

**TOKIO MARINE NEWA INSURANCE CO.,
LTD.**

**FINANCIAL STATEMENTS AND INDEPENDENT
AUDITOR'S REPORT**

DECEMBER 31, 2025 AND 2024

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

INDEPENDENT AUDITOR'S REPORT TRANSLATED FROM CHINESE

PWCR25000400

To Tokio Marine Nawa Insurance Co., Ltd.

Opinion

We have audited the accompanying balance sheet of Tokio Marine Nawa Insurance Co., Ltd. (the “Company”) as at December 31, 2025 and 2024, and the related statements of comprehensive income, of changes in equity and of cash flows for the year then ended, and notes to the financial statements, including a summary of material accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2025 and 2024, and its financial performance and its cash flows for the year then ended in accordance with the Rules for the Preparation of Financial Reports by Insurance Institutions and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations that came into effect as endorsed by the Financial Supervisory Commission.

Basis for opinion

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

Key audit matters

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

Key audit matters for the Company's financial statements of the current period are stated as follows:

Claims reserve and ceded claims reserve

Description

For the accounting policy of claims reserve (included ceded claims reserve), please refer to Note 4(21) of the financial statements; for critical accounting estimates and key sources of assumption uncertainty of claims reserve (included ceded claims reserve), please refer to Note 5 of the financial statements; for details on claims reserve (including ceded claims reserve), please refer to Note 6(15) of the financial statements.

The Company's claims reserve (including ceded claims reserve) uses the actuarial principles to estimate the reasonable amount of ultimate claims by insurance product types. As of December 31, 2025, the Company's claims reserve and ceded claims reserve was \$8,847,575,489 and \$2,537,727,519 respectively. Considering the calculation method and assumptions for claims reserve involve the professional judgment of management and is material with respect to the financial statements, we have thus included claims reserve and ceded claims reserve as key audit matters in our audit as of year ended December 31, 2025.

How our audit addressed the matter

The procedures that we have conducted in response to specific aspects of the above-mentioned key audit matter are summarized as follows:

1. Obtained an understanding and assessed related policies, internal controls and processing procedures for the calculation of the Company's claims reserve (included ceded claims reserve). Also, on a sampling basis tested the effectiveness of internal controls for the calculation of claim reserves (included ceded reserves).
2. Examined the accuracy and completeness of financial information used in calculating claims reserve (including ceded claims reserve).
3. Used the work of actuarial specialists to assists us in assessing the reasonableness of the claims reserve (including ceded claims reserve), it included the following procedures:
 - (1) Sampled and tested the reasonableness of method and the parameters used in the estimation of claims reserve;
 - (2) Sampled and tested the process of calculation to ensure the accuracy of claims reserve.
4. Sampled and tested material Reported-But-Not-Paid claims to assess the reasonableness of the claims reserve.

Responsibilities of management and those charged with governance for the financial statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the "Rules for the Preparation of Financial Reports by Insurance Institutions" and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations that came into effect as endorsed by the Financial Supervisory Commission, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless

management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance, including the audit committee, are responsible for overseeing the Company's financial reporting process.

Auditor's responsibilities for the audit of the financial statements

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

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

1. Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the financial statements. We are responsible for the direction, supervision, and performance of the company audit. We remain solely responsible for our audit opinion.

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

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

Wang, Yu-Hsin

For and on behalf of PricewaterhouseCoopers, Taiwan

March 13, 2026

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

As the financial statements are the responsibility of the management, PricewaterhouseCoopers cannot accept any liability for the use of, or reliance on, the English translation or for any errors or misunderstandings that may derive from the translation.

Tokio Marine Nawa Insurance Co., Ltd.
BALANCE SHEETS
DECEMBER 31, 2025 AND 2024
(Expressed in New Taiwan dollars)

Assets		Notes	December 31, 2025		December 31, 2024	
			AMOUNT	%	AMOUNT	%
11000	Cash and cash equivalents	6(1)	\$ 2,862,611,785	8	\$ 3,246,150,323	11
12000	Receivables	6(2) and 7	865,155,594	2	665,843,932	2
12600	Current income tax assets		2,021,593	-	-	-
14110	Financial assets at fair value through profit or loss	6(3)	991,645,669	3	641,744,992	2
14190	Financial assets at fair value through other comprehensive income	6(4)	4,990,142,439	15	3,760,474,608	12
14120	Financial assets at amortized cost	6(5)	3,624,289,061	11	2,700,181,589	9
14300	Investments accounted for using equity method	6(6)	-	-	100,101,157	-
14180	Other financial assets	6(7)	9,142,400,000	27	7,342,400,000	24
14200	Investment property	6(9)	1,755,904,269	5	1,755,262,924	6
15000	Reinsurance contract assets	6(15)	4,698,153,410	14	4,863,982,100	16
16000	Property and equipment	6(10)	1,313,521,158	4	1,313,978,715	4
16700	Right-of-use assets	6(11) and 7	109,026,793	-	122,681,174	-
17000	Intangible assets		80,616,835	-	100,644,838	-
17800	Deferred income tax assets		1,691,136,322	5	2,050,919,630	7
18000	Other assets	6(13)	2,125,743,897	6	2,171,233,564	7
1XXXX	Total Assets		<u>\$ 34,252,368,825</u>	<u>100</u>	<u>\$ 30,835,599,546</u>	<u>100</u>
Liabilities and Equity						
21000	Payables	6(14) and 7	\$ 1,645,914,651	5	\$ 1,489,159,213	5
21700	Current income tax liabilities		-	-	26,609,975	-
24000	Insurance liabilities	6(15)	20,143,625,208	59	19,479,003,917	63
27000	Provisions	6(16)	411,007,703	1	368,353,366	1
23800	Lease liabilities	6(11)	96,098,391	-	96,551,477	1
25000	Other liabilities	6(18)	889,479,242	3	946,849,928	3
2XXXX	Total Liabilities		<u>23,186,125,195</u>	<u>68</u>	<u>22,406,527,876</u>	<u>73</u>
31000	Capital					
31100	Common stock	6(19)	12,000,003,000	35	12,000,003,000	39
32000	Capital surplus					
32000	Capital surplus	6(20)	1,084,065	-	1,084,065	-
33000	Retained earnings	6(21)				
33200	Special reserve		4,242,972,413	12	3,674,418,142	12
33300	Unappropriated earnings		(5,236,869,846)	(15)	(7,350,655,062)	(24)
34000	Other equity interest		59,053,998	-	104,221,525	-
34950	New item		-	-	-	-
3XXXX	Total Equity		<u>11,066,243,630</u>	<u>32</u>	<u>8,429,071,670</u>	<u>27</u>
	Total liabilities and equity		<u>\$ 34,252,368,825</u>	<u>100</u>	<u>\$ 30,835,599,546</u>	<u>100</u>

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

Tokio Marine Nawa Insurance Co., Ltd.
STATEMENTS OF COMPREHENSIVE INCOME
YEARS ENDED DECEMBER 31, 2025 AND 2024
(Expressed in New Taiwan dollars)

		Year ended December 31					Changes
			2025		2024		Percentage
Items	Notes		AMOUNT	%	AMOUNT	%	(%)
41000	Operating revenues						
41110	Direct insurance premiums	7 and 15	\$ 21,683,796,805	119	\$ 21,062,596,716	121	3
41120	Reinsurance premiums	7 and 15	665,982,292	4	638,845,769	3	4
41100	Premiums income		22,349,779,097	123	21,701,442,485	124	3
51100	Less: Reinsurance premiums outward	7 and 15	(5,023,312,309)	(28)	(4,950,396,468)	(28)	1
51310	Net changes in unearned premium reserve	6(15)	(487,945,465)	(3)	(714,858,634)	(4)	(32)
41130	Retention earned premiums	15	16,838,521,323	92	16,036,187,383	92	5
41300	Reinsurance commission revenue	7	950,134,629	5	957,125,099	6	(1)
41400	Handling fee revenue		21,481,198	-	20,817,131	-	3
41500	Net gain or loss from investments						
41510	Interest income	6(24)	242,262,277	2	182,743,562	1	33
41521	Gains (losses) on valuation of financial assets and liabilities at fair value through profit or loss		(49,563,217)	-	56,204,493	-	(188)
41527	Realized gains (losses) on financial assets at fair value through other comprehensive income	6(4)	182,178,205	1	124,764,757	1	46
41540	Share of profit of associates	6(6)	23,392,355	-	456,862	-	5020
41570	Gains on investment properties	6(9)	31,699,967	-	40,930,530	-	(23)
41585	Expected credit gains (losses) and reversal on investment	13(2)	(376,296)	-	(575,077)	-	(35)
	Total net gains (losses) on investments		429,593,291	3	404,525,127	2	6
41800	Other operating revenues		3,795,145	-	13,122,644	-	(71)
	Total operating revenues		18,243,525,586	100	17,431,777,384	100	5
51000	Operating costs						
51200	Claims paid	7 and 15	(10,061,532,853)	(55)	(9,140,762,895)	(52)	10
41200	Less: Claims recovered from reinsurers	7 and 15	1,819,689,503	10	1,402,184,801	8	30
51260	Retention claim expenditures		(8,241,843,350)	(45)	(7,738,578,094)	(44)	7
51300	Net changes in other insurance liabilities	6(15)	(382,540,105)	(2)	(1,118,506,872)	(7)	(66)
51500	Commission expenses	7	(2,700,540,955)	(15)	(2,680,100,440)	(15)	1
51800	Other operating costs		(67,447,172)	-	(49,239,799)	-	37
	Total operating costs		(11,392,371,582)	(62)	(11,586,425,205)	(66)	(2)
58000	Operating expenses	6(25) and 7					
58100	Selling expenses		(3,438,228,435)	(19)	(3,161,862,600)	(18)	9
58200	Administrative expenses		(477,402,891)	(3)	(431,504,304)	(3)	11
58300	Training expenses		(10,563,437)	-	(8,073,976)	-	31
58400	Expected credit (gains) losses and reversal on non-investments	13(2)	(9,317,459)	-	12,336,598	-	(176)
	Total operating expenses		(3,935,512,222)	(22)	(3,589,104,282)	(21)	10
61000	Income from operations		2,915,641,782	16	2,256,247,897	13	29
59000	Non-operating income and expenses		13,914,898	-	43,129,109	-	(68)
62000	Income from continuing operations before tax		2,929,556,680	16	2,299,377,006	13	27
63000	Income tax expense	6(22)	(390,836,283)	(2)	(250,558,073)	(1)	56
66000	Net income		\$ 2,538,720,397	14	\$ 2,048,818,933	12	24

(Continued)

Tokio Marine Nawa Insurance Co., Ltd.
STATEMENTS OF COMPREHENSIVE INCOME
YEARS ENDED DECEMBER 31, 2025 AND 2024
(Expressed in New Taiwan dollars)

		Year ended December 31				Changes Percentage
		2025		2024		
Items	Notes	AMOUNT	%	AMOUNT	%	(%)
83000	Other comprehensive income					
83210	Items may not be reclassified subsequently to profit or loss					
83110	Remeasurement of defined benefit plans	6(17) (\$ 48,842,494)	-	\$ 4,543,591	-	(1175)
83190	Unrealized gain (loss) on investments in equity instruments at fair value through other comprehensive income	6(4) 118,322,917	-	214,520,480	1	(45)
83180	Income tax relating to items that may not be reclassified subsequently to profit or loss	6(22) 12,374,877	-	(908,718)	-	(1462)
83200	Items that may be reclassified subsequently to profit or loss					
83210	Exchange differences on translation of the financial statements of foreign operations	 (11,002,123)	-	6,330,764	-	(274)
83290	Unrealized gain (loss) on investments in debt instruments at fair value through other comprehensive income	6(4) 27,598,386	-	(18,300,568)	-	(251)
83000	Total other comprehensive income (after income tax)	 \$ 98,451,563	-	\$ 206,185,549	1	(52)
85000	Total comprehensive income for the year	 \$ 2,637,171,960	14	\$ 2,255,004,482	13	17
Earnings per share						
	Basic earnings per share	6(23)	\$ 2.12	\$ 1.71		

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

Tokio Marine Nwua Insurance Co., Ltd.
STATEMENTS OF CHANGES IN EQUITY
YEARS ENDED DECEMBER 31, 2025 AND 2024
(Expressed in New Taiwan dollars)

	Notes	Common stock	Capital surplus	Retained Earnings		Other equity interest		Total Equity
				Special reserve	Unappropriated earnings	Exchange differences on translation of the financial statements of foreign operations	Unrealized gain/(loss) on investments in debt instruments at fair value through other comprehensive income	
<u>2024</u>								
Balance at January 1, 2024		\$ 12,000,003,000	\$ 1,084,065	\$ 3,259,242,472	(\$ 9,359,195,370)	\$ 4,671,359	\$ 268,261,662	\$ 6,174,067,188
Net income for the year		-	-	-	2,048,818,933	-	-	2,048,818,933
Other comprehensive income for the year		-	-	-	3,634,873	6,330,764	196,219,912	206,185,549
Total comprehensive income		-	-	-	2,052,453,806	6,330,764	196,219,912	2,255,004,482
Disposal of investments in equity instruments at fair value through other comprehensive income		-	-	-	371,262,172	-	(371,262,172)	-
Reversal of special reserve		-	-	(2,695,376)	2,695,376	-	-	-
Appropriation of special reserve		-	-	417,871,046	(417,871,046)	-	-	-
Balance at December 31, 2024		\$ 12,000,003,000	\$ 1,084,065	\$ 3,674,418,142	(\$ 7,350,655,062)	\$ 11,002,123	\$ 93,219,402	\$ 8,429,071,670
<u>2025</u>								
Balance at January 1, 2025		\$ 12,000,003,000	\$ 1,084,065	\$ 3,674,418,142	(\$ 7,350,655,062)	\$ 11,002,123	\$ 93,219,402	\$ 8,429,071,670
Net income for the year		-	-	-	2,538,720,397	-	-	2,538,720,397
Other comprehensive income for the year		-	-	-	(39,073,995)	(11,002,123)	148,527,681	98,451,563
Total comprehensive income		-	-	-	2,499,646,402	(11,002,123)	148,527,681	2,637,171,960
Disposal of investments in equity instruments at fair value through other comprehensive income		-	-	-	182,693,085	-	(182,693,085)	-
Reversal of special reserve		-	-	(1,725,815)	1,725,815	-	-	-
Appropriation of special reserve		-	-	570,280,086	(570,280,086)	-	-	-
Balance at December 31, 2025		\$ 12,000,003,000	\$ 1,084,065	\$ 4,242,972,413	(\$ 5,236,869,846)	\$ -	\$ 59,053,998	\$ 11,066,243,630

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

Tokio Marine Nawa Insurance Co., Ltd.
STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2025 AND 2024
(Expressed in New Taiwan dollars)

	Year ended December 31	
Notes	2025	2024
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>		
Profit before tax	\$ 2,929,556,680	\$ 2,299,377,006
Adjustments		
Adjustments to reconcile profit (loss)		
Depreciation expense	94,065,092	89,236,041
Amortization expense	45,975,027	32,980,907
Finance costs	3,206,688	3,082,797
Interest income	(242,262,277)	(182,743,562)
Dividend income	(210,572,054)	(137,611,880)
Unrealized loss (gain) on foreign currency exchange	(3,294,895)	(4,822,167)
Net change in insurance liabilities	870,485,570	1,833,365,506
Expected credit loss and reversal on investments	376,296	575,077
Expected credit loss and reversal on non-investments	9,317,459	(12,336,598)
Share of profit of associates accounted for using equity method	(23,392,355)	(456,862)
Gain on valuation of financial assets and liabilities at fair value through profit or loss	73,759,087	(38,872,388)
(Gain) loss on disposal of property and equipment	(116,361)	(1,496,056)
Gain on lease modification	(954)	-
Changes in operating assets and liabilities		
Changes in operating assets		
Receivables	(193,662,469)	65,235,201
Financial assets measured at fair value through profit or loss	(423,659,764)	(100,869,526)
Financial assets at fair value through other comprehensive	(1,031,049,271)	(1,592,575,615)
Financial assets at amortized cost	(924,520,625)	(1,174,484,155)
Other financial assets	(1,800,000,000)	(1,123,000,000)
Reinsurance contract assets	(42,901,443)	(66,567,220)
Other assets	56,099,940	191,897,538
Changes in operating liabilities		
Payables	156,755,438	245,090,453
Provisions	(6,188,157)	(694,230)
Other liabilities	(57,370,686)	(240,920,210)
Cash (outflow) inflow generated from operations	(719,394,034)	83,390,057
Interest received	220,657,647	163,597,946
Interest paid	(3,206,688)	(3,082,797)
Dividend received	220,075,886	128,108,047
Income tax paid	(47,309,666)	(31,763,079)
Net cash flows (used in) from operating activities	(329,176,855)	340,250,174
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>		
Proceeds from disposal of property and equipment	2,664,277	1,804,000
Increase in refundable deposits	(10,646,273)	(5,937,173)
Acquisition of property and equipment	(58,322,669)	(75,124,841)
Acquisition of intangible assets	(24,337,111)	(30,121,091)
Proceeds from disposal of investments accounted for using equity method	59,830,989	-
Acquisition of investment property	(3,393,435)	-
Net cash flows used in investing activities	(34,204,222)	(109,379,105)
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>		
Repayment of the principal portion of lease liabilities	(23,452,356)	(43,638,591)
Net cash flows used in financing activities	(23,452,356)	(43,638,591)
Effects of exchange rate changes	3,294,895	4,822,167
Net (decrease) increase in cash and cash equivalents	(383,538,538)	192,054,645
Cash and cash equivalents at beginning of year	3,246,150,323	3,054,095,678
Cash and cash equivalents at end of year	<u>\$ 2,862,611,785</u>	<u>\$ 3,246,150,323</u>

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

TOKIO MARINE NEWA INSURANCE CO., LTD.
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2025 AND 2024
(EXPRESSED IN NEW TAIWAN DOLLARS,
EXCEPT AS OTHERWISE INDICATED)

1. ORGANIZATION AND OPERATIONS

TOKIO MARINE NEWA INSURANCE CO., LTD. (hereinafter referred to as the “Company”) was established on December 23, 1998, upon approval by the Ministry of Finance, and subsequently received approval from the Ministry of Economic Affairs for company registration on January 20, 1999. On April 1, 2005, the Company absorbed and merged with Uni-An Allied Property Insurance Co., Ltd. (formerly known as Uni-An Allied Insurance Co., Ltd.), with the Company as the surviving entity.

On October 4, 2022, following the completion of a cash capital increase, Tokio Marine & Nichido Fire Insurance Co., Ltd. came to hold more than 50% of the Company’s outstanding shares and accordingly became the Company’s parent company. The Company is principally engaged in the underwriting and operation of various lines of property insurance business.

As of December 31, 2025, in addition to its head office located in Taipei, the Company operates branch offices in Taipei, New Taipei, Taoyuan, Taichung, Tainan, and Kaohsiung.

As part of the Company’s investment strategy and expansion of insurance operations, the Company obtained approval from the Financial Supervisory Commission of the Executive Yuan (hereinafter referred to as the “FSC”) on January 22, 2018, to invest in the establishment of Newa Insurance (Cambodia) Plc. (hereinafter referred to as “Newa”). Newa obtained approval for establishment from the Ministry of Commerce of Cambodia on March 2, 2018, and subsequently obtained a license to operate insurance business on June 5, 2018.

However, on December 12, 2025, following adjustments to its strategic plans, the Company disposed of part of its equity interest in Newa. As a result, the Company no longer exercises control over Newa.

2. APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved by the Company’s Board of Directors on February 25, 2026.

3. APPLICATION OF NEW STANDARDS, AMENDMENTS AND INTERPRETATIONS

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

New standards, interpretations and amendments endorsed by the FSC and became effective from 2025 are as follows:

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Amendments to IAS 21, ‘Lack of exchangeability’	January 1, 2025

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

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

New standards, interpretations and amendments endorsed by the FSC effective from 2026 are as follows:

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Specific provisions of Amendments to IFRS 9 and IFRS 7, ‘Amendments to the classification and measurement of financial instruments’	January 1, 2026
Amendments to IFRS 9 and IFRS 7, ‘Contracts referencing nature-dependent electricity’	January 1, 2026
IFRS 17, ‘Insurance contracts’	January 1, 2023
Amendments to IFRS 17, ‘Insurance contracts’	January 1, 2023
Amendment to IFRS 17, ‘Initial application of IFRS 17 and IFRS 9 – comparative information’	January 1, 2023
Annual Improvements to IFRS Accounting Standards—Volume 11	January 1, 2026

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

A. Specific provisions of Amendments to IFRS 9 and IFRS 7, ‘Amendments to the classification and measurement of financial instruments’

The FSC has endorsed specific provisions of Amendments to IFRS 9 and IFRS 7 allowing entities to apply the Application Guidance in Section 4.1 of IFRS 9 (Classification of Financial Assets) early, and also apply the provisions of paragraphs 20B, 20C, and 20D of IFRS 7 at the same time. These amendments require an entity to:

- (a) Clarify and add further guidance for assessing whether a financial asset meets the solely payments of principal and interest (SPPI) criterion, covering contractual terms that can change cash flows based on contingent events (for example, interest rates linked to ESG targets), non-recourse features and contractually-linked instruments.
- (b) Add new disclosures for certain instruments with contractual terms that can change cash flows (such as some instruments with features linked to the achievement of environment, social and governance (ESG) targets), including a qualitative description of the nature of the contingent event, quantitative information about the possible changes to contractual cash flows that could result from those contractual terms and the gross carrying amount of financial assets and amortised cost of financial liabilities subject to these contractual terms.
- (c) Clarify the date of recognition and derecognition of some financial assets and liabilities, with a new exception relating to the derecognition of a financial liability (or part of a financial liability) settled through an electronic cash transfer system. Applying the exception, an entity is permitted to derecognise a financial liability at an earlier date if, and only if, the entity has initiated a payment instruction and specific conditions are met.

The conditions for the exception are that the entity making the payment does not have:

- i. the practical ability to withdraw, stop or cancel the payment instruction;
- ii. the practical ability to access the cash used for settlement; and
- iii. significant settlement risk.

- (d) Update the disclosures for equity instruments designated at fair value through other comprehensive income (FVOCI). The entity shall disclose the fair value of each class of investment and is no longer required to disclose the fair value of each investment. In addition, the amendments require the entity to disclose the fair value gain or loss presented in other comprehensive income during the period, showing separately the fair value gain or loss related to investments derecognised during the reporting period and the fair value gain or loss related to investments held at the end of the reporting period; and any transfers of the cumulative gain or loss within equity during the reporting period related to the investments derecognised during that reporting period.

B. IFRS 17, 'Insurance contracts'

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

IFRS 17 Insurance Contracts (including amendments) is scheduled to be officially adopted and become effective on January 1, 2026. The Company will assess in accordance with the aforementioned IFRS 17 requirements and summarize its impact as follows:

- (a) The general measurement model shall be applied for IFRS 17 insurance contracts. However, the Company expects that most of its business meets one of the following conditions and, therefore, may apply the simplified Premium Allocation Approach measurement model:
 - i. It is reasonably expected that the measurement of the remaining coverage liability for the group under the simplified approach will not differ materially from the results of the general measurement model.
 - ii. The coverage period for each contract within the group is within one year.The measurement of the remaining coverage liability under the simplified Premium Allocation Approach model is calculated as the premiums received at initial recognition less insurance acquisition costs, plus the amount recognized as insurance revenue up to the reporting date. The measurement of incurred claims liabilities is the same as under the general measurement model. When comparing the unearned premium reserves and claim reserves measured under IFRS 4 with the results of applying the Premium Allocation Approach under IFRS 17, the differences are expected to be minimal. The primary differences arise from discounting of reserves, more granular onerous contract testing, and risk adjustments that include non-financial risks.
- (b) IFRS 17 is expected to significantly change the presentation and disclosure in the financial statements, whereby the recognition and presentation of the financial performance statement

in the statement of comprehensive income must be segregated into:

- i. Insurance service results, including insurance revenue and insurance service expenses(i.e.,incurred claims and other incurred insurance service expenses);
- ii. Insurance finance income or expenses
- iii. Separate presentation of income or expenses from insurance contracts issued and reinsurance contracts held Compared to IFRS 4, IFRS 17 no longer reflects premiums earned and changes in unearned premium reserves within the reporting period. Instead, it presents "insurance revenue" corresponding to insurance services provided during the reporting period. Furthermore, IFRS 17 requires consideration of the impact of discount rates and allows the option to recognize changes in discount rates locked in at initial recognition of insurance contracts either in profit or loss or in other comprehensive income (OCI) to reduce volatility arising from interest rate fluctuations. As the Company's business is predominantly short-term in nature, the impact of discount rate changes is expected to be immaterial. Therefore, the Company elects to recognize insurance finance income or expenses in profit or loss and expects this will not cause significant volatility in the Company's financial results.

Compared to IFRS 4, the presentation on the statement of financial position under IFRS 17 will see other significant changes primarily involving receivables (and payables) related to insurance contracts (including reinsurance contracts), which will no longer be presented separately from insurance contract liabilities and reinsurance contract assets. As a result, the Company expects total assets and liabilities to be lower under IFRS 17. The Company anticipates that the key financial impacts upon transition to IFRS 17, under the Premium Allocation Approach measurement model, will include the deferral of insurance acquisition cash flows (increasing equity), discounting of claim reserves (increasing equity), and separate consideration of risk adjustments for non-financial risks on claim reserves (decreasing equity). Since discounting and risk adjustments have offsetting effects on the measurement of claim reserves, the net impact on claim reserves at the transition date is expected to be limited.

- (C) The transition date is defined as the beginning of the reporting period immediately preceding the date of first-time application; therefore, the Company's transition date is January 1, 2025 . According to the standard, a full retrospective approach should be applied to measure IFRS 17 amounts at the transition date unless it is impracticable to do so. If full retrospective application is impracticable, the modified retrospective approach or the fair value approach shall be applied.
- i. Modified retrospective approach: An approach that achieves outcomes as close as possible to those of the full retrospective approach without requiring excessive costs or effort.
 - ii. Fair value approach: The contractual service margin is determined based on the difference between the fair value of the insurance contract group at the transition date, measured in accordance with International Financial Reporting Standard 13 (IFRS 13), and the fulfillment cash flows measured at that date.

In accordance with the effective date and transition provisions of IFRS 17, the comparative financial statements for the year 2025 will be retrospectively restated under IFRS 17. Adoption of IFRS 17 will increase the Company's restated equity (after tax) as of January 1, 2025 by approximately 13%, amounting to \$1,082,694,941. This adjustment primarily reflects the net impact of the original IFRS 4 reserves not considering the effect of current discount rates and the significant changes in the measurement of fulfillment cash flows under IFRS 17. The preparation of the comparative information for the year 2025 under IFRS 17 is progressing as scheduled.

C. Amendments to IFRS 17, 'Insurance contracts'

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

D. Amendment to IFRS 17, ‘Initial application of IFRS 17 and IFRS 9 – comparative information’

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

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

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

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Amendments to IFRS 10 and IAS 28, ‘Sale or contribution of assets between an investor and its associate or joint venture’	To be determined by International Accounting Standards Board
IFRS 18, ‘Presentation and disclosure in financial statements’	January 1, 2027(Note)
IFRS 19, ‘Subsidiaries without public accountability: disclosures’	January 1, 2027
Amendments to IAS 21, ‘Translation to a Hyperinflationary Presentation Currency’	January 1, 2027

Note : The FSC has announced in a press release on September 25, 2025 that public companies will apply IFRS 18 starting from the fiscal year 2028. Additionally, entities can choose to adopt IFRS 18 earlier based on their requirements after the FSC endorses IFRS 18.

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

IFRS 18, ‘Presentation and disclosure in financial statements’

IFRS 18, ‘Presentation and disclosure in financial statements’ replaces IAS 1. The standard introduces a defined structure of the statement of profit or loss, disclosure requirements related to management-defined performance measures, and enhanced principles on aggregation and disaggregation which apply to the primary financial statements and notes.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

In accordance with the “Rules for the Preparation of Financial Reports by Insurance Institutions”, assets and liabilities on financial statements that are not classified as current or non-current accounts shall be classified by their nature and comparative liquidity. The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

(1) Compliance statement

These financial statements are prepared by the Company in accordance with the “Rules for the Preparation of Financial Reports by Insurance Institutions”, International Financial Reporting Standards, International Accounting Standards, IFRIC[®] Interpretations, and SIC[®] Interpretations that

came into effect as endorsed by the FSC (collectively referred herein as the “IFRSs”).

(2) Basis of preparation

- A. The Company’s financial statements are separate financial statements composed of the balance sheet, statement of comprehensive income, statement of changes in equity, statement of cash flows, and relevant notes.
- B. Except for the following items, the financial statements have been prepared under the historical cost convention:
 - (a) Financial assets and financial liabilities (including derivative instruments) at fair value through profit or loss.
 - (b) Financial assets at fair value through other comprehensive income.
 - (c) Defined benefit liabilities recognised based on the net amount of pension fund assets less present value of defined benefit obligation.
 - (d) Various insurance liabilities, reinsurance contract assets, and foreign exchange reserves recognised in accordance with the “Regulations Governing the Setting Aside of Various Reserves by Insurance Enterprises” and regulations relevant to insurance enterprises.
- C. The preparation of financial statements in conformity with IFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company’s accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 5.

(3) Foreign currency transactions

- A. In preparing the financial statements of each individual entity, transactions in currencies other than the entity’s functional currency (i.e., foreign currencies) are recognized at the rates of exchange prevailing at the dates of the transactions.
- B. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Exchange differences on monetary items arising from settlement or translation are recognized in profit or loss in the period in which they arise.
- C. Non-monetary items measured at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Exchange differences arising on the retranslation of non-monetary items are included in profit or loss for the period except for exchange differences arising from the retranslation of non-monetary items in respect of which gains and losses are recognized directly in other comprehensive income, in which case, the exchange differences are also recognized directly in other comprehensive income.
- D. Other exchange gains and losses not arising from investing activities are presented in other operating income or other operating costs in the income statement according to the nature of the transaction.

(4) Cash equivalents

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

- (a) Readily convertible to known amounts of cash; and
- (b) Subject to an insignificant risk of changes in value.

Time deposits that meet the definition above and are held for the purpose of meeting short-term cash commitments in operations are classified as cash equivalents.

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

- A. A Financial asset is classified as at fair value through profit or loss when such a financial asset is mandatorily classified or designated as at fair value through profit or loss. Financial assets mandatorily classified as at fair value through profit or loss include investments in equity instruments which are not designated as at fair value through other comprehensive income and debt instruments that do not meet the amortized cost criteria or the fair value through other comprehensive income criteria.
- B. On a regular way purchase or sales basis, financial assets at fair value through profit or loss are recognized and derecognized using trade date accounting.
- C. Financial assets at FVTPL are subsequently measured at fair value, with any gains or losses arising on remeasurement recognized in profit or loss. The net gain or loss recognized in profit or loss incorporates any dividends or interest earned on such a financial asset.

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

A. Investments in debt instruments at FVTOCI

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

- (a) The debt instrument is held within a business model whose objective is achieved by both collecting of contractual cash flows and the selling of such financial assets; and
- (b) The contractual terms of the debt instrument give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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

B. Investments in equity instruments at FVTOCI

On initial recognition, the Group may make an irrevocable election to designate investments in equity instruments as at FVTOCI. Designation as at FVTOCI is not permitted if the equity investment is held for trading or if it is contingent consideration recognized by an acquirer in a business combination.

Investments in equity instruments at FVTOCI are subsequently measured at fair value with gains and losses arising from changes in fair value recognized in other comprehensive income and accumulated in other equity. The cumulative gain or loss will not be reclassified to profit or loss on disposal of the equity investments; instead, it will be transferred to retained earnings.

Dividends on these investments in equity instruments are recognized in profit or loss when the Group's right to receive the dividends is established, unless the dividends clearly represent a recovery of part of the cost of the investment.

(7) Financial assets at amortised cost

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

- (a) The objective of the Company's business model is achieved by collecting contractual cash flows
- (b) The assets' contractual cash flows represent solely payments of principal and interest.

- B. On a regular way purchase or sale basis, financial assets at amortised cost are recognised and derecognised using trade date accounting.
- C. Subsequent to initial recognition, financial assets at amortized cost are measured at amortized cost which equals the gross carrying amount determined using the effective interest method less any impairment loss. Exchange differences are recognized in profit or loss.

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

- (a) Purchased or originated credit-impaired financial asset, for which interest income is calculated by applying the credit-adjusted effective interest rate to the amortized cost of such financial assets; and
- (b) Financial asset that is not credit-impaired on purchase or origination but has subsequently become credit-impaired, for which interest income is calculated by applying the effective interest rate to the amortized cost of such financial asset in subsequent reporting periods.

A financial asset is credit-impaired when issuers or borrower have experienced significant financial difficulties, defaulted, or are likely to file for bankruptcy or undergo a financial reorganization, or where the active market for the financial assets has disappeared due to financial difficulties.

(8) Derecognition of financial assets and financial liabilities

- A. The Company derecognises a financial asset when one of the following conditions is met:
 - (a) The rights to receive cash flows from a financial asset contract have expired.
 - (b) The rights to receive cash flows from a financial asset have been transferred, and substantially all the risks and rewards of ownership of the financial asset have also been transferred.
 - (c) The rights to receive cash flows from a financial asset have been transferred, however control over the financial asset has not been retained.

On derecognition of a financial asset at amortized cost in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss. On derecognition of an investment in a debt instrument at FVTOCI, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss which had been recognized in other comprehensive income is recognized in profit or loss. However, on derecognition of an investment in an equity instrument at FVTOCI, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss, and the cumulative gain or loss which had been recognized in other comprehensive income is transferred directly to retained earnings, without recycling through profit or loss.

- B. A financial liability is derecognised when the obligation under the liability specified in the contract is discharged or cancelled or expires.

(9) Offsetting financial instruments

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

(10) Impairment of financial assets

For debt instruments measured at fair value through other comprehensive income and financial

assets at amortised cost, at each reporting date, the Company recognises the impairment provision for 12 months expected credit losses if there has not been a significant increase in credit risk since initial recognition or recognises the impairment provision for the lifetime expected credit losses (ECLs) if such credit risk has increased since initial recognition after taking into consideration all reasonable and verifiable information that includes forecasts.

(11) Loss allowance

Loss allowance on financial assets, such as debt investment instruments measured at fair value through other comprehensive income, measured at amortised cost and reinsurance contract assets should be assessed and recognised in accordance with IFRS 9, IFRS 4 and FSC's "Guidelines for Handling Assessment of Assets, Loans Overdue, Receivable on Demand and Bad Debts by Insurance Enterprises".

(12) Investments accounted for using equity method—associated entities

- A. Associates are all entities over which the Company has significant influence but not control. In general, it is presumed that the investor has significant influence, if an investor holds, directly or indirectly 20 percent or more of the voting power of the investee. Investments in associates are accounted for using equity method and are initially recognised at cost.
- B. The Company's share of its associates' post-acquisition profits or losses is recognised in profit or loss, and its share of post-acquisition movements in other comprehensive income is recognised in other comprehensive income. When the Company's share of losses in an associate equals or exceeds its interest in the associate (including any other unsecured receivables), the Company does not recognise further losses, unless it has incurred statutory/constructive obligations or made payments on behalf of the associate.
- C. When an associates has a change in equity other than profit or loss and other comprehensive income that does not affect the shareholding ratio of the associated company, the Company will recognize the change in equity attributable to the Company's share of the associates as "capital reserve" based on the shareholding ratio.
- D. Unrealized gains and losses arising from transactions between the Company and its associates are eliminated in proportion to the Company's interest in the associates; unrealized losses are also eliminated unless there is evidence that the assets transferred in such transactions are impaired. Necessary adjustments have been made to the accounting policies of associates to be consistent with the policies adopted by the Company.
- E. When an associates issues new shares, if the Company does not subscribe or acquire them in proportion, resulting in a change in the investment ratio but still having a significant impact on it, the increase or decrease in the net equity value change is adjusted to "capital reserve" and "investment using the equity method". If the investment ratio decreases, in addition to the above adjustments, any gains or losses previously recognized in other comprehensive income related to the decrease in ownership interest, which would otherwise be reclassified to income upon disposal of the related assets or liabilities, shall be reclassified to income in proportion to the decrease.

(13) Property and equipment

- A. The cost of an item of property and equipment comprises its purchase price. The estimated costs of dismantling and removing the item and restoring the site on which it is located, is included in the cost of property and equipment. The Company uses the cost model after recognition, which is the cost less any accumulated depreciation and any accumulated impairment losses.
- B. If significant improvements and additions provide economic benefits, they should be

capitalized; the carrying amounts of the replaced parts should be derecognized. Routine repairs and maintenance expenses should be recognized as expenses in the period in which they are incurred.

- C. For property and equipment other than land, significant components with different useful lives and depreciation methods are separated into individual elements and depreciated separately, using the straight-line method over their estimated useful lives. Leasehold improvements are amortized based on the shorter of the estimated useful life or the lease term, using the average method. The company evaluates the remaining useful life, depreciation method, and residual value annually at the end of the fiscal year. Changes in the remaining useful life, depreciation method, and residual value are treated as changes in accounting estimates and are adjusted prospectively.

The main useful lives are as follows:

Buildings	5 to 50 years
Office equipment	5 to 15 years
Transportation equipment	5 years
Miscellaneous equipment	10 years
Leasehold Improvements	10 to 15 years

- D. The gain or loss on disposal is the difference between the carrying amount and the disposal proceeds, and it is recognized under non-operating income and expenses.

(14) Leasing arrangements (lessor) — operating leases

Leases are classified as finance leases whenever the terms of a lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Lease payments (less any lease incentives payable) from operating leases are recognized as income on a straight-line basis over the terms of the relevant leases. Initial direct costs incurred in obtaining operating leases are added to the carrying amounts of the underlying assets and recognized as expenses on a straight-line basis over the lease terms.

When a lease includes both land and building elements, the Group assesses the classification of each element separately as a finance or an operating lease based on the assessment as to whether substantially all the risks and rewards incidental to ownership of each element have been transferred to the lessee. The lease payments are allocated to the land and the building elements in proportion to the relative fair values of the leasehold interests in the land element and building element of the lease at the inception of the contract. If the allocation of the lease payments can be made reliably, each element is accounted for separately in accordance with its lease classification. When the lease payments cannot be allocated reliably to the land and building elements, the entire lease is generally classified as a finance lease unless it is clear that both elements are operating leases; in which case, the entire lease is classified as an operating lease.

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

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

Right-of-use assets are initially measured at cost, which comprises the initial measurement of lease liabilities adjusted for lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs needed to restore the underlying assets, and less any

lease incentives received. Right-of-use assets are subsequently measured at cost less accumulated depreciation and impairment losses and adjusted for any remeasurement of the lease liabilities. Right-of-use assets are presented on a separate line in the consolidated balance sheets.

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

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

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

(16) Investment property

- A. The Company's investment properties consist of office buildings or land that are leased out under operating leases and are held to earn rental income or for capital appreciation, or both. Investment properties are initially recognized at cost, including directly attributable costs. Subsequent to initial recognition, investment properties are measured using the cost model. Except for land, depreciation is provided over the estimated useful lives of the investment properties using the straight-line method. The estimated useful lives range from **25 to 50 years**.
- B. The significant improvements, additions and betterments of an item of investment property shall be recognised as an asset if it is probable that future economic benefits associated with the item will flow to the entity and the cost of the item can be measured reliably. The carrying amount of those parts that are replaced is derecognised. General repairs and maintenance are charged to current expenses.

(17) Intangible assets

- A. Intangible assets with finite useful lives that are acquired separately are initially measured at cost and subsequently measured at cost less accumulated amortization and accumulated impairment loss. Amortization is recognized on a straight-line basis. The estimated useful lives, residual values, and amortization methods are reviewed at the end of each reporting period, with the effect of any changes in the estimates accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are measured at cost less accumulated impairment loss.
- B. On derecognition of an intangible asset, the difference between the net disposal proceeds and the carrying amount of the asset is recognized in profit or loss.

(18) Impairment of non-financial assets

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

assets are allocated to the individual cash-generating units; otherwise they are allocated to the smallest group of cash-generating units.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually and whenever there is an indication that the assets may be impaired. The recoverable amount is the higher of fair value less costs to sell and value in use. If the recoverable amount of an asset or cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash-generating unit is reduced to its recoverable amount, with the resulting impairment loss recognized in profit or loss.

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

(19) Salvage and subrogation

Salvage legally assumed from the claim procedure by direct written business and subrogation legally acquired for the rights of the subject matter and relevant claims expenses are recognised when the actual recovery is definite and the amount can be reliably measured.

(20) Classification of insurance contracts

- A. The Company classifies a contract as an insurance contract when the Company accepts significant insurance risk from another party (the policyholder) by agreeing to compensate the policyholder if a specified uncertain future event (the insured event) adversely affects the policyholder. The definition of an insurance risk is that, a risk, other than financial risk, is being transferred from the holder of a contract to the issuer. The definition of a financial risk is that, a risk came from a possible future change in one or more of the variables (including specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, credit rating and credit index or other variable). If one of the above variables is a non-financial variable, it must not be specific to a party to the contract. Insurance contracts may also transfer some of financial risks.
- B. The Company deems a risk to be significant if, and only if, an insured event could cause the Company to pay significant additional benefits in any scenario except a scenario that lacks commercial substance. At inception, a contract that qualifies as an insurance contract shall still be considered an insurance contract until all rights and obligations are extinguished or expire.
- C. After the Company has determined based on the above standards, all insurance policies currently issued are insurance contracts.

(21) Insurance liabilities

All reserves of insurance contracts that the Company recognised are based on “Regulations Governing the Setting Aside of Various Reserves by Insurance Enterprises”, “Regulations Governing the Setting Aside and for Management of the Reserves of Compulsory Automobile Liability Insurance”, “Regulations Governing the Setting Aside of Nuclear Reserve by Property Insurance Enterprises”, “Enforcement Rules for the Risk Spreading Mechanism of Residential Earthquake Insurance”, “Notes for Strengthening Reserve of Pool Members Residential Earthquake”, “Regulations Governing Various Reserves for Commercial Earthquake Insurance and Typhoon Flood Insurance by Property Insurance Enterprises” and “Notes for Strengthening Catastrophe Reserve of Property Insurance Enterprises”, and shall be certified by actuary authorised by the Financial Supervisory Commission. Except for the special reserve and liability adequacy

reserve, the provision for other reserves is also applied for the reinsurance inward and reinsurance outward business. The provision for the insurance liabilities is based on the following:

A. Unearned premium reserve

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

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

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

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

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

B. Loss reserve

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

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

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

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

C. Special reserve

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

In accordance with the Regulations for the Management of the Various Reserves of Insurance Enterprises, the Company shall set aside special reserves as equity every year, net of tax according to IAS 12. The write off or recovery of special reserves for catastrophic event and fluctuation of risk that provided under liabilities should be in conformity with the regulation mentioned above. If the balance of special reserves under liabilities is insufficient to write off or recover, the insufficient amount net of tax according to IAS 12 should be written off or recovered by special reserves under equity.

Furthermore, according to the Notice for the Improvement of the Reserves for Natural Disaster

Insurances (Commercial Earthquake Insurance and Typhoon and Flood Insurance,) of Insurance Enterprises issued by the FSC on November 9, 2012, except for those special reserves for compulsory automobile liability insurance, nuclear energy insurance, residential earthquake insurance, commercial earthquake insurance and typhoon and flood insurance, the special reserves recognized as liabilities before December 31, 2012 were preferentially used to compensate the deficiencies of special reserves for commercial earthquake insurance and typhoon and flood insurance to the required level and recognized as liabilities. The remaining special reserves were classified as equity, net of tax according to IAS 12 starting from January 1, 2013. The write off and recovery of special reserves for catastrophic event and fluctuation of risk that provided under liabilities should be in conformity with the notice mentioned above.

(a) Special reserves for catastrophic event

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

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

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

(b) Special reserves for fluctuation of risk

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

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

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

D. Premium deficiency reserve

For unexpired in-force contracts or unterminated incurred risks of each insurance, if the

estimated amounts of the future claims and expenses exceed the sum of the unearned premium reserves and the expected future premium income, the deficiency should be set aside as premium deficiency reserve.

E. Liability adequacy reserve

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

F. Unqualified insurance reserve

Unqualified reinsurance reserve at ceding date or at balance sheet date for inward and outward reinsurance or other risk-diversifying mechanism shall be provided and disclosed in financial statements. Unqualified reinsurance reserve is disclosed in Note 15(5).

For the above-mentioned reserves, other than the unearned premium reserve of long-term fire insurances which is calculated by electing a 7.8% interest rate from the Table of Unearned Premium Reserve of Long-Term Fire Insurance and the “TWD risk-free rate designated by the Competent Authority”, promulgated by the Taiwan Insurance Institute, used in determining the present value of future cash flows for calculating the adequacy of liability reserve, reserves are not calculated by electing the discount method.

(22) Employee benefits

A. Short-term employee benefits

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

B. Pensions

(a) Defined contribution plans

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

(b) Defined benefit plans

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

2. Remeasurement, comprising actuarial gains and losses and the return on plan assets (excluding interest), is recognized in other comprehensive income in the period in which it occurs. Remeasurement recognized in other comprehensive income is reflected immediately in retained earnings and will not be reclassified to profit or loss.

C. Termination benefits

Termination benefits are employee benefits provided in exchange for the termination of

employment as a result from either the Company's decision to terminate an employee's employment before the normal retirement date, or an employee's decision to accept an offer of redundancy benefits in exchange for the termination of employment. The Company recognises expense as it can no longer withdraw an offer of termination benefits or it recognises relating restructuring costs, whichever is earlier. Benefits that are expected to be due more than 12 months after balance sheet date shall be discounted to their present value.

D. Employees' bonus and directors' and supervisors' remuneration

Employees' compensation and directors' and supervisors' remuneration are recognised as expense and liability, provided that such recognition is required under legal or constructive obligation and those amounts can be reliably estimated. Any difference between the resolved amounts and the subsequently actual distributed amounts is accounted for as changes in estimates.

(23) Provision and Contingent Liability

A. Liability provisions

The Company recognizes a provision for liabilities when it has a present obligation, whether legal or constructive, as a result of past events and it is probable that an outflow of economic resources will be required to settle the obligation and a reliable estimate of the amount of the obligation can be made. The Company measures the expected cash flows based on the best estimate of the expenditures required to settle the present obligation at the end of the reporting period and recognizes the amount of the liability provision using a pre-tax discount rate taking into account risks and uncertainties. Please refer to Note 4 (22) for the accounting policies related to employee benefits.

B. Contingent Liabilities

A contingent liabilities arising from past events, the existence of which can only be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company; or a present obligation arising from past events, but it is not probable that an outlay of economically viable resources will be required to settle the obligation or the obligation cannot be measured reliably. The Company does not recognize contingent liabilities, but discloses them as required.

(24) Dividends

Dividends are recorded in the Company's financial statements in the period in which they are approved by the Company's shareholders. Cash dividends are recorded as liabilities.

(25) Reinsurance contract

The reinsurance business refers to the provision of services to enable clients to limit possible loss due to risk events such as explosions and to meet their business needs and insurance regulations. For the ceding reinsurance, the Group may not refuse or delay fulfillment of its obligations to the insured on the grounds that a reinsurer has failed to fulfill its obligation.

For the ceding reinsurance, reinsurance premium outward is recognized based on the ceding reinsurance contract. According to matching principle, the reinsurance premium outward must be matched in the same accounting period as the reinsurance premium inward they helped to earn. Also, at the balance sheet date, the Group will accrue the related reinsurance revenue and expense for the billing statements that have not yet been received but are already considered likely to be received as shown by past experience. The related reinsurance profit and loss cannot be deferred.

Reinsurance assets on which the reinsurer has rights include ceding unearned premium reserve, ceding loss reserve, and ceding premium deficiency reserve under various insurance provisions and related reinsurance regulations.

(26) Recognition and measurement of insurance contract income and expenses

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

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

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

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

(27) Co-Insurance Organization and Co-Insurance

A. Contract of co-insurance and co-sharing for the compulsory automobile liability insurance

The Company has entered into the “Contract of Co-insurance and Co-sharing for the Compulsory Automobile Liability Insurance” with all member companies approved by the competent authorities to operate the compulsory automobile liability insurance business, to agree the compulsory automobile liability insurance covered shall be included in the co-insurance, the violation is subjected to fines, and the co-insurance panel may send auditors to audit. The undertaking of the co-insurance is calculated on the basis of pure premiums and allocated based on the agreed co-insurance percentage. Shall there be several (2 or more) co-insurers involve in the claims for the same car accident, the co-insurers shall proceed based on the regulations, and then share the liabilities based on the responsibilities of each party by case. Unless the company is being liquidated or has ceased operations, any member company joining the co-insurance must not withdraw on its own will. At the time of ceasing of the automobile liability insurance business, it is deemed a withdrawal from the co-insurance, and the unearned liability expires naturally.

B. Co-insurance contract for subcontracting residential earthquake insurance

The Company has entered into the “Co-insurance Contract for Subcontracting Residential Earthquake Insurance” with all member companies approved by the competent authorities to operate the residential fire insurance business, after the application to join the Taiwan Residential Earthquake Insurance Fund (“Residential Earthquake Insurance Fund”) to agree the residential earthquake insurance covered shall be included in the co-insurance, and the co-insurance panel may send auditors to audit. The undertaking of the co-insurance is calculated on the basis of pure premiums, and the individual member company assumes the co-insurance liabilities based on its share, without joint liabilities. The member company may notify the Residential Earthquake Insurance Fund three months prior to the next year that it will withdraw from the co-insurance from the next year. Its accepted share is accepted till the end of the year, and the unfinished liabilities from such accepted share is transferred to that member at the time. Shall any member company cease operations due to suspension for reconstruction, dissolution, or mergers, it shall immediately notify the Residential Earthquake Insurance Fund its withdrawal from the co-insurance. The remaining accepted share for that year shall be transferred to be accepted by other members of the coinsurance from the date of suspension for reconstruction and dissolution

announced by the competent authorities. The transfer method is determined by the members in their meeting. For withdrawal due to mergers, the remaining accepted share for that year shall be succeeded by the surviving company.

(28) Income tax

- A. The tax expense (benefit) for the period comprises current and deferred tax. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or items recognised directly in equity, in which cases the tax is recognised in other comprehensive income or equity.
- B. Current income tax refers to the current income tax payable or tax refund receivable calculated on the taxable income or loss of the current year, and any adjustments to income tax payable in prior years.
- C. Deferred tax is recognized based on the differences between the carrying amounts of assets and liabilities and their tax bases. Deferred tax assets and liabilities are offset only when there is a legally enforceable right to offset current tax assets against current tax liabilities and when they are levied by the same tax authority on the same taxable entity. Alternatively, if they pertain to different taxable entities, they can be offset if there is an intention to settle current tax liabilities and assets on a net basis, or if the tax liabilities and assets will be realized simultaneously.
- D. Current and deferred income taxes are calculated based on tax rates enacted or substantively enacted as of the end of the reporting period and the tax rates applicable to the year in which they are expected to be reversed.
- E. The Company reviews the carrying amount of deferred tax assets at the end of each reporting period. If it is no longer probable that sufficient taxable income will be available to allow the benefit from part or all of the deferred tax assets to be realized, the carrying amount of the deferred tax assets should be reduced for the portion that cannot be realized. If it later becomes probable that sufficient taxable income will be available, the previously reduced amount should be reversed to the extent that it can be realized.
- F. The portion of the corporate income tax levied on the company's undistributed earnings will be included as current expenses after the earnings are distributed by resolution of the shareholders' meeting in the following year.

(29) Operating segments

An operating segment is a component of the Company that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses relating to transactions with other components within the Company. The operating results of the segment are reviewed regularly by the Company's Chief Operating Decision-Maker to make decisions pertaining to the allocation of resources to the segment and to assess its performance for which discrete financial information is available.

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

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

(1) Loss reserve (including cede reinsurance)

Loss reserves are estimated for possible claims, both filed but not yet paid and not yet filed, on all insurance contracts. Because the Group did not have past claim settlement experience and expenses, the incurred but not reported reserve of the epidemic prevention and isolation insurance was calculated under the actuarial principle method based on the national diagnosis data announced by the government and the company's actual underwriting and claim settlement experience data in the current period. The unreported claims reserve of the Group except for the epidemic prevention and isolation insurance were estimated based on historical data, actuarial analysis, financial models and other analytical techniques, and makes adjustments when necessary, but the actual results may differ from the expected result.

(2) Realizability of deferred tax assets

Deferred tax assets are recognized only to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences and unused tax losses can be utilized. Assessment of the realizability of deferred tax assets involves critical accounting judgements and estimates of the management, including the assumptions of expected future sales revenue growth rate and profit rate, available tax credits, tax planning, etc. Any variations in global economic environment, industrial environment, and laws and regulations might cause material adjustments to deferred tax assets.

6. DETAILS OF SIGNIFICANT ACCOUNTS

(1) Cash and cash equivalents

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Cash		
Cash on hand	\$ 1,030,155	\$ 1,087,560
Checking accounts and demand deposits	1,013,074,265	1,196,413,949
Cash equivalents		
Time deposits	1,250,000,000	1,200,000,000
Commercial papers	598,507,365	848,648,814
	<u>\$ 2,862,611,785</u>	<u>\$ 3,246,150,323</u>

- A. Without taking into account collateral or other credit enhancements held, the cash and cash equivalents that best represent the Company's maximum credit exposure as of December 31, 2025 and 2024 were \$2,862,611,785 and \$3,246,150,323, respectively.
- B. The Company's time deposits with a term of more than three months from the date of acquisition are reported under other financial assets. Please refer to Note 6(7) for relevant explanations.
- C. The Company has no cash and cash equivalents pledged to others.

(2) Receivables

	December 31, 2025	December 31, 2024
Notes receivable	\$ 416,445,617	\$ 427,922,246
Premiums receivable	368,605,961	178,982,151
Interest receivable	70,057,643	48,453,013
Other receivables	15,943,147	9,729,078
Notes receivable – overdue	4,832,450	9,840,723
Premiums receivable – overdue	3,442,933	7,637,273
Other Receivables - Collections	9,000,000	-
Total receivables	888,327,751	682,564,484
Less: Loss allowance	(23,172,157)	(16,720,552)
	\$ 865,155,594	\$ 665,843,932

- A. The credit quality of the trading partners of the Company is good, and the Company has transactions with multiple trading partners to diversify credit risks. The possibility of default is expected to be very low.
- B. Without considering collateral or other credit enhancements held, the maximum exposure amount of the Company's accounts receivable and related credit risk information are listed in Note 13(2).
- C. The aging analysis of the Company's receivables is as follows:

	December 31, 2025	December 31, 2024
Not overdue/within 3 months of overdue	\$ 871,052,366	\$ 665,086,486
Overdue for 3 to 6 months	7,996,612	14,797,292
Overdue for 6 to 12 months	278,771	2,603,693
Overdue for more than 12 months	9,000,002	77,013
	\$ 888,327,751	\$ 682,564,484

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

	December 31, 2025	December 31, 2024
Financial assets mandatorily measured at fair value through profit or loss		
Listed stocks	\$ 401,154,700	\$ 83,220,150
Unlisted stocks	344,613,784	255,299,116
Beneficiary certificates	245,877,185	303,225,726
	\$ 991,645,669	\$ 641,744,992

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

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

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Equity instruments		
Listed stocks	\$ 3,276,093,122	\$ 1,994,065,780
Unlisted stocks	275,050,656	314,349,978
Emerging stocks	-	112,320,000
Unlisted Foreign Stocks	39,628,511	-
	<u>3,590,772,289</u>	<u>2,420,735,758</u>
Bonds instruments		
Government bonds	1,635,348,100	1,872,623,100
Corporate bonds	500,789,600	495,940,000
	<u>2,136,137,700</u>	<u>2,368,563,100</u>
Less: Statutory deposits	(736,767,550)	(1,028,824,250)
	<u>\$ 4,990,142,439</u>	<u>\$ 3,760,474,608</u>

- A. These investments in equity instruments are held for medium- to long-term strategic purposes. Accordingly, the management elected to designate these investments in equity instruments as at FVTOCI as they believe that recognizing short-term fluctuations in these investments' fair value in profit or loss would not be consistent with the Group's strategy of holding these investments for long-term purposes.
- B. Amounts recognised in profit or loss and other comprehensive income in relation to the financial assets at fair value through other comprehensive income are listed below:

	<u>2025</u>	<u>2024</u>
<u>Equity instruments measured at fair value through other comprehensive income</u>		
Changes in fair value recognised in other comprehensive income	\$ 120,929,295	\$ 214,520,480
Accumulated benefits are transferred to retained earnings due to delisting	(182,693,085)	(371,262,172)
	<u>(\$ 61,763,790)</u>	<u>(\$ 156,741,692)</u>
Dividend income recognized in profit or loss		
Holders at the end of this period	\$ 142,067,376	\$ 72,405,966
Excluded during this period	39,083,534	50,924,835
	<u>\$ 181,150,910</u>	<u>\$ 123,330,801</u>

	2025	2024
<u>Debt instruments measured at fair value through other comprehensive income</u>		
Changes in fair value recognised in other comprehensive income	\$ 28,839,807	(\$ 17,026,776)
Reclassification from accumulated other comprehensive income to profit or loss		
Due to the reduction of the transfer	(36,857)	323,899
Transfer due to delisting	(1,204,564)	(1,597,691)
	<u>\$ 27,598,386</u>	<u>(\$ 18,300,568)</u>
Interest income recognized in profit or loss	<u>\$ 25,089,713</u>	<u>\$ 19,265,083</u>

C. Please refer to Note 6(13) for details on the Company's use of debt instruments at fair value through other comprehensive income to offset margin deposits.

D. The credit risk of financial assets at fair value through other comprehensive income is provided in Note 13 (2).

(5) Financial assets at amortized cost

Items	December 31, 2025	December 31, 2024
Government bonds	\$ 1,447,577,073	\$ 1,845,851,850
Corporate bonds	2,075,229,347	899,998,653
Financial bonds	1,251,198,243	800,957,167
	<u>4,774,004,663</u>	<u>3,546,807,670</u>
Less: Loss Allowance	(1,257,177)	(844,024)
Less: Securities serving as deposits paid	(1,148,458,425)	(845,782,057)
	<u>\$ 3,624,289,061</u>	<u>\$ 2,700,181,589</u>

A. Please refer to Note 6(13) for details on the Company's use of financial assets measured at amortized cost to offset margin deposits.

B. The credit risk of financial assets at amortized cost is provided in Note 13 (2).

(6) Investments accounted for using equity method

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Newa Insurance(Cambidua)Plc.	\$ -	\$ 100,101,157

(Note) : On December 12, 2025, the Company sold 1,910 shares of Newa Insurance (Cambodia) Plc. Following the sale, the Company's shareholding percentage decreased from 42.35% to 19.88%.

After evaluation, the Company has lost control over the investee and, therefore, reclassified the investment as a financial asset measured at fair value through other comprehensive income.

	<u>2025</u>	<u>2024</u>
January 1, 2025	\$ 100,101,157	\$ 93,313,531
Share of profit or loss of investments accounted for using the equity method	(2,117,108)	456,862
Proceeds from disposal of investments accounted for using equity method	(34,321,526)	-
Loss of significant influence and reclassification to financial assets at fair value through other comprehensive income	(52,660,400)	-
Exchange differences on translation of foreign financial statements	(11,002,123)	6,330,764
December 31, 2025	\$ -	\$ 100,101,157

(7) Other financial assets

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Time deposits with original maturities of more than 3 months	\$ 9,142,400,000	\$ 7,342,400,000

(8) Structured entities

A. In accordance with the regulations of IFRS 12, 'Disclosure of interests in other entities', information about the interests in structured entities that are not controlled by the Company is as follows:

Types of structural

<u>individuals</u>	<u>December 31, 2025</u>	<u>December 31, 2024</u>	<u>Nature and purpose</u>
			An investment fund established and operated by an issuer by raising funds from specific investors through non-public means. Investors obtain long-term capital gains by investing in restricted activity funds.
Private Equity	\$ 245,877,185	\$ 303,225,726	

B. The equities of structured entities that are not included in the Company's financial statements are recognised under financial assets at fair value through profit or loss. The potential loss of the entities, derived from the maximum exposure amount, is the book value of the held assets. In addition, for market risk exposures resulting from contract clauses that limit investment positions and issuance terms, please refer to Note 13 for details.

(9) Investment property

	2025		
	Land	Buildings	Total
<u>At January 1</u>			
Cost	\$ 1,499,391,728	\$ 371,713,373	\$ 1,871,105,101
Accumulated depreciation	-	(115,842,177)	(115,842,177)
Net book amount	<u>\$ 1,499,391,728</u>	<u>\$ 255,871,196</u>	<u>\$ 1,755,262,924</u>
<u>At January 1</u>	\$ 1,499,391,728	\$ 255,871,196	\$ 1,755,262,924
Additions	-	3,393,435	3,393,435
Reclassifications from prepayment			
for equipment	-	7,918,014	7,918,014
Depreciation charge	-	(10,670,104)	(10,670,104)
<u>At December 31</u>	<u>\$ 1,499,391,728</u>	<u>\$ 256,512,541</u>	<u>\$ 1,755,904,269</u>
<u>At December 31</u>			
Cost	\$ 1,499,391,728	\$ 383,024,822	\$ 1,882,416,550
Accumulated depreciation	-	(126,512,281)	(126,512,281)
Net book amount	<u>\$ 1,499,391,728</u>	<u>\$ 256,512,541</u>	<u>\$ 1,755,904,269</u>
	2024		
	Land	Buildings	Total
<u>At January 1</u>			
Cost	\$ 1,499,391,728	\$ 371,713,373	\$ 1,871,105,101
Accumulated depreciation	-	(105,488,517)	(105,488,517)
Net book amount	<u>\$ 1,499,391,728</u>	<u>\$ 266,224,856</u>	<u>\$ 1,765,616,584</u>
<u>At January 1</u>	\$ 1,499,391,728	\$ 266,224,856	\$ 1,765,616,584
Depreciation charge	-	(10,353,660)	(10,353,660)
<u>At December 31</u>	<u>\$ 1,499,391,728</u>	<u>\$ 255,871,196</u>	<u>\$ 1,755,262,924</u>
<u>At December 31</u>			
Cost	\$ 1,499,391,728	\$ 371,713,373	\$ 1,871,105,101
Accumulated depreciation	-	(115,842,177)	(115,842,177)
Net book amount	<u>\$ 1,499,391,728</u>	<u>\$ 255,871,196</u>	<u>\$ 1,755,262,924</u>

A. As of December 31, 2025, the fair value of the investment properties was determined by independent qualified real estate appraisers using Level 3 inputs. The valuation was performed using valuation techniques such as the market comparison approach and the income approach. Significant unobservable inputs used in the valuation include the discount rate.

As of December 31, 2024, the fair value of the investment properties was not evaluated by independent appraisers. The management of the Company applied valuation models commonly used by market participants, using Level 3 inputs, to measure the fair value. The resulting fair value is as follows:

	December 31, 2025	December 31, 2024
B. Fair value	<u>\$ 1,825,950,000</u>	<u>\$ 1,844,017,100</u>

C. Rental income and direct operating expenses of investment properties:

	2025	2024
Rental revenue from the lease of the investment property	\$ 48,937,442	\$ 57,909,426
Direct operating expenses arising from the investment property that generated rental income in the period	\$ 17,237,475	\$ 16,978,896

C. Please refer to Note 6(12) for the analysis of the due dates for lease payments for operating leases as of December 31, 2025 and 2024.

(10) Property and equipment

	Land	Buildings	Office equipment	Transportation equipment	Miscellaneous equipment	Leasehold improvements	Prepayment for equipment	Total
<u>At January 1, 2025</u>								
Cost	\$ 886,909,558	\$ 483,854,341	\$ 142,761,161	\$ 14,498,818	\$ 1,960,800	\$ 23,753,712	\$ 12,704,825	\$ 1,566,443,215
Accumulated depreciation	-	(197,321,508)	(46,337,438)	(4,995,317)	(193,117)	(3,617,120)	-	(252,464,500)
Currying Amount	\$ 886,909,558	\$ 286,532,833	\$ 96,423,723	\$ 9,503,501	\$ 1,767,683	\$ 20,136,592	\$ 12,704,825	\$ 1,313,978,715
<u>Change</u>								
Opening net book amount	\$ 886,909,558	\$ 286,532,833	\$ 96,423,723	\$ 9,503,501	\$ 1,767,683	\$ 20,136,592	\$ 12,704,825	\$ 1,313,978,715
Additions	-	1,656,273	33,640,941	2,041,575	1,376,700	5,456,348	14,150,832	58,322,669
Disposals-Cost	-	-	-	(4,552,179)	-	-	-	(4,552,179)
Disposals-Accumulated Depreciation	-	-	-	2,004,263	-	-	-	2,004,263
Depreciation charges	-	(13,716,600)	(28,156,014)	(2,250,997)	(156,273)	(2,424,499)	-	(46,704,383)
Reclassified to intangible assets	-	-	-	-	-	-	(1,609,913)	(1,609,913)
Reclassified to investment property	-	-	-	-	-	-	(7,918,014)	(7,918,014)
Closing net book amount	\$ 886,909,558	\$ 274,472,506	\$ 101,908,650	\$ 6,746,163	\$ 2,988,110	\$ 23,168,441	\$ 17,327,730	\$ 1,313,521,158
<u>At December 31, 2025</u>								
Cost	\$ 886,909,558	\$ 485,510,614	\$ 176,402,102	\$ 11,988,214	\$ 3,337,500	\$ 29,210,060	\$ 17,327,730	\$ 1,610,685,778
Accumulated depreciation	-	(211,038,108)	(74,493,452)	(5,242,051)	(349,390)	(6,041,619)	-	(297,164,620)
Currying Amount	\$ 886,909,558	\$ 274,472,506	\$ 101,908,650	\$ 6,746,163	\$ 2,988,110	\$ 23,168,441	\$ 17,327,730	\$ 1,313,521,158
<u>At January 1, 2024</u>								
Cost	\$ 886,909,558	\$ 513,150,642	\$ 325,554,043	\$ 16,992,818	\$ 6,978,521	\$ 32,993,552	\$ 54,292,120	\$ 1,836,871,254
Accumulated depreciation	-	(215,784,300)	(249,208,010)	(7,825,253)	(6,072,300)	(20,587,669)	-	(499,477,532)
Currying Amount	\$ 886,909,558	\$ 297,366,342	\$ 76,346,033	\$ 9,167,565	\$ 906,221	\$ 12,405,883	\$ 54,292,120	\$ 1,337,393,722
<u>Change</u>								
Opening net book amount	\$ 886,909,558	\$ 297,366,342	\$ 76,346,033	\$ 9,167,565	\$ 906,221	\$ 12,405,883	\$ 54,292,120	\$ 1,337,393,722
Additions	-	2,595,698	45,469,794	3,196,000	1,045,800	9,196,352	13,621,197	75,124,841
Disposals-Cost	-	(31,891,999)	(229,252,676)	(5,690,000)	(6,063,521)	(18,436,192)	-	(291,334,388)
Disposals-Accumulated Depreciation	-	31,891,999	229,251,582	5,383,150	6,063,521	18,436,192	-	291,026,444
Depreciation charges	-	(13,429,207)	(26,381,010)	(2,553,214)	(184,338)	(1,465,643)	-	(44,013,412)
Reclassifications	-	-	990,000	-	-	-	(55,208,492)	(54,218,492)
Closing net book amount	\$ 886,909,558	\$ 286,532,833	\$ 96,423,723	\$ 9,503,501	\$ 1,767,683	\$ 20,136,592	\$ 12,704,825	\$ 1,313,978,715
<u>At December 31, 2024</u>								
Cost	\$ 886,909,558	\$ 483,854,341	\$ 142,761,161	\$ 14,498,818	\$ 1,960,800	\$ 23,753,712	\$ 12,704,825	\$ 1,566,443,215
Accumulated depreciation	-	(197,321,508)	(46,337,438)	(4,995,317)	(193,117)	(3,617,120)	-	(252,464,500)
Currying Amount	\$ 886,909,558	\$ 286,532,833	\$ 96,423,723	\$ 9,503,501	\$ 1,767,683	\$ 20,136,592	\$ 12,704,825	\$ 1,313,978,715

(11) Leasing arrangements — lessee

- A. The Company leases various assets including land, buildings, and miscellaneous equipment. Rental contracts are typically made for periods of 1 to 5 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose covenants, but leased assets may not be used as security for borrowing purposes.
- B. The Company's leases of certain buildings and transportation equipment qualified as short-term leases and leases of certain office equipment qualified as low-value asset leases. The Group has elected to apply the recognition exemption and thus, did not recognize right-of-use assets and lease liabilities for these leases.
- C. The carrying amount of right-of-use assets and the depreciation charge are as follows:

	December 31, 2025	December 31, 2024
Carrying amount		
Buildings	\$ 90,566,278	\$ 118,235,020
Transportation equipment	18,460,515	4,446,154
	<u>\$ 109,026,793</u>	<u>\$ 122,681,174</u>
	2025	2024
Additions to right-of-use assets	<u>\$ 23,093,438</u>	<u>\$ 131,335,683</u>
Depreciation charges for right-of-use assets		
Buildings	\$ 30,585,151	\$ 28,939,679
Transportation equipment	6,105,454	5,929,290
	<u>\$ 36,690,605</u>	<u>\$ 34,868,969</u>

- D. The information on profit and loss accounts relating to lease contracts is as follows:

	Year ended December 31, 2025	Year ended December 31, 2024
<u>Items affecting profit or loss</u>		
Interest expense on lease liabilities	\$ 3,206,688	\$ 3,082,797
Expense on short-term and low-value assets lease contracts	21,304,011	20,181,555
Gain or loss on lease modification	(954)	-

- E. When calculating the present value of lease liabilities, the Company uses the incremental borrowing rate, which ranged from 1.74% to 2.56% and 1.61% to 2.37% in 2025 and 2024, respectively.
- F. For the years ended December 31, 2025 and 2024, the Company's total cash outflow for leases was \$47,963,055 and \$66,902,943, respectively.

(12) Leasing arrangements – lessor

- A. The Company's rental contracts are typically made for periods of 1 to 15 years. Lease terms are negotiated on an individual basis and contain a variety of different terms and conditions.
- B. Please refer to Note 6(9) for detailed description of rental income recognized based on operating lease contracts in 2025 and 2024.

C. The maturity analysis of the lease payments under the operating lease is as follows:

	December 31, 2025	December 31, 2024
Year 1	\$ 59,025,249	\$ 58,449,156
Year 2	58,767,102	59,025,249
Year 3	44,405,064	58,767,102
Year 4	-	46,676,564
Total	\$ 162,197,415	\$ 222,918,071

(13) Other assets

	December 31, 2025	December 31, 2024
Prepayments	\$ 10,276,736	\$ 43,128,178
Refundable deposits	121,698,165	121,671,560
Statutory deposits	1,885,225,975	1,874,606,307
Others	108,543,021	131,827,519
	\$ 2,125,743,897	\$ 2,171,233,564

- A. In accordance with the Insurance Act of the Republic of China, all insurance companies are required to deposit 15% of their registered paid-in capital with the Central Bank of the Republic of China as operating guarantee deposits. As of December 31, 2025 and 2024, the Company deposited book entry government bonds with face value listed as follows with the Central Bank of the Republic of China as operating guarantee deposits were all \$1,850,000,000.
- B. As at 2025 and 2024, without taking into account any collateral held or other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the other assets held by the Company was \$2,115,467,161 and \$2,128,105,386, respectively.

(14) Payables

	December 31, 2025	December 31, 2024
Notes payable	\$ 4,301,668	\$ 2,531,562
Commissions payable	186,843,874	152,562,268
Due to reinsurance and ceding companies	477,883,055	571,163,865
Other payables	976,886,054	762,901,518
	\$ 1,645,914,651	\$ 1,489,159,213

(15) Reinsurance contract assets and insurance liabilities

A. Details of reinsurance contract assets are as follows:

	December 31, 2025	December 31, 2024
Claims recoverable from reinsurers	\$ 234,349,450	\$ 127,562,773
Due from reinsurance and ceding companies	51,636,471	118,387,559
Due from reinsurance and ceding companies-overdue	6,272,281	3,406,427
Reinsurance reserve assets		
Ceded unearned premium reserve	1,874,439,970	1,878,690,149
Ceded claims reserve	2,537,727,519	2,739,341,619
	\$ 4,704,425,691	\$ 4,867,388,527
Less: Allowance for bad debts	(6,272,281)	(3,406,427)
	\$ 4,698,153,410	\$ 4,863,982,100

(A) Claims recoverable from reinsurers

The Company's average credit period for claims recoverable from reinsurers is 180 days. In determining the recoverability of claims recoverable from reinsurers, the Company considered any changes in the credit quality of the claims recoverable from reinsurers since the date credit was initially granted to the end of the reporting period. For claims recoverable from reinsurers, the Company estimated the irrecoverable amount based on the default histories and the financial position of reinsurers.

The Company assessed the potential reinsurer's credit rating based on external credit rating system before ceding in or out insurance policies. The Company should assess the credit rating of reinsurers at least twice a year to determine if their credit ratings conformed to the requirements of the Insurance Bureau. If the rating results were not satisfactory, the Company will recognize additional reserve for unqualified ceded reinsurance.

There were no claims recoverable from reinsurers past due at the end of each reporting period without recognized loss allowance. Moreover, the Company had the legal right to offset the claims recoverable from reinsurers against due to reinsurers and ceding companies of the same reinsurer.

(B) The aging of the reinsurance contract assets was as follows:

	December 31, 2025	December 31, 2024
0-180 days	\$ 285,985,921	\$ 245,950,332
181-270 days	3,068,986	1,714,914
More than 270 days	3,203,295	1,691,513
	<u>\$ 292,258,202</u>	<u>\$ 249,356,759</u>

The above aging schedule was based on the posted date.

(C) Movements for allowance for bad debts of reinsurance contract assets are as follows:

	2025	2024
At January 1	\$ 3,406,427	\$ 5,295,021
Provision (recovery) of loss allowance	2,865,854	(1,888,594)
At December 31	<u>\$ 6,272,281</u>	<u>\$ 3,406,427</u>

B. Details of insurance liabilities are as follows:

	December 31, 2025	December 31, 2024
Unearned premium reserve	\$ 10,392,037,400	\$ 9,908,342,114
Claims reserve	8,847,575,489	8,825,154,816
Special reserve	904,012,319	745,506,987
	<u>\$ 20,143,625,208</u>	<u>\$ 19,479,003,917</u>

(A) Movements of unearned premium reserve and ceded unearned premium reserve are as follows:

	2025		
	Unearned premium reserve	Ceded unearned premium reserve	Net amount
At January 1	\$ 9,908,342,114	\$ 1,878,690,149	\$ 8,029,651,965
Provision	10,392,037,400	1,874,439,970	8,517,597,430
Recovery	(9,908,342,114)	(1,878,690,149)	(8,029,651,965)
At December 31	<u>\$ 10,392,037,400</u>	<u>\$ 1,874,439,970</u>	<u>\$ 8,517,597,430</u>

	2024		
	Unearned premium reserve	Ceded unearned premium reserve	Net amount
At January 1	\$ 8,862,645,137	\$ 1,547,851,806	\$ 7,314,793,331
Provision	9,908,342,114	1,878,690,149	8,029,651,965
Recovery	(8,862,645,137)	(1,547,851,806)	(7,314,793,331)
At December 31	<u>\$ 9,908,342,114</u>	<u>\$ 1,878,690,149</u>	<u>\$ 8,029,651,965</u>

(B) Details of claims reserve and ceded claims reserve:

	December 31, 2025		
	Claims reserve	Ceded claims reserve	Net amount
Reported but not paid	\$ 6,892,360,061	\$ 2,101,022,276	\$ 4,791,337,785
Incurring but not reported	1,955,215,428	436,705,243	1,518,510,185
	<u>\$ 8,847,575,489</u>	<u>\$ 2,537,727,519</u>	<u>\$ 6,309,847,970</u>
	December 31, 2024		
	Claims reserve	Ceded claims reserve	Net amount
Reported but not paid	\$ 7,049,602,768	\$ 2,374,377,685	\$ 4,675,225,083
Incurring but not reported	1,775,552,048	364,963,934	1,410,588,114
	<u>\$ 8,825,154,816</u>	<u>\$ 2,739,341,619</u>	<u>\$ 6,085,813,197</u>

Movement of claims reserve and ceded claims reserve are as follows:

	2025		
	Claims reserve	Ceded claims reserve	Net amount
At January 1	\$ 8,825,154,816	\$ 2,739,341,619	\$ 6,085,813,197
Provision	8,847,575,489	2,537,727,519	6,309,847,970
Recovery	(8,825,154,816)	(2,739,341,619)	(6,085,813,197)
At December 31	<u>\$ 8,847,575,489</u>	<u>\$ 2,537,727,519</u>	<u>\$ 6,309,847,970</u>
	2024		
	Claims reserve	Ceded claims reserve	Net amount
At January 1	\$ 7,074,184,118	\$ 1,947,795,179	\$ 5,126,388,939
Provision	8,825,154,816	2,739,341,619	6,085,813,197
Recovery	(7,074,184,118)	(1,947,795,179)	(5,126,388,939)
At December 31	<u>\$ 8,825,154,816</u>	<u>\$ 2,739,341,619</u>	<u>\$ 6,085,813,197</u>

(C) Special reserve:

Category of insurance	December 31, 2025	December 31, 2024
Compulsory insurance	\$ 678,587,108	\$ 514,010,018
Non-Compulsory insurance	225,425,211	231,496,969
	<u>\$ 904,012,319</u>	<u>\$ 745,506,987</u>

a. Movement of special reserve is as follows:

2025			
	Compulsory insurance	Non-Compulsory insurance	
		Catastrophic event	Others
At January 1	\$ 514,010,018	\$ 109,291,629	\$ 122,205,340
Provision	164,577,090	-	-
Recovery	-	(6,071,758)	-
At December 31	<u>\$ 678,587,108</u>	<u>\$ 103,219,871</u>	<u>\$ 122,205,340</u>
2024			
	Compulsory insurance	Non-Compulsory insurance	
		Catastrophic event	Others
At January 1	\$ 348,855,646	\$ 115,363,387	\$ 122,205,340
Provision	165,154,372	-	-
Recovery	-	(6,071,758)	-
At December 31	<u>\$ 514,010,018</u>	<u>\$ 109,291,629</u>	<u>\$ 122,205,340</u>

b. Pursuant to “Notes for Strengthening Catastrophe Reserve of Property Insurance Enterprises” and “Notes for Strengthening Reserve of Pool Members Residential Earthquake”, starting from January 1, 2013, The special reserves listed under liabilities before December 31, 2012, excluding those for Compulsory Automobile Liability Insurance, Nuclear Insurance, Residential Earthquake Insurance, Commercial Earthquake Insurance, and Typhoon and Flood Insurance, should be prioritized to fully cover the special reserves for major incidents in Commercial Earthquake Insurance and Typhoon and Flood Insurance, as well as the reserves for fluctuations in risk, and should be recorded under liabilities. If there is any remaining balance, it should be recorded under shareholders' equity as special surplus reserves after deducting income tax, in accordance with International Accounting Standard No. 12. According to point eight of the guidelines, if actual retained claims due to catastrophes exceed the expected claims after offsetting with the special reserve for major incidents, or if the cumulative reserve total reaches the required level, the offsetting or recovery of the special reserve for risk fluctuations should be handled according to the third point of the reserve requirements for property insurance companies managing commercial earthquake insurance and typhoon flood insurance.

If the above considerations are not applied to the Company's property and casualty insurance business, the impact on the Company's net income, earnings per share, total liabilities and total equity for the current period are listed as follows:

2025			
Impact items	Not applicable		Effect
	amount	Applicable amount	
Net income	\$ 2,533,862,991	\$ 2,538,720,397	(\$ 4,857,406)
Earnings per share	2.11	2.12	(0.01)
Total liabilities	22,960,699,984	23,186,125,195	(225,425,211)
Total equity	11,291,668,841	11,066,243,630	225,425,211

Impact items	2024		
	Not applicable amount	Applicable amount	Effect
Net income	\$ 2,043,961,527	\$ 2,048,818,933	(\$ 4,857,406)
Earnings per share	1.70	1.71	(0.01)
Total liabilities	22,175,030,907	22,406,527,876	(231,496,969)
Total equity	8,660,568,639	8,429,071,670	231,496,969

c. Pursuant to Article 2 of the Compulsory Automobile Liability Insurance Act, Article 145, Paragraph 2, and Article 148-3, Paragraph 2 of the Insurance Act, Article 24-2, Paragraph 1 of the Regulations Governing the Deposit of Various Reserves for Insurance Enterprises promulgated by this Corporation, effective April 1, 2021, property insurance enterprises shall set aside NT\$30 per insurance contract from the business expenses of the insurers of this business on a monthly basis as this reserve. Effective October 1, 2024, the amount set aside per insurance contract shall be changed to NT\$15 in accordance with the law. In the future, if the property insurance industry suffers a net loss in annual premiums when operating this business, it should first use this reserve fund to make up for it. If there is a shortfall, it should be handled in accordance with the various reserve management regulations for compulsory automobile liability insurance.

(16) Provisions

	December 31, 2025	December 31, 2024
Provisions for employee benefits	\$ 401,848,663	\$ 360,594,326
Decommissioning provisions	9,159,040	7,759,040
	<u>\$ 411,007,703</u>	<u>\$ 368,353,366</u>

The Company's liability provisions include employee benefit liabilities and retirement liabilities. Please refer to Note 6(17) for a detailed description of employee benefit liabilities.

(17) Pension plan

A. Defined benefit plan

- (A) The Company has a defined benefit pension plan in accordance with the "Labor Standards Law", covering all regular employees' service years prior to the enforcement of the "Labor Pension Act" on July 1, 2005 and service years thereafter of employees who chose to continue to be subject to the pension mechanism under the Law. Under the defined benefit pension plan, two units are accrued for each year of service for the first 15 years and one unit for each additional year thereafter, subject to a maximum of 45 units. Pension benefits are based on the number of units accrued and the average monthly salaries and wages of the last 6 months prior to retirement. The Company contributes monthly an amount equal to 6% of the employees' monthly salaries and wages to the retirement fund deposited with Bank of Taiwan, the trustee, under the name of the independent retirement fund committee. Also, the Company would assess the balance in the aforementioned labor pension reserve account by the end of December 31, every year. If the account balance is insufficient to pay the pension calculated by the aforementioned method, to the employees expected to be qualified for retirement next year, the Company will make contributions to cover the deficit once or in installments. In addition, the Company has established "Manager Retirement Policy" for managers in accordance with the provisions of the aforementioned regulations. Managers may apply for retirement benefits in accordance with the policy.

(B) The amounts recognized in the balance sheet plan are as follows:

	December 31, 2025	December 31, 2024
Present value of defined benefit obligation	\$ 548,735,277	\$ 529,434,714
Fair value of plan assets	(146,886,614)	(168,840,388)
Net defined benefit liabilities	<u>\$ 401,848,663</u>	<u>\$ 360,594,326</u>

(C) Movements in net defined benefit liabilities were as follows:

	2025		
	Present value of defined benefit obligations	Fair value of plan asset	Net defined benefit liability
At January 1	\$ 529,434,714	(\$ 168,840,388)	\$ 360,594,326
Current service cost	6,988,330	-	6,988,330
Interest expense (income)	8,562,448	(2,735,214)	5,827,234
	<u>544,985,492</u>	<u>(171,575,602)</u>	<u>373,409,890</u>
Remeasurements:			
Return on plan assets (excluding amounts included in interest income or expense)	-	(12,230,355)	(12,230,355)
Changes in demographic assumptions	2,349,466	-	2,349,466
Change in financial assumptions	9,384,937	-	9,384,937
Experience adjustments	49,338,446	-	49,338,446
	61,072,849	(12,230,355)	48,842,494
Pension fund contribution	-	(20,403,721)	(20,403,721)
Paid Pension	(57,323,064)	57,323,064	-
At December 31	<u>\$ 548,735,277</u>	<u>(\$ 146,886,614)</u>	<u>\$ 401,848,663</u>

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	2024		
	Present value of defined benefit obligations	Fair value of plan asset	Net defined benefit liability
At January 1	\$ 532,590,447	(\$ 167,667,018)	\$ 364,923,429
Current service cost	5,250,833	-	5,250,833
Interest expense (income)	6,822,008	(2,162,905)	4,659,103
	<u>544,663,288</u>	<u>(169,829,923)</u>	<u>374,833,365</u>
Remeasurements:			
Return on plan assets (excluding amounts included in interest income or expense)	-	(15,059,964)	(15,059,964)
Changes in demographic assumptions	542,471	-	542,471
Change in financial assumptions	(1,037,504)	-	(1,037,504)
Experience adjustments	<u>11,011,406</u>	<u>-</u>	<u>11,011,406</u>
	10,516,373	(15,059,964)	(4,543,591)
Pension fund contribution	-	(9,695,448)	(9,695,448)
Paid Pension	<u>(25,744,947)</u>	<u>25,744,947</u>	<u>-</u>
At December 31	<u>\$ 529,434,714</u>	<u>(\$ 168,840,388)</u>	<u>\$ 360,594,326</u>

- (D) The Bank of Taiwan was commissioned to manage the Fund of the Company's defined benefit pension plan in accordance with the Fund's annual investment and utilisation plan and the "Regulations for Revenues, Expenditures, Safeguard and Utilisation of the Labor Retirement Fund"(Article 6: The scope of utilisation for the Fund includes deposit in domestic or foreign financial institutions, investment in domestic or foreign listed, over-the-counter, or private placement equity securities, investment in domestic or foreign real estate securitization products, etc.). With regard to the utilisation of the Fund, its minimum earnings in the annual distributions on the final financial statements shall be no less than the earnings attainable from the amounts accrued from two-year time deposits with the interest rates offered by local banks. If the earnings is less than aforementioned rates, government shall make payment for the deficit after being authorized by the Regulator. The Company has no right to participate in managing and operating that fund and hence the Company and domestic subsidiaries are unable to disclose the classification of plan assets fair value in accordance with IAS 19 paragraph 142. The composition of fair value of plan assets as of December 31, 2025 and 2024 is given in the Annual Labor Retirement Fund Utilisation Report announced by the government.

(E) The principal actuarial assumptions used were as follows:

	2025	2024
Managers		
Discount rate	1.25%	1.61%
Future salary increases	3.00%	3.50%
Employees		
Discount rate	1.29%	1.62%
Future salary increases	3.50%	3.56%

Assumptions regarding future mortality experience are set based on the Sixth Mortality table of Taiwan Life Insurance Industry.

Because the main actuarial assumption changed, the present value of defined benefit obligation is affected. The analysis was as follows:

(Expressed in thousands of New Taiwan Dollars)

	Discount rate		Future salary increases	
	increase	decrease	increase	decrease
	0.5%	0.5%	0.5%	0.5%

December 31, 2025

Effect on the present value

of defined benefit obligations

(\$ 24,688) \$ 26,295 \$ 25,613 (\$ 24,312)

December 31, 2024

Effect on the present value

of defined benefit obligations

(\$ 25,006) \$ 26,700 \$ 26,057 \$ 24,670

The sensitivity analysis above is based on one assumption which changed while the other conditions remain unchanged. In practice, more than one assumption may change all at once. The method of analysing sensitivity and the method of calculating net pension liability in the balance sheet are the same.

The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the previous period.

(F) Expected contributions to the defined benefit pension plan for employees of the Company for the year ending December 31, 2026 amount to \$759,000.

(G) As of December 31, 2025, the weighted average duration of the retirement plan for managers was 7 years and for employees was 10 years.

B. Defined contribution plan

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

(B) The pension costs under the defined contribution pension plan of the Company for the years ended December 31, 2025 and 2024 were \$57,637,729 and \$54,074,921, respectively.

(18) Other liabilities

	December 31, 2025	December 31, 2024
Unearned and temporary receipts	\$ 759,107,911	\$ 816,478,597
Guarantee deposit received	28,466,598	28,466,598
Reserve for operating loss	101,904,733	101,904,733
	<u>\$ 889,479,242</u>	<u>\$ 946,849,928</u>

(19) Share capital

As of December 31, 2025 and 2024, the Company's authorised capital were both \$20,000,000,000, and the paid-in capital were \$12,000,003,000 with a par value of \$10 (in dollars) per share. All proceeds from shares issued have been collected.

(20) Capital surplus

	December 31, 2025	December 31, 2024
May only be used to offset a deficit		
Share of change in capital surplus		
of associates or joint venture	\$ 1,084,065	\$ 1,084,065

Such capital surplus may be used to offset a deficit; in addition, when the Company has no deficit, such capital surplus may be distributed as cash dividends or transferred to share capital (limited to a certain percentage of the Company's capital surplus).

(21) Retained earnings

A. According to the Company's Articles of Incorporation, if there is any surplus at the end of the fiscal year, it shall first be used to pay taxes and offset accumulated losses. Following this, allocations shall be made for the statutory surplus reserve and any special surplus reserves required by law or regulatory authorities. Any net amount of other equity deductions accumulated from previous periods shall be appropriated from the prior period's undistributed earnings to set aside an equivalent amount as a special surplus reserve. The remainder, along with the undistributed earnings at the beginning of the period, shall be used by the Board of Directors to draft a distribution proposal, which will be submitted to the shareholders' meeting for approval. The Company's dividend distribution policy is based on the residual dividend policy, considering operational needs and shareholders' equity. This policy primarily assesses the Company's future capital budgeting plans to measure the funding requirements for upcoming years. Necessary funds are first reserved from retained earnings, with any remaining surplus distributed as dividends. For the Company's policy on the distribution of employee and director remuneration, please refer to Note 6(25).

Appropriation of earnings to the legal reserve shall be made until the legal reserve equals the Company's paid-in capital. The legal reserve may be used to offset deficit. If the Company has no deficit and the legal reserve has exceeded 25% of the Company's paid-in capital, the excess may be transferred to capital or distributed in cash. However, under Rule No. 10202501991 issued by the FSC, the Company's legal reserve should exceed its paid-in capital and the Company should also satisfy other conditions required under the Rule before the Company can distribute its legal reserve by cash, and distribution shall be made only after the authority's approval under the Company Act Article 241.

B. Special reserve

	December 31, 2025	December 31, 2024
Special reserves for catastrophic event	\$ 601,775,233	\$ 433,860,672
Special reserves for fluctuation of risk	3,600,987,685	3,213,404,951
FinTech development	-	1,725,815
Accidental Death and Disability Insurance for Travelers Insurance	40,209,495	25,426,704
	<u>\$ 4,242,972,413</u>	<u>\$ 3,674,418,142</u>

(a) Special reserves for catastrophic event and fluctuation of risk

The annual addition to the special reserve should be reclassified as "Special Reserve" based on the net amount after tax at the end of the fiscal year. Any amount that can be offset or recovered should also be deducted or recovered from the "Special Reserve" based on the net amount after tax. The net recognized amount as of December 31, 2025 and 2024 was \$555,497,295 and \$403,191,621, respectively.

(b) Other

(1) FinTech development

In pursuant to Jin-Guan-Pao-Tsai Letter No. 10502066461 dated July 13, 2016, upon appropriating the earnings of 2016 through 2018, 0.5% to 1% of the insurance enterprises' earnings after tax in the current year shall be set aside as special reserve. And starting from the subsequent year of the provision of such special reserve, special reserve as mentioned above may be reversed in an amount equal to expenditures that were for employees' education and training and for the protection of employees' interest. However, in pursuant to Jin-Guan-Pao-Tsai Letter No. 10804932431 dated July 30, 2019, the enterprises are no longer required to set aside the special reserve starting from 2019. And the special reserve set aside in the previous years can be used for the aforementioned expenditures. The amount of the Company's transfer in 2024 and 2023 was \$1,725,815 and \$2,695,376 respectively, which was transferred to special surplus reserve after approval by the shareholders' meeting in 2025 and 2024.

(2) Travellers Insurance

In accordance with Jin-Guan-Pao-Tsai No. 11304908291 dated April 26, 2024, beginning from financial year 2021, insurance companies will be required, after the end of each fiscal year, to act in accordance with the "Table of Standard Premiums for Accident, Death, and Disability Benefits under Individual Travel Accident Insurance" to take a prescribed share of premium income, 10% of total premium income, after deducting 20% of the nominal tax, and set it aside to the special reserve account under owners' equity. The Branch recognized special reserve under equity amounting to \$14,782,791 and \$14,679,425 for the years ended December 31, 2025 and 2024, respectively.

(22) Income tax

A. Components of income tax expense:

	2025	2024
Current tax:		
Current tax on profits for the year	\$ 20,882,546	\$ 43,645,692
Prior year income tax underestimation (over)	(2,204,448)	(42,065)
Deferred tax:		
Origination and reversal of temporary differences	372,158,185	206,954,446
Income tax expense	<u>\$ 390,836,283</u>	<u>\$ 250,558,073</u>

B. The income tax (benefit) / expense relating to components of other comprehensive income is as follows:

	2025	2024
Fair value changes of financial assets at fair value through other comprehensive income	(\$ 2,606,378)	\$ -
Remeasurement of defined benefit obligations	(9,768,499)	908,718
	<u>(\$ 12,374,877)</u>	<u>\$ 908,718</u>

C. Reconciliation between income tax expense and accounting profit:

	2025	2024
Tax calculated based on profit before tax and statutory tax rate	\$ 585,911,336	\$ 459,875,401
Effect from items disallowed by tax regulation	(25,753,151)	(33,920,955)
Changes in assessment of realisation of deferred tax assets	(188,000,000)	(219,000,000)
Prior year income tax underestimation (over)	(2,204,448)	(42,065)
Effect of alternative minimum Tax	20,882,546	43,645,692
Income tax expense	<u>\$ 390,836,283</u>	<u>\$ 250,558,073</u>

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D. Amounts of deferred tax assets or liabilities as a result of temporary differences and tax losses are as follows:

2025				
	January 1	Recognized in profit or loss	Recognized in other comprehensive income	December 31
Deferred tax assets:				
Remeasurement of defined benefit plans	\$ 34,741,052	\$ -	\$ 9,768,499	\$ 44,509,551
Financial assets at fair value through other comprehensive income	-	-	2,606,378	\$ 2,606,378
Loss carryforward	2,016,178,578	(372,158,185)	-	1,644,020,393
Total	<u>\$ 2,050,919,630</u>	<u>(\$ 372,158,185)</u>	<u>\$ 12,374,877</u>	<u>\$ 1,691,136,322</u>
2024				
	January 1	Recognized in profit or loss	Recognized in other comprehensive income	December 31
Deferred tax assets:				
Remeasurement of defined benefit plans	\$ 35,649,770	\$ -	(\$ 908,718)	\$ 34,741,052
Loss carryforward	2,223,133,024	(206,954,446)	-	2,016,178,578
Total	<u>\$ 2,258,782,794</u>	<u>(\$ 206,954,446)</u>	<u>(\$ 908,718)</u>	<u>\$ 2,050,919,630</u>

E. Expiration dates of unused tax losses and amounts of unrecognised deferred tax assets are as follows :

December 31, 2025				
Year incurred	Amount assessed	Unused amount	Unrecognised deferred tax assets	Expiry year
2022	\$ 50,330,019,092	\$ 41,624,148,979	\$ 33,404,047,015	2032
December 31, 2024				
Year incurred	Amount filed	Unused amount	Unrecognised deferred tax assets	Expiry year
2022	\$ 50,330,019,092	\$ 44,420,968,944	\$ 34,340,076,055	2032

F. Except for tax losses, the amounts of deductible temporary difference that are not recognised as deferred tax assets are as follows:

	December 31, 2025	December 31, 2024
Defined benefit plans	\$ 232,291,193	\$ 243,362,012
Loss allowance of receivables	18,348,586	11,329,585
Rerserve for operating loss	101,904,733	101,904,733
Others	36,547,032	44,131,979
	<u>\$ 389,091,544</u>	<u>\$ 400,728,309</u>

G. The income tax returns through 2023 of the Company have been assessed and approved by the tax authorities.

(23) Earnings per share

	2025	2024
Income after tax	<u>\$ 2,538,720,397</u>	<u>\$ 2,048,818,933</u>
Weighted average number of ordinary shares outstanding	<u>1,200,000,300</u>	<u>1,200,000,300</u>
Basic and diluted earnings per share	<u>\$ 2.12</u>	<u>\$ 1.71</u>

(24) Interest income

	2025	2024
Bank deposits (including time deposit of more than three months)	\$ 145,761,192	\$ 120,213,240
Reverse repurchase agreements collateralized by bonds	9,900,012	8,488,768
Investments in debt instruments at FVTOCI	25,089,713	19,265,083
Financial assets at amortised cost	61,511,360	34,770,236
Others	-	6,235
	<u>\$ 242,262,277</u>	<u>\$ 182,743,562</u>

(25) Employee benefit, depreciation and amortization expenses

	2025		
	Operating cost	Operating expenses	Total
Employee benefits	\$ -	\$ 1,921,156,430	\$ 1,921,156,430
Salaries	-	1,617,555,054	1,617,555,054
Labor and health insurance	-	142,316,396	142,316,396
Pension	-	70,453,293	70,453,293
Remuneration of directors	-	5,544,000	5,544,000
Other employee benefits	-	85,287,687	85,287,687
Depreciation expense	10,670,104	83,394,988	94,065,092
Amortization expense	-	45,975,027	45,975,027
	2024		
	Operating cost	Operating expenses	Total
Employee benefits	\$ -	\$ 1,714,751,178	\$ 1,714,751,178
Salaries	-	1,433,168,403	1,433,168,403
Labor and health insurance	-	132,454,657	132,454,657
Pension	-	63,984,857	63,984,857
Remuneration of directors	-	6,404,000	6,404,000
Other employee benefits	-	78,739,261	78,739,261
Depreciation expense	10,353,660	78,882,381	89,236,041
Amortization expense	-	32,980,907	32,980,907

- A. The numbers of employees as at December 31, 2025 and 2024 were 1,579 and 1,538, respectively, and the numbers of directors, who were not employed as employees, both were 8.
- B. According to the Company's Articles, the Company accrues compensation of employees and remuneration of directors at rates of no less than 0.1% and no higher than 0.5%, respectively, of net profit before income tax, compensation of employees, and remuneration of directors. If the company still has accumulated losses, it should reserve the compensation amount in advance and then allocate employee remuneration and director remuneration in accordance with the proportion mentioned above. There were accumulated losses as of December 31, 2025, so the remuneration of employees and directors was not estimated.
- C. Average employee benefit expenses of the Company in 2025 and 2024 were \$1,219,747 and \$1,116,932, respectively.
- D. Average employee's salary of the Company in 2025 and 2024 were \$1,029,962 and \$937,018, respectively.
- E. The change in the average employee's salary and expense adjustment increased by 9.92%.
- F. The Company has not set up a supervisor, so there was no supervisor's remuneration.

7. RELATED PARTY TRANSACTIONS

(1) Names and relationship of related parties

<u>Names of related parties</u>	<u>Relationship with the Company</u>
Tokio Marine Holdings, Inc.	Ultimate parent company
Tokio Marine & Nichido Fire Insurance Co., Ltd.	Parent company
Newa Insurance (Cambodia) Plc.	Subsidiary company(Significant influence was lost over the investee starting from December 12, 2025 ; as of that date, it is no longer considered a subsidiary)
China Motor Corporation	Investors with significant influence over the group
Yulon Motor Co., Ltd.	Investors with significant influence over the group
Taiwan Acceptance Corporation	Investors with significant influence over the group
Tokio Millennium Re AG, UK Branch	Sister company
Tokio Marine Insurance Singapore Ltd.	Sister company
Houston Casualty Company	Sister company
HCC International Insurance Company Plc	Sister company
Tokio Marine Kiln Insurance Ltd.	Sister company
Tokio Marine Asia Pte. Ltd.	Sister company
Fu Lun Motors Co., Ltd.	Other related party
Shung Ye Motors Co., Ltd.	Other related party
Fortune Motors Co., Ltd.	Other related party
Yuea Ching Business Co., Ltd.	Other related party
Shan-Li Co., Ltd.	Other related party
Sunlit Motors Company Ltd.	Other related party
Luxgen Taichung Motor Co., Ltd.	Other related party
Roc-Spicer Ltd.	Other related party
Diamond Leasing Service Co., Ltd.	Other related party
Y.M.Hi-Tech Industry Ltd.	Other related party
Yuan Jyh Motor Co., Ltd.	Other related party
Yuan Lon Motor Co., Ltd.	Other related party
Uni-Calsonic Corp.	Other related party
Uni Auto Parts Manufacture Co., Ltd.	Other related party
Wen-Sheng Co., Ltd.	Other related party
Electrified LUXGEN Motor CO., LTD.	Other related party
Tai Yuen Textile Co., Ltd.	Other related party
Diamond Hosiery & Thread Co., Ltd.	Other related party
Taiway Ltd.	Other related party
Roc-Keeper Industrial Ltd.	Other related party
Yulon It Solutions Inc.	Other related party
Advance Power Machinery Co., Ltd.	Other related party
Kian Shen Corporation	Other related party
Sin Chi Co., Ltd.	Other related party
Sinqual Technology Co., Ltd.	Other related party
Singan Co., Ltd.	Other related party
Sinjang Co., Ltd.	Other related party

Names of related parties	Relationship with the Company
Hong Shuo Cultural Enterprises, Co., Ltd.	Other related party
Coc Tooling & Stamping Co., Ltd.	Other related party
H. K. Manpower Co., Ltd.	Other related party
Shye Shyang Mechanical Industrial Co., Ltd.	Other related party
Hsieh-Chin Property Insurance Agency Co., Ltd.	Other related party
Fortune HS Leasing CO., LTD.	Other related party
Luxgen Tainan Motor Co., Ltd.	Other related party
Tang Li Enterprise Co., Ltd.	Other related party
Carplus Auto Leasing Corporation	Other related party
Luxgen Taoyuan Motor Co., Ltd.	Other related party
Luxgen Motor Co., Ltd.	Other related party
Yen-Tjing-Ling Foundation	Other related party
Luxgen Kaohsiung Motor Co., Ltd.	Other related party
Chang Yue Plastics Industrial Co., Ltd.	Other related party
Tian Wang Co., Ltd.	Other related party
Hsiang Shou Enterprise Co., Ltd.	Other related party
Lian Cheng Motor Co., Ltd.	Other related party
Hua-Chung Insurance Agency Co., Ltd.	Other related party
Hua-Chuang Automobile Information Technical Center Co., Ltd.	Other related party
Sino Diamond Motors Corporation	Other related party
China Engine Corporation	Other related party
Lin Wei Co., Ltd.	Other related party
Shunxin Automobile Co., Ltd.	Other related party
Hui-Lian Motor Co., Ltd.	Other related party
Shinshin Credit Corporation	Other related party
Empower Motors Co., Ltd.	Other related party
Yu-Min Property Insurance Agency Co., Ltd.	Other related party
Yu Chang Co., Ltd.	Other related party
Yu Sing Co., Ltd.	Other related party
Yu Tang Motor Co., Ltd.	Other related party
Yue Sheng Industrial Co., Ltd.	Other related party
Yu Rich Financial Services Co., Ltd.	Other related party
Yulon Nissan Motor Co., Ltd.	Other related party
Yulon Development Corp.	Other related party
Yulon Group Headquarters (Yulon Management)	Other related party
YES-Energy Service Co., Ltd.	Other related party
Yushin-Motor Co., Ltd.	Other related party
Yue Ki Industrial Co., Ltd.	Other related party
Chen Long Co., Ltd.	Other related party
Cl Skylite Trading Co., Ltd.	Other related party
Ding Long Motor Co., Ltd.	Other related party
Carnival Industrial Corporation	Other related party
Brilliant Insight International Consultancy Service Co., Ltd.	Other related party
Greentrans Corporation	Other related party
Ching-Tong Motor Co., Ltd.	Other related party

Names of related parties	Relationship with the Company
Y-Teks Co., Ltd.	Other related party
Feng-Chan Motor Co., Ltd.	Other related party
Huei-sin Motor Co., Ltd.	Other related party
Kuen You Trading Co., Ltd.	Other related party
Yufong Property Management Co., Ltd.	Other related party
Da-Teng Traffic Co., Ltd.	Other related party
Fan-De Investment Co., Ltd.	Other related party
Da-Chuan Traffic Co., Ltd.	Other related party
Da-Jun Traffic Co., Ltd.	Other related party
Chung-Hsing Motor Co., Ltd.	Other related party
Tianyang Transportation Co., Ltd.	Other related party
Guoma Transportation Co., Ltd.	Other related party
Fusion Motors Co., Ltd.	Other related party
Jinyu Transportation Co., Ltd.	Other related party
Liyang Automobile Co., Ltd.	Other related party
Victory Motors Co., Ltd.	Other related party
He-Yang Transportation Co., Ltd.	Other related party
Chia-Yu Transportation Enterprise Co., Ltd.	Other related party
Yung-Hsiang Transportation Co., Ltd.	Other related party
Myson Century, Inc.	Other related party
Foxtron Vehicle Technologies Co., Ltd.	Other related party
Vivian Wu Journalism Award Foundation	Other related party
Raising Motors Co., Ltd.	Other related party
Harmony Transportation Co., Ltd.	Other related party
Jinlian Co., Ltd.	Other related party
Foresight Motors Co., Ltd.	Other related party
Kai-sing Property Insurance Agency Co., Ltd.	Other related party
Directors and key management personnel	Key management
Others (including directors, supervisors, key management personnel and their spouses and relatives within the second degree)	Other related party
MG Motor Taiwan Co., Ltd.	Other related party
Yes charging service co., ltd.	Other related party
Xiangwei Investment Co., Ltd.	Other related party
Yuee Pong Business Co., Ltd.	Other related party
Taichuang Energy Co., Ltd.	Other related party
Wensheng Investment Co., Ltd.	Other related party
New Energy World Motor CO., LTD.	Other related party
LER VIAN ENTERPRISE CO., LTD.	Other related party
Bing Yu Co., Ltd.	Other related party
LOOPLUS SERVICE TECHNOLOGY INC.	Other related party
Shi Mu CO., LTD.	Other related party
ADVANCISION CORPORATION	Other related party
YUPU MOTOR ENTERPRISE CORPORATION LIMITED	Other related party
Jindouyun Taxi Co., Ltd.	Other related party
Zysun Power Company Limited	Other related party

Names of related parties	Relationship with the Company
JDW Co., Ltd.	Other related party
Wysun Power Company Limited	Other related party
Min-Hsiang Leasing Co., Ltd.	Other related party
Yuan Rui Auto Co., Ltd.	Other related party
Directors, supervisors, and key management personnel	Key management personnel
Others (including spouses and relatives within the second degree of kinship of directors, supervisors, and key management personnel)	Other related party

(2) Significant transactions and balances with related parties

A. Premium revenues

	2025	2024
Parent company	\$ 66,133	\$ 87,048
Investors with significant influence over the Company	36,328,613	45,673,586
Key management personnel	2,940,408	2,630,423
Carplus Auto Leasing Corporation	440,688,476	477,879,671
Fortune HS Leasing CO., Ltd.	182,442,075	221,164,337
Other related parties	163,312,921	134,880,729
	<u>\$ 825,778,626</u>	<u>\$ 882,315,794</u>

The underwriting and charging conditions for the insurance business of the above-mentioned related parties are not significantly different from those of non-related parties.

B. Reinsurance premiums

	2025	2024
Subsidiary company	\$ 13,429,135	\$ 27,982,091

C. Reinsurance commission revenues

	2025	2024
Parent company	\$ 154,261,336	\$ 144,216,067
Sister company	624,712	190,651
	<u>\$ 154,886,048</u>	<u>\$ 144,406,718</u>

D. Claims recovered from reinsurers

	2025	2024
Parent company	\$ 221,539,203	\$ 238,173,112
Sister company	-	102,559
	<u>\$ 221,539,203</u>	<u>\$ 238,275,671</u>

E. Reinsurance expenses

	2025	2024
Parent company	\$ 672,773,742	\$ 738,473,260
Sister company	24,887,223	(16,359)
	<u>\$ 697,660,965</u>	<u>\$ 738,456,901</u>

F. Reinsurance commission expenses

	2025	2024
Subsidiary company	\$ 2,878,913	\$ 6,470,967

G. Claims incurred

	2025	2024
Investors with significant influence over the Company	\$ 7,394,215	\$ 9,248,941
Key management personnel	1,145,597	563,440
Fortune Motors Co., Ltd.	329,576,708	344,145,418
Carplus Auto Leasing Corporation	358,087,070	321,450,309
Other related parties	810,951,260	769,471,327
	<u>\$ 1,507,154,850</u>	<u>\$ 1,444,879,435</u>

H. Reinsurance claims incurred

	2025	2024
Subsidiary company	\$ 699,342	\$ 2,061,778

I. Commission expenses

	2025	2024
Hsieh-Chin Property Insurance Agency Co., Ltd.	\$ 263,261,593	\$ 239,007,501
Hua-Chung Insurance Agency Co., Ltd.	82,212,637	93,151,095
Other related parties	141,565	132,938
	<u>\$ 345,615,795</u>	<u>\$ 332,291,534</u>

J. Service expenses

	2025	2024
Ultimate parent company	\$ 15,582,262	\$ 12,764,494
Parent company	253,275	222,626
Investors with significant influence over the Company	2,137,500	417,500
Hsieh-Chin Property Insurance Agency Co., Ltd.	4,546,950	4,502,000
Kai-sing Property Insurance Agency Co., Ltd.	3,374,250	3,854,050
Hua-Chung Insurance Agency Co., Ltd.	1,460,650	1,658,350
Other related parties	375,545	380,000
	<u>\$ 27,730,432</u>	<u>\$ 23,799,020</u>

K. Roadside assistance expenses

	2025	2024
Hsiang Shou Enterprise Co., Ltd.	\$ 34,080,300	\$ 39,997,564
Other related parties	459,100	102,000
	<u>\$ 34,539,400</u>	<u>\$ 40,099,564</u>

L. Advertising expenses

	2025	2024
Luxgen Motor Co., Ltd.	\$ 31,134,565	\$ 54,999,999
Sino Diamond Motors Corporation	53,309,816	37,219,684
Yulon Nissan Motor Co., Ltd.	7,123,662	30,413,371
Other related parties	14,410,479	14,942,194
	<u>\$ 105,978,522</u>	<u>\$ 137,575,248</u>

M. Sponsorship fee

	2025	2024
Subsidiary company	\$ -	\$ 4,000
Investors with significant influence over the Company	88,363	31,091
Key management personnel	-	35,326
Luxgen Motor Co., Ltd.	690,007	265,096
Fortune Motors Co., Ltd.	2,431,112	2,499,117
Shung Ye Motors Co., Ltd.	929,259	2,767,614
Fu Lun Motors Co., Ltd.	691,115	-
Other related parties	1,578,860	1,412,652
	<u>\$ 6,408,716</u>	<u>\$ 7,014,896</u>

N. Non-operating income and expenses

	2025	2024
Revenue on the assistance in handling clients		
Parent company	<u>\$ 6,283,502</u>	<u>\$ 5,925,224</u>

O. Premiums receivable

	December 31, 2025	December 31, 2024
Investors with significant influence over the Company	\$ 1,193,094	\$ 1,767,977
Key management personnel	50,565	50,246
Carplus Auto Leasing Corporation	7,975,617	5,401,347
Fortune Motors Co., Ltd.	2,278,180	2,190,680
Other related parties	9,578,523	10,898,496
	<u>\$ 21,075,979</u>	<u>\$ 20,308,746</u>

P. Due from reinsurance and ceding companies

	December 31, 2025	December 31, 2024
Subsidiary company	\$ 7,951,301	\$ 15,204,512

Q. Claims recoverable from reinsurers

	December 31, 2025	December 31, 2024
Parent company	<u>\$ 24,803,328</u>	<u>\$ 38,334,425</u>

R. Payment on behalf of others (included in other assets)		
	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Parent company	\$ 6,265,129	\$ 7,747,656
S. Commissions and fees payable		
	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Hsieh-Chin Property Insurance Agency Co., Ltd.	\$ 13,994,419	\$ 11,162,472
Hua-Chung Insurance Agency Co., Ltd.	4,761,053	4,516,295
	<u>\$ 18,755,472</u>	<u>\$ 15,678,767</u>
T. Due to reinsurers and ceding companies		
	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Parent company	\$ 85,348,200	\$ 123,128,431
Sister company	250,151	163,819
	<u>\$ 85,598,351</u>	<u>\$ 123,292,250</u>
U. Lease arrangement		
(a) Right-to-use assets		
	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Other related parties		
Tian Wang Co., Ltd.	\$ 2,490,012	\$ -
Shung Ye Motors Co., Ltd.	678,740	1,195,221
Fortune HS Leasing CO., LTD.	14,167,060	4,462,940
	<u>\$ 17,335,812</u>	<u>\$ 5,658,161</u>
(b) Lease liabilities		
	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Other related parties		
Tian Wang Co., Ltd.	\$ 2,514,795	\$ -
Shung Ye Motors Co., Ltd.	707,044	1,226,991
Fortune HS Leasing CO., LTD.	14,177,260	4,536,160
	<u>\$ 17,399,099</u>	<u>\$ 5,763,151</u>
(c) Interest expense		
	<u>2025</u>	<u>2024</u>
Other related parties		
Tian Wang Co., Ltd.	\$ 61,359	\$ 7,935
Shung Ye Motors Co., Ltd.	27,470	34,577
Fortune HS Leasing CO., LTD.	58,350	109,050
	<u>\$ 147,179</u>	<u>\$ 151,562</u>
V. Disposed Financial Assets		

		<u>2025</u>
	<u>Transaction Target</u>	<u>Disposal Proceeds</u>
Key Management Personnel	Newa Insurance (Cambodia) Plc.	\$ 2,675,800

(3) Key management compensation

	2025	2024
Short-term employee benefits	\$ 275,534,658	\$ 289,713,295
Post-employment benefits	12,043,308	8,954,804
	<u>\$ 287,577,966</u>	<u>\$ 298,668,099</u>

8. PLEDGED ASSETS

The Company has no pledged assets except for securities serving as deposits paid as shown in Note 6(13).

9. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNISED CONTRACT COMMITMENTS

(1) Contingencies

As of each balance sheet date, the Company had legal claims arising from its business activities that were still under litigation and had made appropriate provisions for claims.

(2) Commitments

None.

10. SIGNIFICANT ACCIDENTAL LOSS

None.

11. SIGNIFICANT SUBSEQUENT EVENTS

None.

12. FAIR VALUE INFORMATION

A. Fair value hierarchy

The definition of level of fair value for financial and non-financial instruments is as follows:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that entity can assess at the measurement date. A market is regarded as active where a market in which transactions for the asset or liability take place with sufficient efficiency and volume to provide pricing information on an ongoing basis. The listed stocks and emerging stocks invested by the Company belong to the Level 1.

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

Level 3: Unobservable inputs for the asset or liability. The beneficiary certificates (private equity fund) invested by the Company belong to the Level 3.

a. The methods and assumptions used by the Company to evaluate financial instruments measured at fair value are as follows:

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

<u>Financial Instruments</u>	<u>Valuation Techniques and Inputs</u>
Domestic government bonds	Based on the bond price quotation provided by the OTC Market
Domestic listed (OTC) bonds investment	Based on the bond price quotation provided by the OTC Market

(b) Valuation techniques and inputs applied for Level 3 fair value measurement

Domestic unlisted equity investments and beneficiary certificates are evaluated in the following ways:

Income method: Generally, unlisted companies use the income method to calculate the present value of the expected income from holding this investment by discounting cash flows. Net asset value method: The Company uses the net asset value method to evaluate beneficiary certificates (private equity funds) and unlisted stocks. The parameters used are unobservable input values.

- b. Please refer to Note 6(9) for the fair value information of the Company's investment properties measured at cost.

B. Fair value

- a. The carrying amounts of the Company's financial instruments not measured at fair value, except for the items listed in the table below, such as cash and cash equivalents, accounts receivable, other financial assets, short-term debt and accounts payable, are reasonable approximations of fair value and therefore their fair values are not disclosed.

December 31, 2025				
Assets	Book Value	Level 1	Level 2	Level 3
Financial assets at amortised cost(Note)	\$ 4,772,747,486	\$ -	\$ 4,776,157,250	\$ -
December 31, 2024				
Assets	Book Value	Level 1	Level 2	Level 3
Financial assets at amortised cost(Note)	\$ 3,545,963,646	\$ -	\$ 3,530,345,250	\$ -

Note: Include refundable deposits.

- b. The fair value hierarchy of the Company's financial assets at fair value is as follows:

December 31, 2025				
Assets	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Listed stocks	\$ 401,154,700	\$ -	\$ -	\$ 401,154,700
Unlisted stocks	-	-	344,613,784	344,613,784
Beneficiary certificates	-	-	245,877,185	245,877,185
Financial assets at FVTOCI				
Listed stocks	3,276,093,122	-	-	3,276,093,122
Unlisted stocks	-	-	275,050,656	275,050,656
Unlisted Foreign Stocks	-	-	39,628,511	39,628,511
Debt investments(Note)	-	2,136,137,700	-	2,136,137,700

Note: Include refundable deposits.

December 31, 2024				
Assets	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Listed stocks	\$ 83,220,150	\$ -	\$ -	\$ 83,220,150
Unlisted stocks	-	-	255,299,116	255,299,116
Beneficiary certificates	-	-	303,225,726	303,225,726
Financial assets at FVTOCI				
Listed stocks	1,994,065,780	-	-	1,994,065,780
Unlisted stocks	-	-	314,349,978	314,349,978
Emerging stocks	112,320,000	-	-	112,320,000
Debt investments(Note)	-	2,368,563,100	-	2,368,563,100

Note: Include refundable deposits.

(a) For the years ended December 31, 2025 and 2024, there was no transfer between Level 1 and Level 2.

(b) Reconciliation of Level 3 fair value measurements of financial instruments

	Financial Assets at FVTPL	Financial Assets at FVTOCI
January 1, 2025	\$ 558,524,842	\$ 314,349,978
Recognized in profit or loss	(93,384,659)	-
Recognized in other comprehensive income	- (	52,331,211)
Purchase	143,410,000	52,660,400
Disposal and others	(18,059,214)	-
December 31, 2025	<u>\$ 590,490,969</u>	<u>\$ 314,679,167</u>
	Financial Assets at FVTPL	Financial Assets at FVTOCI
January 1, 2024	\$ 501,990,336	\$ 452,078,930
Recognized in profit or loss	56,349,918	-
Recognized in other comprehensive income	- (	40,523,952)
Purchase	10,000,000	-
Disposal and others	(9,815,412)	(36,622,476)
Transferred out from Level 3	-	(60,582,524)
December 31, 2024	<u>\$ 558,524,842</u>	<u>\$ 314,349,978</u>

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(c) The following is the qualitative information of significant unobservable inputs and sensitivity analysis of changes in significant unobservable inputs to valuation model used in Level 3 fair value measurement:

	Fair value at December 31, 2025	Valuation technique	Significant unobservable input	Range (weighted average)	Relationship of inputs to fair value
Non-derivative instrument					
Beneficiary certificate	\$ 245,877,185	Net asset value	Marketability	10%	The higher the discount for marketability, the lower the fair value
Unlisted stocks	659,292,951	Income approach/ Net asset value	Marketability/ Minority interest discount	10%-30%	The higher the discount for marketability, the lower the fair value/ The higher the discount for minority interest, the lower the fair value
	Fair value at December 31, 2024	Valuation technique	Significant unobservable input	Range (weighted average)	Relationship of inputs to fair value
Non-derivative instrument					
Beneficiary certificate	\$ 303,225,726	Net asset value	Marketability	10%	The higher the discount for marketability, the lower the fair value
Unlisted stocks	569,649,094	Income approach/ Net asset value	Marketability/ Minority interest discount	10%-30%	The higher the discount for marketability, the lower the fair value/ The higher the discount for minority interest, the lower the fair value

(d) Sensitivity analysis of financial assets classified as Level 3 at fair value

The Company has carefully evaluated and selected the valuation model and parameters to be adopted. However, the use of different valuation models or parameters may lead to different valuation results. If the valuation changes by 10% upward or downward, the impact on the current period's profit or loss or other comprehensive profit or loss is as follows:

		December 31, 2025			
		Recognised in profit or loss		Recognised in other comprehensive income	
		Favorable change	Unfavorable change	Favorable change	Unfavorable change
Financial assets at FVTPL					
Unlisted stocks	\$ 34,461,378	(\$ 34,461,378)		-	-
Beneficiary certificate	24,587,719	(24,587,719)		-	-
Financial assets at FVTOCI					
Unlisted stocks	-	-		\$ 27,505,066	(\$ 27,505,066)
Unlisted Foreign Stocks	-	-		3,962,851	(3,962,851)
		December 31, 2024			
		Recognised in profit or loss		Recognised in other comprehensive income	
		Favorable change	Unfavorable change	Favorable change	Unfavorable change
Financial assets at FVTPL					
Unlisted stocks	\$ 25,529,912	(\$ 25,529,912)		-	-
Beneficiary certificate	30,322,573	(30,322,573)		-	-
Financial assets at FVTOCI					
Unlisted stocks	-	-		\$ 31,434,998	(\$ 31,434,998)

13. RISK MANAGEMENT

In order to establish a risk management mechanism and implement risk management to ensure the company's capital adequacy and solvency and to improve business operations and development, the Company has formulated a risk management policy in accordance with the Insurance Industry Risk Management Practice Guidelines as the basis for the Company's risk management operations.

A. Insurance risk

(a) Risk Management Framework, Organization and Responsibility

The board of directors and the management should promote the implementation of the Company's risk management policy and assign the responsibilities under this policy to each department. The Company set up the Risk Management Committee under the board of directors with independent directors serving as the convener, and the convener consults 3 to 5 directors to serve as committee members, and the chief risk officer should be the executive secretary. The risk management department set up under the president office should exercise its responsibility independently from other departments to ensure the effective implementation and communication of the entire risk management policy within the Company.

(b) Range and nature of Risk Reporting and Risk Measurement System

(1) Risk management reporting

- (i) Each business unit should regularly deliver risk information to the risk management department as required, and report the excess of risk limits and responding measures when risk exposure exceeds the limit.
- (ii) The risk management department should report the risk management status to the risk management committee quarterly. However, when significant or specific events happen, the risk management department should report immediately to the risk management committee and track the uses of major risk limit.
- (iii) The risk management committee should report the overall risk profile to the board of directors quarterly.

(2) Risk information disclosure

The Company should disclose the risk information required by the authorities and by all the accounting principles generally accepted in the ROC. In addition, the Company should retain the risk management reports approved by the board of directors.

(c) Procedures for risk assuming, measurement, monitoring, and control as well as adequate pricing policy and approval requirements for insurance risk

- (1) Risk identification: The Company should identify the potential risks of operating business to reach the goal of risk management.
- (2) Risk measurement: The Company should measure the overall risk after identifying the risk factors of each insurance type.
- (3) Risk response: The Company should take appropriate actions to deal with the risks identified and measured.
- (4) Risk monitoring: The major risk limits are set up based on the nature and extent of each risk and the risk appetite, and they are applied upon the authorities' approval. In addition, the Company should establish a process to regularly examine and monitor the use of risk limits and the excess to limits. The Company should take appropriate actions if necessary.
- (5) Information, communication and documentation: The data provided by the information system should be timely and reliable. Also, the Company should establish effective top-down, bottom-up and lateral communication channels within the organization. The Company's risk management mechanism should be documented.

The underwriting risks of the Company are mainly risk of premiums and risk of reserves, which are appropriately measured and monitored in accordance with risk management policies. The Company has set up the underwriting guidelines for the types of insurance operated to ensure that the risk of businesses and products have appropriate premium levels.

(d) The scope of insurance risk assessment and management from a company-wide perspective

The Company manages underwriting risks at the acceptable level by following the risk management procedures of risk identification, measurement, response, and monitoring.

The underwriting risks can be measured by setting appropriate qualitative standards or quantitative methods for different types of insurance. The Company also sets up risk indicators for risk response and monitoring purposes. The main mechanisms of compilation, communication or transmission of underwriting risk information are as follows:

(1) Mechanisms of quantitative assessment of underwriting risk:

The business units and the risk management department should execute the quantitative assessment of underwriting risk, and determine the risk limit of underwriting risk based on the risk appetite and risk tolerance.

(2) Mechanisms of retained risk and reinsurance risk management:

- (i) The business units should establish the reinsurance risk management plan in accordance

with relevant regulations and then revise the plan timely when operating the retained insurance business and the ceding (ceded) reinsurance business.

- (ii) The business units should set the accumulated risk limit for each risk unit and for each event, considering their capability of taking risk. The liabilities exceeding the risk limit should be transferred to reinsurers to ensure the Company's solvency and security. In addition, the business units should monitor the risk exposure regularly and report any breach of the risk limit to the risk management department.
- (iii) The business units should monitor the credit rating of the reinsurers regularly in accordance with related regulations and report the results and corresponding measures to the risk management department.

(3) Mechanisms of catastrophe risk management:

- (i) The business units and the risk management department should identify the possible catastrophic events which may cause significant losses to the Company based on the nature and the characteristics of insurance products. Catastrophes include natural disasters (such as earthquakes, typhoons and floods), air crashes, severe traffic accidents, and epidemic diseases.
- (ii) The probable maximum loss due to a catastrophe should be measured using risk models or scenario analysis and the accumulated effect of the catastrophe should also be considered.
- (iii) The business units and the risk management department should regularly review the relationship between the accumulated risk effect for each type of insurance and the Company's risk limit under assumed catastrophes or critical incident scenarios, and then determine if the Company's own capital meets the related liabilities.
- (iv) The business units and the risk management department should establish the catastrophe risk indicators and monitor these indicators continually.

(4) Mechanisms of risk management of reserves:

- (i) The business units should review the adequacy of the provision of reserves in accordance with related regulations.
- (ii) The business units should establish the appropriate procedures for the provision of reserves.
- (iii) The business units should measure the risk of reserves.

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(e) Methods to limit insurance risk exposure and avoid inappropriate concentration risk

Under the Regulation Governing Insurance Enterprises Engaged in Operating Reinsurance and Other Risk-Diversification Mechanisms, the Company should establish a risk management mechanism for its retained and reinsurance business that supports its risk-bearing capacity, and formulate and implement a reinsurance risk management plan. The amount of the retained risk limit per unit for each type of insurance is disclosed in the following table:

Insurance by Type	December 31, 2025	December 31, 2024
Compulsory motor liability	40% per vehicle	40% per vehicle
Motor physical damage insurance	\$ 20,000,000	\$ 20,000,000
Motor liability	200,000,000	200,000,000
Fire and allied perils	200,000,000	200,000,000
Marine cargo	50,000,000	50,000,000
Marine hull	50,000,000	50,000,000
Fishing vessel	50,000,000	50,000,000
Aircraft hull	50,000,000	50,000,000
Inland transit	100,000,000	100,000,000
Engineering	200,000,000	200,000,000
Guarantee	100,000,000	100,000,000
Other liability	150,000,000	150,000,000
Other property	150,000,000	150,000,000
Personal accident	35,000,000	35,000,000
Cancer	3,000,000	3,000,000

(f) Asset-liability management strategy

The Company applies risk identification to combinations of assets and liabilities to determine the risk factors affecting cash flows. Moreover, the Company analyzes qualitatively and quantitatively the possible impact of each risk factor. If the impact exceeds the risk tolerance, the combination of assets and liabilities will be adjusted accordingly.

The Company simulates the future cash flow need for liquidity risk to ensure that the liquid assets of the Company maintained above the safe level. The Company also uses scenario analysis to estimate the impact of certain events such as significant claims demand (insurance risk) and loss on asset revaluation due to the event (market risk). The scenario analysis can help determine whether the Company's contingency fund can adequately meet the liabilities arising from catastrophic events.

(g) Procedures to manage, monitor and control a special event for which property insurance business has commitment to assuming additional liabilities or funding additional capital

According to the Insurance Act, the ratio of equity capital to risk capital shall not be less than 200% and the net asset value ratio of the two most recent periods shall be at least 3% in one of the two most recent periods. If the provisions of the preceding paragraph are not met, the company shall not distribute its profits and shall, upon the request of the competent authority, increase its capital within a specified period of time or restrict its business and fund utilization scope. The Company sets appropriate limits and conducts relevant tests to ensure that the aforementioned provisions are met when specific events occur. For relevant explanations, please refer to Note 14.

(h) Insurance risk information

(1) Explanation of concentration of insurance risks

In view of the fact that a single accident may lead to the concentration of insurance risks of the Company due to multiple insurance contract exposures, the Company has compiled statistics based on the type of insurance event. The risk concentration based on the amounts by insurance type and area is shown as follows:

(i) Earthquake events

Administrative Division	(In Millions of New Taiwan Dollars)			
	December 31, 2025		December 31, 2024	
	Total	Retained	Total	Retained
	Insured	Insured	Insured	Insured
	Amount	Amount	Amount	Amount
Taipei City	\$ 179,706.8	\$ 48,467.9	\$ 168,717.7	\$ 37,226.3
New Taipei City, Keelung City	119,291.4	39,634.1	111,425.9	36,425.9
Taoyuan City	158,651.1	52,408.9	162,430.5	39,490.1
Hsinchu County	119,500.5	35,416.0	122,052.2	32,247.7
Miaoli County	54,366.2	10,005.6	40,376.2	9,200.2
Taichung City	147,231.6	39,838.2	128,748.0	35,963.6
Nantou County	4,870.4	2,611.0	4,582.7	2,362.5
Changhua County	54,390.9	14,609.0	58,299.9	10,510.9
Yunlin County	70,705.4	9,549.7	25,718.2	6,955.8
Chiayi County, Tainan City,				
Penghu County	138,408.9	41,545.7	91,597.0	33,740.7
Kaohsiung City, Pingtung County	151,226.0	49,393.7	130,070.9	43,003.2
Hualien County, Taitung County	10,102.5	3,355.4	7,082.4	3,377.6
Yilan County	8,411.4	3,901.2	5,707.3	2,634.3
Taiwan Province	35,433.3	8,410.7	27,297.7	7,900.6
Total	<u>\$ 1,252,296.4</u>	<u>\$ 359,147.1</u>	<u>\$ 1,084,106.6</u>	<u>\$ 301,039.4</u>

(i) Typhoons and floods

Administrative Division	(In Millions of New Taiwan Dollars)			
	December 31, 2025		December 31, 2024	
	Total	Retained	Total	Retained
	Insured	Insured	Insured	Insured
	Amount	Amount	Amount	Amount
Taipei City	\$ 173,917.1	\$ 44,183.1	\$ 163,279.2	\$ 33,474.6
New Taipei City, Keelung City	113,678.6	36,022.2	106,338.3	33,070.6
Taoyuan City	149,537.0	48,949.2	155,775.2	37,263.1
Hsinchu County	112,072.4	29,896.2	113,693.3	27,427.6
Miaoli County	56,733.4	9,394.4	42,716.2	8,971.3
Taichung City	147,002.4	38,986.0	129,189.1	35,476.8
Nantou County	5,003.7	2,690.7	4,891.6	2,572.9
Changhua County	52,879.4	13,802.0	56,919.1	9,876.2
Yunlin County	69,146.2	8,222.2	24,418.2	5,847.7
Chiayi County, Tainan City,				
Penghu County	133,782.4	37,869.9	88,086.0	30,458.8
Kaohsiung City, Pingtung County	146,921.9	48,042.4	126,263.0	42,092.2
Hualien County, Taitung County	10,200.3	3,489.4	7,126.5	3,416.7
Yilan County	8,876.1	4,203.1	6,221.3	2,938.2
Taiwan Province	35,434.1	8,411.4	27,298.5	7,901.3
Total	<u>\$ 1,215,185.0</u>	<u>\$ 334,162.2</u>	<u>\$ 1,052,215.5</u>	<u>\$ 280,788.0</u>

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(2) Sensitivity analysis of insurance risk

The Company estimates claims reserves mainly through loss development models and expected loss rates for various types of insurance. However, these estimates may be affected by factors such as changes in laws and regulations, claims payment methods or change in trends, and so on. Therefore, the Company conducts sensitivity analysis of insurance risks using expected loss rates.

Based on the premium income from January 1 to December 31, 2025 and 2024, the impact of a 1% increase (decrease) in loss rate on the company's profit and loss is calculated as follows:

2025				
Line of Business	Written Premium Earned	Expected loss rate	Impact on Profit or Loss Resulting from a 1% Increase in Expected Loss Rate	
			Without reinsurance	With reinsurance
Voluntary auto insurance	\$ 12,911,908,555	69.86%	\$ 129,119,086	\$ 127,190,840
Residential fire insurance	345,894,092	59.49%	3,458,941	1,702,863
Commercial fire insurance	2,014,953,765	62.84%	20,149,538	5,292,388
Marine insurance	410,979,220	61.11%	4,109,792	1,605,679
Miscellaneous insurance	2,958,878,583	66.67%	29,588,786	10,031,641
Accident and health insurance	1,098,065,343	69.45%	10,980,653	10,460,081
Compulsory auto liability insurance	1,474,765,841	NA	NA	NA
2024				
Line of Business	Written Premium Earned	Expected loss rate	Impact on Profit or Loss Resulting from a 1% Increase in Expected Loss Rate	
			Without reinsurance	With reinsurance
Voluntary auto insurance	\$ 12,245,743,308	69.85%	\$ 122,457,433	\$ 120,938,579
Residential fire insurance	329,619,841	58.92%	3,296,198	1,574,253
Commercial fire insurance	1,788,307,896	61.16%	17,883,079	4,850,712
Marine insurance	378,633,254	60.93%	3,786,333	1,454,901
Miscellaneous insurance	2,782,410,051	66.76%	27,824,101	9,216,154
Accident and health insurance	1,068,310,086	69.49%	10,683,101	10,300,808
Compulsory auto liability insurance	1,435,378,383	NA	NA	NA

(3) Development trend of claims

The cumulative development trend of claims of past years shows the claims development trend of claims. Each accident year refers to the year in which the claims occurred. The horizontal axis represents the development year of the claims, and the vertical columns represents the accumulated incurred claims of each accident year. The so-called incurred amount of claims includes both settled and pending claims, which shows how the Company estimates the claim amount of each accident year over time.

(i) Development trend of claims of the Company's direct business

December 31, 2025	Accident Year						
Development Year	2020	2021	2022	2023	2024	2025	Total
Accumulated estimated claim payments							
End of the accident year	\$ 6,821,276,718	\$6,757,943,615	\$ 55,480,437,886	\$ 10,488,937,940	\$ 10,367,079,430	\$ 9,995,625,162	
After the first year	6,577,136,960	6,572,898,514	55,949,329,409	10,043,569,842	9,611,859,592		
After the second year	6,489,383,466	6,494,693,427	55,844,509,462	9,845,692,010			
After the third year	6,464,411,054	6,479,028,874	55,800,907,556				
After the fourth year	6,438,158,616	6,464,181,439					
After the fifth year	6,418,851,899						
Final estimated claim payment	6,418,851,899	6,464,181,439	55,800,907,556	9,845,692,010	9,611,859,592	9,995,625,162	\$ 98,137,117,658
Accumulated claim disbursed	(6,332,219,126)	(6,331,485,392)	(55,371,728,793)	(9,449,867,480)	(7,813,477,603)	(5,125,040,318)	(90,423,818,712)
	86,632,773	132,696,047	429,178,763	395,824,530	1,798,381,989	4,870,584,844	7,713,298,946
The cumulative outstanding claims amounts prior to the 2019.							132,698,806
Adjustment(Note)							1,001,577,737
Amount recognized in balance sheet							\$ 8,847,575,489

Note: The adjustment include the estimated claim payment for compulsory auto insurance, nuclear insurance, and policy-oriented earthquake insurance, as well as the unallocated loss adjustment expenses reserve for all types of insurance.

December 31, 2024	Accident Year						
Development Year	2019	2020	2021	2022	2023	2024	Total
Accumulated estimated claim payments							
End of the accident year	\$ 7,504,860,538	\$6,821,276,718	\$ 6,757,943,615	\$ 55,480,437,886	\$ 10,488,937,940	\$ 10,367,079,430	
After the first year	7,187,236,490	6,577,136,960	6,572,898,514	55,949,329,409	10,043,569,842		
After the second year	7,140,770,561	6,489,383,466	6,494,693,427	55,844,509,462			
After the third year	7,082,527,365	6,464,411,054	6,479,028,874				
After the fourth year	7,078,537,903	6,438,158,616					
After the fifth year	7,029,121,876						
Final estimated claim payment	7,029,121,876	6,438,158,616	6,479,028,874	55,844,509,462	10,043,569,842	10,367,079,430	\$ 96,201,468,100
Accumulated claim disbursed	<u>(6,637,070,511)</u>	<u>(6,318,951,666)</u>	<u>(6,293,049,988)</u>	<u>(55,242,725,344)</u>	<u>(9,048,503,500)</u>	<u>(4,960,531,432)</u>	<u>(88,500,832,441)</u>
	392,051,365	119,206,950	185,978,886	601,784,118	995,066,342	5,406,547,998	7,700,635,659
The cumulative outstanding claims amounts prior to the 2018.							135,072,372
Adjustment(Note)							<u>989,446,785</u>
Amount recognized in balance sheet							<u>\$ 8,825,154,816</u>

Note:The adjustment include the estimated claim payment for compulsory auto insurance, nuclear insurance, and policy-oriented earthquake insurance, as well as the unallocated loss adjustment expenses reserve for all types of insurance.

(ii) Development trend of claims of the Company's retention business

December 31, 2025	Accident Year						
Development Year	2020	2021	2022	2023	2024	2025	Total
Accumulated estimated claim payments							
End of the accident year	\$ 6,033,168,056	\$6,127,513,362	\$ 54,413,463,118	\$ 9,925,736,589	\$ 8,530,775,651	\$ 8,555,828,710	
After the first year	5,788,694,761	5,935,409,161	54,243,116,045	9,493,545,035	7,960,897,269		
After the second year	5,726,779,832	5,872,934,673	54,141,011,186	9,331,268,579			
After the third year	5,732,022,506	5,871,199,083	54,106,700,615				
After the fourth year	5,735,312,946	5,855,961,197					
After the fifth year	5,724,587,839						
Final estimated claim payment	5,724,587,839	5,855,961,197	54,106,700,615	9,331,268,579	7,960,897,269	8,555,828,710	\$ 91,535,244,209
Accumulated claim disbursed	(5,670,481,478)	(5,787,784,113)	(53,977,769,788)	(8,989,350,919)	(6,825,071,605)	(4,615,328,654)	(85,865,786,557)
	54,106,361	68,177,084	128,930,827	341,917,660	1,135,825,664	3,940,500,056	5,669,457,652
The cumulative outstanding claims amounts prior to the 2019.							47,807,181
Adjustment(Note)							592,583,137
Amount recognized in balance sheet							<u>\$ 6,309,847,970</u>

Note: The adjustment include the estimated claim payment for compulsory auto insurance, nuclear insurance, and policy-oriented earthquake insurance, as well as the unallocated loss adjustment expenses reserve for all types of insurance.

December 31, 2024	Accident Year						
Development Year	2019	2020	2021	2022	2023	2024	Total
Accumulated estimated claim payments							
End of the accident year	\$ 5,641,589,877	\$6,033,168,056	\$ 6,127,513,362	\$ 54,413,463,118	\$ 9,925,736,589	\$ 8,530,775,651	
After the first year	5,381,243,684	5,788,694,761	5,935,409,161	54,243,116,045	9,493,545,035		
After the second year	5,360,810,888	5,726,779,832	5,872,934,673	54,141,011,186			
After the third year	5,348,453,667	5,732,022,506	5,871,199,083				
After the fourth year	5,350,309,868	5,735,312,946					
After the fifth year	5,333,601,786						
Final estimated claim payment	5,333,601,786	5,735,312,946	5,871,199,083	54,141,011,186	9,493,545,035	8,530,775,651	\$ 89,105,445,687
Accumulated claim disbursed	(5,261,178,658)	(5,657,407,262)	(5,752,057,431)	(53,870,118,342)	(8,633,452,718)	(4,475,644,784)	(83,649,859,195)
	72,423,128	77,905,684	119,141,652	270,892,844	860,092,317	4,055,130,867	5,455,586,492
The cumulative outstanding claims amounts prior to the 2018.							50,045,291
Adjustment(Note)							580,181,414
Amount recognized in balance sheet							<u>\$ 6,085,813,197</u>

Note: The adjustment include the estimated claim payment for compulsory auto insurance, nuclear insurance, and policy-oriented earthquake insurance, as well as the unallocated loss adjustment expenses reserve for all types of insurance.

B. Financial risk

The Company's principal financial instruments comprise investments in equity and debt instruments, receivables, and payables. The Company's investment division coordinates operations in both domestic and international financial markets and manages the financial risks arising from the Company's operations through periodic risk management procedures, including risk identification, measurement, response, and monitoring. These risks include credit risk, liquidity risk, and market risk, which comprises interest rate risk, price risk, and foreign exchange risk.

The Company has established a Risk Management Committee under the Board of Directors. An independent risk management unit, which is separate from the investment division, is responsible for the execution of financial risk monitoring, measurement, and assessment

(a) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Company. As at the end of the reporting period, the Company's maximum exposure to credit risk, which would cause a financial loss to the Company due to the failure of the counterparty to discharge its obligation and due to the financial guarantees provided by the Company, would be the carrying amount of the recognized financial assets as stated in the balance sheets.

The Company manages credit risk by carefully evaluating and periodically inspecting the credit level of counterparties, issuers, and guarantee agencies to ensure they are in accordance with the laws and regulations before the trades are made. After the trades, the Company manages credit risk by periodically inspecting the credit level of counterparties, issuers, guarantee agencies and risk exposure, to disclose the estimates of the credit level, expected credit loss and concentration of credit risk.

In addition, at the end of the reporting period, the Company checks the recoverable amount of the premiums receivable to ensure that credit losses of non-recoverable receivables are recognized appropriately and inspects the credit risk exposure status of the sales department.

After reviewing the credit profile of the credit section, the Company considers that the credit risk for the year is within an acceptable range.

The Company transacts with a large number of unrelated customers and thus, credit risk is not highly concentrated.

- (1) The company uses the following items as the basis for determining whether the credit risk of financial instruments has significantly increased since initial recognition, whether there is a default, and for measuring expected credit losses:

(i) Notes receivable

The Company's average credit period for notes receivable from sales of insurance policies is 90 days. No interest was charged on notes receivable. In order to mitigate credit risk, the Company assigns a dedicated team responsible for credit decisions, credit approvals and other monitoring procedures to ensure that appropriate actions are taken to the collection of overdue premiums. In addition, the Company reviews the recoverable amount of the notes receivable on the balance sheet date to ensure that the uncollectible notes have been properly deducted.

The Company measures the loss allowance for notes receivable at an amount equal to lifetime ECLs. The expected credit losses on trade receivables are estimated using a provision matrix prepared by reference to the past default records of the customer, the customer's current financial position, economic condition of the industry in which the customer operates, as well as the GDP forecasts and industry outlook. As the Company's historical credit loss experience does not show significantly different loss patterns for

different customer segments, the provision for loss allowance based on past due status is not further distinguished according to the Company's different customer base.

The Company recognizes the loss allowance of 100% against all overdue notes receivable based on the historical experience. The Company continues to engage in enforcement activity to attempt to recover the receivables due. The recovery of the receivables due would be recognized in profit or loss.

(ii) Premiums receivable

The Company's average credit period for premiums receivable from sales of insurance policies is 60 days. No interest was charged on premiums receivable. In order to mitigate credit risk, the Company assigns a dedicated team responsible for credit decisions, credit approvals and other monitoring procedures to ensure that appropriate actions are taken to the collection of overdue premiums. In addition, the Company reviews the recoverable amount of the premium receivable on the balance sheet date to ensure that the uncollectible premiums have been properly deducted.

The Company measures the loss allowance for premiums receivable at an amount equal to lifetime ECLs. The expected credit losses on premiums receivable are estimated using a provision matrix prepared by reference to the past default experience of the customer, the customer's current financial position, economic condition of the industry in which the customer operates, as well as the GDP forecasts and industry outlook. As the Company's historical credit loss experience does not show significantly different loss patterns for different customer segments, the provision for loss allowance based on past due status is not further distinguished according to the Company's different customer base.

The Company writes off premiums receivable when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g., the counterparty is liquidating or the debt has been overdue for more than 360 days. For premiums receivable that have been written off, the Company continues to engage in enforcement activity to attempt to recover the receivables due. The recovery of the receivables due would be recognized in profit or loss.

The Company measures the loss allowance for premiums receivable at the higher outcome of the Regulations Governing the Procedures for Insurance Companies to Evaluate Assets and Deal with Non-performing/Non-accrual Loans or provision matrix.

(iii) Investments in debt instruments classified as at FVTOCI and as at amortized cost

The Company only invests in debt instruments that are rated the equivalent of investment grade or higher and have low credit risk for the purpose of impairment assessment. The credit rating information is supplied by independent rating agencies. The Company's exposure and the external credit ratings are continuously monitored. The Company reviews changes in bond yields and other public information and makes an assessment whether there has been a significant increase in credit risk since the last period to the reporting date.

In determining the expected credit losses for debt instrument investments, the Company considers the historical default rates of each credit rating supplied by external rating agencies, the current financial condition of debtors, and the future prospects of the industries.

The Company's current credit risk grading mechanism is as follows:

Category	Description	Basis for Recognizing Expected Credit Losses (ECLs)
Performing	The counterparty has a low risk of default and a strong capacity to meet contractual cash flows	12-month ECLs
Doubtful	There has been a significant increase in credit risk since initial recognition	Lifetime ECLs - not credit impaired
In default	There is evidence indicating the asset is credit impaired	Lifetime ECLs - credit impaired
Write-off	There is evidence indicating that the debtor is in severe financial difficulty and the Group has no realistic prospect of recovery	Amount is written off

(2) Credit risk information

- (i) The Company included notes receivable, premiums receivable, interest receivable and other receivables in the scope of impairment assessment, and the assessment results are as follows:

	December 31, 2025			
	By 12 months	By duration		Total
		Increased significantly in credit risk	Credit impaired	
Notes receivable				
Expected loss rate	0.34%	-	100%	
Total book value	\$ 416,445,617	\$ -	\$ 4,832,450	\$421,278,067
Amount of allowance for loss	\$ 1,431,946	\$ -	\$ 4,832,450	\$ 6,264,396
Premiums receivable				
Expected loss rate	0.50%~14.00%	-	-	
Total book value	\$ 372,048,894	\$ -	\$ -	\$372,048,894
Amount of allowance for loss	\$ 2,226,558	\$ -	\$ -	\$ 2,226,558
Interest receivable and other receivables				
Expected loss rate	0.53%	-	100%	
Total book value	\$ 86,000,790	\$ -	\$ 9,000,000	\$ 95,000,790
Amount of allowance for loss	\$ 79,840	\$ -	\$ 9,000,000	\$ 9,079,840

December 31, 2024				
	By 12 months	By duration		Total
		Increased significantly in credit risk	Credit impaired	
Notes receivable				
Expected loss rate	0.33%	-	100%	
Total book value	<u>\$ 427,922,246</u>	<u>\$ -</u>	<u>\$ 9,840,723</u>	<u>\$437,762,969</u>
Amount of allowance for loss	<u>\$ 1,412,143</u>	<u>\$ -</u>	<u>\$ 9,840,723</u>	<u>\$ 11,252,866</u>
Premiums receivable				
Expected loss rate	0.1%~4.5%	-	100%	
Total book value	<u>\$ 186,542,413</u>	<u>\$ -</u>	<u>\$ 77,011</u>	<u>\$186,619,424</u>
Amount of allowance for loss	<u>\$ 422,839</u>	<u>\$ -</u>	<u>\$ 77,011</u>	<u>\$ 499,850</u>
Interest receivable and other receivables				
Expected loss rate	0.11%~0.33%	-	-	
Total book value	<u>\$ 58,182,091</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 58,182,091</u>
Amount of allowance for loss	<u>\$ 13,528</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 13,528</u>

(ii) The statement of changes in allowance for notes receivable of the Company were as follows:

2025				
	By 12 months	Increased		Total
		significantly in credit risk	Credit impaired	
At January 1	\$ 1,412,143	\$ -	\$ 9,840,723	\$ 11,252,866
Provision (reversal) for impairment	<u>19,803</u>	<u>-</u>	<u>(5,008,273)</u>	<u>(4,988,470)</u>
At December 31	<u>\$ 1,431,946</u>	<u>\$ -</u>	<u>\$ 4,832,450</u>	<u>\$ 6,264,396</u>
2024				
	By 12 months	Increased		Total
		significantly in credit risk	Credit impaired	
At January 1	\$ 5,939,426	\$ -	\$ 17,057,260	\$ 22,996,686
Provision (reversal) for impairment	<u>(4,527,283)</u>	<u>-</u>	<u>(7,216,537)</u>	<u>(11,743,820)</u>
At December 31	<u>\$ 1,412,143</u>	<u>\$ -</u>	<u>\$ 9,840,723</u>	<u>\$ 11,252,866</u>

(iii) The movements of the loss allowance for premiums receivable of the Company were as follows:

2025					
				Difference from Impairment Recognized in Accordance with the Regulations Governing the Procedures for Insurance Companies to Evaluate Assets and Deal with Non- performing/Non-	Total
	By 12 months	Increased significantly in credit risk	Credit impaired		
At January 1	\$ 422,839	\$ -	\$77,011	\$ 4,954,308	\$ 5,454,158
Provision (reversal) for impairment	1,803,719	-	(77,011)	647,055	2,373,763
At December 31	<u>\$2,226,558</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,601,363</u>	<u>\$ 7,827,921</u>
2024					
				Difference from Impairment Recognized in Accordance with the Regulations Governing the Procedures for Insurance Companies to Evaluate Assets and Deal with Non- performing/Non-	Total
	By 12 months	Increased significantly in credit risk	Credit impaired		
At January 1	\$ 257,018	\$ -	\$ -	\$ 3,437,525	\$ 3,694,543
Provision (reversal) for impairment	165,821	-	77,011	1,516,783	1,759,615
At December 31	<u>\$ 422,839</u>	<u>\$ -</u>	<u>\$77,011</u>	<u>\$ 4,954,308</u>	<u>\$ 5,454,158</u>

(iv) The movements of the loss allowance for other receivables and interest receivable of the Company were as follows:

2025					
	By 12 months	Increased significantly in credit risk	Credit impaired	Difference from Impairment Recognized in Accordance with the Regulations Governing the Procedures for Insurance Companies to Evaluate Assets and Deal with Non-performing/Non-	Total
At January 1	\$ 13,528	\$ -	\$ -	\$ -	\$ 13,528
Provision (reversal) for impairment	66,312	-	9,000,000	-	9,066,312
At December 31	<u>\$ 79,840</u>	<u>\$ -</u>	<u>\$ 9,000,000</u>	<u>\$ -</u>	<u>\$ 9,079,840</u>
2024					
	By 12 months	Increased significantly in credit risk	Credit impaired	Difference from Impairment Recognized in Accordance with the Regulations Governing the Procedures for Insurance Companies to Evaluate Assets and Deal with Non-performing/Non-	Total
At January 1	\$477,327	\$ -	\$ -	\$ -	\$ 477,327
Provision (reversal) for impairment	(463,799)	-	-	-	(463,799)
At December 31	<u>\$ 13,528</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 13,528</u>

- (v) The company will include financial assets measured at fair value through other comprehensive income in the scope of impairment assessment, with the assessment results were as follows:

December 31, 2025				
	By 12 months	By duration		Total
		Increased significantly in credit risk	Credit impaired	
Expected credit rating	Aa~A	-	-	
Expected loss rate	0.01%~0.03%	-	-	
Amortized cost amount(Note)	\$ 2,175,381,021	\$ -	\$ -	\$ 2,175,381,021
Amount of loss allowance	(386,463)	-	-	(386,463)
Maximum exposure to credit risk	<u>\$ 2,174,994,558</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,174,994,558</u>
December 31, 2024				
	By 12 months	By duration		Total
		Increased significantly in credit risk	Credit impaired	
External credit rating	Aa~A	-	-	
Expected loss rate	0.01%~0.03%	-	-	
Amortized cost amount(Note)	\$ 2,435,441,664	\$ -	\$ -	\$ 2,435,441,664
Amount of loss allowance	(423,320)	-	-	(423,320)
Maximum exposure to credit risk	<u>\$ 2,435,018,344</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,435,018,344</u>

Note: Include refundable deposits.

- (vi) The company includes financial assets measured at amortized cost in the impairment assessment scope, with the assessment results were as follows:

December 31, 2025				
	By 12 months	By duration		Total
		Increased significantly in credit risk	Credit impaired	
Expected credit rating	Aa~Baa	-	-	
Expected loss rate	0.01%~0.12%	-	-	
Amortized cost amount(Note)	\$ 4,774,004,663	\$ -	\$ -	\$ 4,774,004,663
Amount of loss allowance	(1,257,177)	-	-	(1,257,177)
Maximum exposure to credit risk	<u>\$ 4,772,747,486</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,772,747,486</u>

December 31, 2024				
	By 12 months	By duration		Total
		Increased significantly in credit risk	Credit impaired	
External credit rating	Aa~Baa	-	-	
Expected loss rate	0.01%~0.12%	-	-	
Amortized cost amount(Note)	\$ 3,546,807,670	\$ -	\$ -	\$ 3,546,807,670
Amount of loss allowance	(844,024)	-	-	(844,024)
Maximum exposure to credit risk	<u>\$ 3,545,963,646</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,545,963,646</u>

Note: Include refundable deposits.

- (vii) The movements of the loss allowance of investments in debt instruments at FVTOCI were as follows:

2025				
	By 12 months	Increased significantly in credit risk		Total
		in credit risk	Credit impaired	
At January 1	\$ 423,320	\$ -	\$ -	\$ 423,320
Acquisition of debt ir	(35,004)	-	-	(35,004)
Change in risk parameters	(1,853)	-	-	(1,853)
At December 31	<u>\$ 386,463</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 386,463</u>

2024				
	By 12 months	Increased significantly in credit risk	Credit impaired	Total
At January 1	\$ 99,421	\$ -	\$ -	\$ 99,421
New financial assets purchased	320,123	-	-	320,123
Change in risk parameters	3,776	-	-	3,776
At December 31	<u>\$ 423,320</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 423,320</u>

(viii) The movements of the loss allowance of investments in debt instruments at amortized cost were as follows:

2025				
	By 12 months	Increased significantly in credit risk	Credit impaired	Total
At January 1	\$ 844,024	\$ -	\$ -	\$ 844,024
New financial assets purchased	786,506	-	-	786,506
Derecognition	(282,416)	-	-	(282,416)
Change in risk parameters	(90,937)	-	-	(90,937)
At December 31	<u>\$ 1,257,177</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,257,177</u>

2024				
	By 12 months	Increased significantly in credit risk	Credit impaired	Total
At January 1	\$ 592,846	\$ -	\$ -	\$ 592,846
New financial assets purchased	163,219	-	-	163,219
Derecognition	(30,891)	-	-	(30,891)
Change in risk parameters	118,850	-	-	118,850
At December 31	<u>\$ 844,024</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 844,024</u>

(b) Liquidity risk

The Company manages and maintains sufficient cash and cash equivalents to support its operations and mitigate the impact of cash flow fluctuations.

The non-derivative financial liabilities and derivative financial liabilities held by the Company are grouped according to their respective maturity dates and analyzed based on the remaining period from the end of the reporting period to the contractual maturity date as follows:

December 31, 2025			
Undiscounted contractual cash flows			
	Within 1 year	1~5 years	Total
Payables	\$ 1,637,451,640	\$ 8,463,011	\$1,645,914,651
Lease liabilities	31,762,206	75,889,813	107,652,019

December 31, 2024			
Undiscounted contractual cash flows			
	Within 1 year	1~5 years	Total
Payables	\$ 1,481,653,645	\$ 7,505,568	\$1,489,159,213
Lease liabilities	36,237,458	93,896,899	130,134,357

(c) Market risk

The Company's activities exposed it primarily to the financial risks of changes in interest rates, price rates and foreign currency exchange rates.

(1) Interest rate risk

The Company is exposed to fair value interest rate risk and cash flow interest rate risk because the Company holds assets at both fixed and floating interest rates.

This section assesses the risk regarding the Company's financial assets at both fixed and floating interest rates. The sensitivity analysis below was determined based on the Company's exposure to interest rates at the end of the reporting period. 1% change of the market interest rate is the reasonably possible extent of changes that the management considered relevant. The fixed-rate financial assets held by the Company will see changes in the fair value of bond investments due to changes in market interest rates, and the floating-rate financial assets held by the Company will see changes in effective interest rates due to changes in market interest rates, resulting in fluctuations in their future cash flows.

For the variable interest rate financial assets held by the Company on December 31, 2025 and 2024, for every 1% increase in market interest rates, the fair value of fixed rate financial assets will decrease by \$81,571,344 and \$110,589,024 respectively. When the market interest rate drops by 1%, the impact will be a negative number of the same amount.

(2) Price risk

Price risk is mainly caused by the uncertainty of the prices of equity commodity investments (mainly listed OTC stocks, unlisted OTC stocks, emerging OTC stocks and beneficiary certificates). The Company conducts risk measurement on financial assets by conducting sensitivity analysis on changes in equity prices. Sensitivity analysis is conducted based on the equity investment position exposure on the balance sheet date. With other conditions remaining unchanged, the possible impact of reasonable price changes on profit or loss (before tax) and other comprehensive profit or loss is as follows:

December 31, 2025

Changes in variables	Changes in profit or loss	Changes in other comprehensive income
The price of the equity product increases by 10%	\$ 99,164,567	\$ 359,077,229
The price of the equity commodity falls by 10%	(99,164,567)	(359,077,229)

December 31, 2024

Changes in variables	Changes in profit or loss	Changes in other comprehensive income
The price of the equity product increases by 10%	\$ 64,174,499	\$ 242,073,576
The price of the equity commodity falls by 10%	(64,174,499)	(242,073,576)

(3) Foreign currency risk

(i) Hedging strategies and exposure circumstances

This section assesses risk impact regarding the net portion of foreign currency assets and liabilities that have major impact on the Company. The net portion of foreign currency assets and liabilities includes the consideration of the impact of outstanding foreign exchange forward contracts.

The Company is mainly affected by the fluctuation of USD, EUR, GBP, NZD, JPY, HKD, AUD, SGD, CNY, and CAD.

The following information is aggregated and expressed in foreign currencies other than the functional currency of each of the Group's entities. The exchange rates disclosed are the conversion rates of such foreign currencies into the functional currency. The foreign currency assets and liabilities with significant impact are as follows:

December 31, 2025

Assets	Foreign currency amount	Exchange Rate	Book value
USD	2,335,890.65	31.43	\$ 73,417,043
JPY	13,575,166.00	0.20	2,725,893
NZD	36,355.80	18.15	659,858
GBP	10,731.46	42.33	454,263
EUR	4,453.26	36.90	164,325
AUD	5,898.71	21.01	123,932
HKD	48,451.95	4.04	195,649
CNY	22,805.71	4.50	102,534
Liabilities	Foreign currency amount	Exchange Rate	Book value
USD	1,140,512.63	31.43	\$ 35,846,312
JPY	15,074,758.00	0.20	3,027,011
EUR	6,899.17	36.90	254,579
CHF	3,451.44	39.62	136,729

December 31, 2024

Assets	Foreign currency amount	Exchange Rate	Book value
USD	9,070,750.23	32.79	\$ 297,384,546
JPY	6,561,566.00	0.21	1,377,273
NZD	42,360.34	18.47	782,395
GBP	14,252.68	41.19	587,068
EUR	4,886.24	34.14	166,816
AUD	5,970.21	20.39	121,733
Liabilities	Foreign currency amount	Exchange Rate	Book value
USD	635,039.57	32.79	\$ 20,819,772
JPY	6,223,137.00	0.21	1,306,236
EUR	64,239.08	34.14	2,193,122
CHF	1,833.44	36.27	66,490

- (ii) The following table details the Group's sensitivity to a 1% increase and decrease in the New Taiwan dollar (the functional currency) against the relevant foreign currencies. The sensitivity rate of 1% is used when reporting foreign currency risk internally to key management personnel, as well as represents the evaluation for the reasonably possible extent of changes of foreign exchange by the management. The sensitivity analysis included only outstanding foreign currency denominated monetary items and foreign exchange forward contracts at the end of the reporting period tested for a 1% change in foreign currency rates. A positive (negative) number below indicates an increase (decrease) in pre-tax profit and other equity associated with New Taiwan dollars strengthening (weakening) 1% against the relevant currency.

Degree of variation	December 31, 2025	December 31, 2024
Foreign currencies to NTD appreciate by 1%	\$ 385,788	\$ 2,761,018
Foreign currencies to NTD depreciate by 1%	(\$ 385,788)	(\$ 2,761,018)

14. OBJECTIVES, POLICIES, AND PROCEDURES FOR CAPITAL MANAGEMENT

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

Taiwan insurance enterprises usually measure whether the capital is adequate in accordance with the capital adequacy ratio. Pursuant to Article 143-4 of Insurance Act, an insurance enterprise's ratio of self-owned capital to risk-based capital may not be lower than 200%. In accordance with "Regulations Governing Capital Adequacy of Insurance Enterprises" and other requirements of the competent authorities, the Company calculates the capital adequacy ratio and net worth ratio every six months and assesses the Company's future capital adequacy to ensure that it can continue to meet statutory capital requirements and the Company's mid- to long-term operations.

Capital adequacy ratio is calculated as self-owned capital divided by risk-based capital. Self-owned capital is the total capital approved by the competent authority, which includes recognized owners' equity and other adjustment items as regulated by the competent authority; risk-based capital is the total capital calculated based on the extent of risk that an insurance enterprise assumes in its actual operations. The net asset value ratio is calculated as equity divided by total assets.

As of December 31, 2025, the Company had completed the above-mentioned capital reduction and capital increase, and the ratio of self-owned capital to risk capital and net value ratio comply with the requirements of the property insurance industry in accordance with the Insurance Law. In addition, the

net worth ratio of the Company as of December 31, 2025 and 2024 is 32.31% and 27.34%, respectively, in accordance with the Article 15 of the “Regulations Governing the Preparation of Financial Reports by Insurance Enterprises”.

15. OTHERS

A. Retention earned premiums

	2025		
	Compulsory insurance	Non-compulsory insurance	Total
Direct insurance premiums	\$ 1,486,910,309	\$ 20,196,886,496	\$ 21,683,796,805
Reinsurance premiums	416,056,479	249,925,813	665,982,292
Less:			
Reinsurance premiums outward	(679,083,331)	(4,344,228,978)	(5,023,312,309)
Net changes in unearned premium reserve	(13,711,296)	(474,234,169)	(487,945,465)
Retention earned premiums	<u>\$ 1,210,172,161</u>	<u>\$ 15,628,349,162</u>	<u>\$ 16,838,521,323</u>

	2024		
	Compulsory insurance	Non-compulsory insurance	Total
Direct insurance premiums	\$ 1,470,223,574	\$ 19,592,373,142	\$ 21,062,596,716
Reinsurance premiums	401,769,510	237,076,259	638,845,769
Less:			
Reinsurance premiums outward	(668,881,461)	(4,281,515,007)	(4,950,396,468)
Net changes in unearned premium reserve	(24,286,294)	(690,572,340)	(714,858,634)
Retention earned premiums	<u>\$ 1,178,825,329</u>	<u>\$ 14,857,362,054</u>	<u>\$ 16,036,187,383</u>

B. Retention claim expenditures

	2025		
	Compulsory insurance	Non-compulsory insurance	Total
Claims paid	\$ 840,980,954	\$ 8,780,422,420	\$ 9,621,403,374
Reinsurance claim expenditures	359,537,398	80,592,081	440,129,479
Less:			
Claims recovered from reinsurers	(492,693,137)	(1,326,996,366)	(1,819,689,503)
Retention claim expenditures	<u>\$ 707,825,215</u>	<u>\$ 7,534,018,135</u>	<u>\$ 8,241,843,350</u>

	2024		
	Compulsory insurance	Non-compulsory insurance	Total
Claims paid	\$ 775,073,473	\$ 7,902,715,925	\$ 8,677,789,398
Reinsurance claim expenditures	357,690,108	105,283,389	462,973,497
Less:			
Claims recovered from reinsurers	(458,956,442)	(943,228,359)	(1,402,184,801)
Retention claim expenditures	\$ 673,807,139	\$ 7,064,770,955	\$ 7,738,578,094
C. Assets and liabilities recoverable or payable within or over 12 months after the balance sheet date are as follows:			

	December 31, 2025		
Assets	Book value	Within 12 months	Over 12 months
Cash and cash equivalents	\$ 2,862,611,785	\$ 2,862,611,785	\$ -
Receivables	865,155,594	865,155,594	-
Current income tax assets	2,021,593	-	2,021,593
Financial assets at fair value through profit or loss	991,645,669	401,154,700	590,490,969
Financial assets at fair value through other comprehensive income	4,990,142,439	3,276,093,122	1,714,049,317
Financial assets at amortized cost	3,624,289,061	274,623,315	3,349,665,746
Other financial assets	9,142,400,000	9,142,400,000	-
Investment property	1,755,904,269	-	1,755,904,269
Reinsurance contract assets	4,698,153,410	285,985,921	4,412,167,489
Property and equipment	1,313,521,158	-	1,313,521,158
Right-of-use assets	109,026,793	-	109,026,793
Intangible assets	80,616,835	-	80,616,835
Other assets	2,125,743,897	118,819,757	2,006,924,140
Liabilities			
Payables	1,645,914,651	1,637,451,640	8,463,011
Insurance liabilities	20,143,625,208	18,155,200,265	1,988,424,943
Provisions	411,007,703	-	411,007,703
Lease liabilities	96,098,391	31,762,206	64,336,185
Other liabilities	889,479,242	759,107,911	130,371,331

Assets	December 31, 2024		
	Book value	Within 12 months	Over 12 months
Cash and cash equivalents	\$ 3,246,150,323	\$ 3,246,150,323	\$ -
Receivables	665,843,932	665,843,932	-
Financial assets at fair value through profit or loss	641,744,992	83,220,150	558,524,842
Financial assets at fair value through other comprehensive income	3,760,474,608	2,106,385,780	1,654,088,828
Financial assets at amortized cost	2,700,181,589	1,299,394,870	1,400,786,719
Other financial assets	7,342,400,000	7,342,400,000	-
Investments accounted for using equity method	100,101,157	-	100,101,157
Investment property	1,755,262,924	-	1,755,262,924
Reinsurance contract assets	4,863,982,100	245,950,332	4,618,031,768
Property and equipment	1,313,978,715	-	1,313,978,715
Right-of-use assets	122,681,174	-	122,681,174
Intangible assets	100,644,838	-	100,644,838
Other assets	2,171,233,564	174,955,697	1,996,277,867
Liabilities			
Payables	1,489,159,213	1,481,653,645	7,505,568
Current income tax liabilities	26,609,975	-	26,609,975
Insurance liabilities	19,479,003,917	17,601,037,300	1,877,966,617
Provisions	368,353,366	-	368,353,366
Lease liabilities	96,551,477	36,237,458	60,314,019
Other liabilities	946,849,928	816,478,597	130,371,331

D. Compulsory Automobile Liability Insurance Business Specific Asset Segmentation, Assets and Liabilities, and Revenue and Cost Information

- (a) The Company sets independent accounting for its compulsory automobile liability insurance(hereinafter referred to as the insurance) in accordance with Compulsory Automobile Liability Insurance Act, recording the insurance's business and financial condition. The Company's assets and liabilities for operating the insurance are as follows:

Items	December 31, 2025	December 31, 2024
Assets		
Cash and cash equivalents	\$ 1,761,974,947	\$ 1,550,579,189
Notes receivable	14,991,292	12,348,005
Premiums receivable	29,009,206	26,965,481
Claims recoverable from reinsurers	63,600,239	53,452,760
Ceded unearned premium reserve	382,519,729	375,232,131
Ceded claims reserve	408,994,599	409,265,371
Total assets	<u>\$ 2,661,090,012</u>	<u>\$ 2,427,842,937</u>
Liabilities		
Due to reinsurance and ceding companies	\$ 54,013,257	\$ 53,940,402
Unearned premium reserve	870,295,810	849,296,916
Claims reserve	1,000,747,446	988,505,751
Special reserve	678,587,108	514,010,018
Temporary receipts and funds pending transfer	3,771,701	3,254,554
Other liabilities	53,674,690	18,835,296
Total liabilities	<u>\$ 2,661,090,012</u>	<u>\$ 2,427,842,937</u>

- (b) The Company's revenue and cost information for operating the insurance in the fiscal years 2025

and 2024 are as follows:

Items	2025	2024
Operating revenues		
Direct insurance premiums	\$ 1,131,788,118	\$ 1,114,789,000
Reinsurance premiums	<u>416,056,479</u>	<u>401,769,510</u>
Premiums income	1,547,844,597	1,516,558,510
Less : Reinsurance premiums outward	(679,083,331)	(668,881,461)
Net changes in unearned premium reserve	<u>(13,711,296)</u>	<u>(24,286,294)</u>
Retention earned premiums	855,049,970	823,390,755
Interest income	<u>8,728,812</u>	<u>5,812,516</u>
	<u>\$ 863,778,782</u>	<u>\$ 829,203,271</u>
Operating costs		
Claims paid	\$ 840,980,954	\$ 775,073,473
Reinsurance paid	359,537,398	357,690,108
Less: Claims recovered from reinsurers	<u>(492,693,137)</u>	<u>(458,956,442)</u>
Retention claim expenditures	707,825,215	673,807,139
Net changes in claims reserve	12,512,467	25,963,195
Net changes in special reserve	<u>164,577,090</u>	<u>165,154,372</u>
	<u>\$ 884,914,772</u>	<u>\$ 864,924,706</u>

E. Reserves for unqualified reinsurance

- (a) The summary of non-qualifying reinsurance contracts and the description of related insurance categories are as follows:

The Company has entered into retrocession agreements with the following insurance companies and insurance brokers, with retrocession coverage consistent with the Company's reinsurance contracts.

Insurance Company/Insurance broker	Types of insurance covered under the ceded reinsurance contracts
Asia Capital Reinsurance Group Pte Ltd. (Singapore)	Miscellaneous insurance
Trust International Insurance and Reinsurance Company B. S. C. (C) Trust Re	Marine insurance

- (b) As of December 31, 2025 and 2024, the Group's reinsurance expense both were \$0.

- (c) Reserve for unqualified reinsurance are as follows:

	December 31, 2025	December 31, 2024
Ceded Reported-But-Not-Paid claim reserves	<u>\$ 30,000</u>	<u>\$ 30,000</u>

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16. OTHER DISCLOSURES

A. Information of significant transactions

(a) Acquisitions of real estate in excess of \$100,000 thousand or 20% of capital : None.

(b) Disposals of real estate in excess of \$100,000 thousand or 20% of capital : None.

(c) Performing core business with related parties in excess of \$100,000 thousand or 20% of capital :

Related Party	Relationship with Related Party	Transaction Details				Abnormal Transaction		Payable or Receivable	
		Item	Amount	% to Total	Payment Terms	Unit Price	Payment Terms	Ending balance	% to Total
Tokio Marine & Nichido Fire Insurance Co., Ltd.	Parent company	Reinsurance expenses	\$672,773,742	13.39%	Based on agreement	\$ -	-	(\$ 85,348,200)	(17.86%)
Tokio Marine & Nichido Fire Insurance Co., Ltd.	Parent company	Claims recovered from reinsurers	221,539,203	12.17%	Based on agreement	-	-	24,803,328	10.58%
Tokio Marine & Nichido Fire Insurance Co., Ltd.	Parent company	Reinsurance commission revenues	154,261,336	16.24%	Based on agreement	-	-	-	0.00%
Carplus Auto Leasing Corporation	Other related parties	Premiums income	440,688,476	2.03%	Based on agreement	-	-	7,975,617	2.19%
Fortune HS Leasing CO., LTD.	Other related parties	Premiums income	182,442,075	0.84%	Based on agreement	-	-	545,540	0.15%
Fortune Motors Co., Ltd.	Other related parties	Claims paid	329,576,708	3.28%	Based on agreement	-	-	-	0.00%
Carplus Auto Leasing Corporation	Other related parties	Claims paid	358,087,070	3.56%	Based on agreement	-	-	-	0.00%
Hsieh-Chin Property Insurance Agency Co., Ltd.	Other related parties	Commission expenses	263,261,593	9.75%	Based on agreement	-	-	(13,994,419)	(7.49%)

(d) Receivables from related parties in excess of \$100,000 thousand or 20% of capital : None.

(e) Derivative financial instruments undertaken : None.

(f) Significant inter-company transactions: Please refer to Note 7 for details.

B. Information about the invested company, the region where it is located, etc.

Please refer to Note 6(6)

C. Information on investments in Mainland China

None.

17. SEGMENT INFORMATION

The Company's main business is the single business of property insurance, and the corporate components used by management to make operational decisions are based on the Company's overall information. Therefore, the Company is a single operating department and is not required to disclose the financial information of the operating department.