common stocks and preferred stocks (including treasury stocks) on the last business date of each quarter. The registered non-physical stocks be different from the capital stocks disclosed in the financial statement due to different calculation basis.

UNION INSURANCE CO., LTD.
Notes to the Financial Statements

(14) Segment information:

(a) General information

The Company primarily conducts its business in property insurance, which is the single mostly significant business unit for the Company, furthermore major decisions are based on the business activity's company-wide report to determine performance evaluation and the allocation of information, therefore it is not necessary to individually disclose operational information of reportable segments.

(b) Region information

The Company's business is primarily located in Taiwan.

(c) Important client information

The Company does not receive premium revenue from any single customer which exceeds 10% of the direct written premiums received and there is no need to disclose major customer information.