CENTRAL REINSURANCE CORPORATION

FINANCIAL STATEMENTS AND INDEPENDENT AUDITORS' 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.

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資誠

INDEPENDENT AUDITORS' REPORT

PWCR 25000444

To Central Reinsurance Corporation

Opinion

We have audited the accompanying balance sheets of Central Reinsurance Corporation (the "Company") as of December 31, 2025 and 2024, and the related statements of comprehensive income, of changes in equity and of cash flows for the years 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 of December 31, 2025 and 2024 and its financial performance and its cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Insurance Enterprises 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 Accountants 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 Company's 2025 financial statements. These matters were addressed in the context of our audit of the financial statements as a whole and, in forming

資誠聯合會計師事務所 PricewaterhouseCoopers, Taiwan
110208 臺北市信義區基隆路一段 333 號 27 樓
27F, No. 333, Sec. 1, Keelung Rd., Xinyi Dist., Taipei 110208, Taiwan
T: +886 (2) 2729 6666, F: +886 (2) 2729 6686

our opinion thereon, we do not provide a separate opinion on these matters.

Key audit matters for the Company's 2025 financial statements are stated as follows:

Recognition of reinsurance revenue

Description

For the accounting policy for reinsurance revenue, please refer to Note 4(26) of the financial statements; for critical accounting estimates and assumptions of reinsurance revenue, please refer to Note 5(2) of the financial statements.

The Company estimates reinsurance revenue based on an accrual basis; that is, once reinsurance contracts are signed, the Company elects the ceding company's annual forecasted reinsurance information and then calculates the revenue proportion to be recognized in each month based on previous experience of actual statements. Thereafter, when actual statements are received, original estimates are reversed and actual statements are accrued. The Company then evaluates the reason for differences between actual statements and estimated amounts to adjust the estimated revenues of remaining period, accordingly. Because reinsurance revenue is material to the financial statements and the recognition of reinsurance revenue involves management's professional judgement, we have thus included the recognition of reinsurance revenue as one of the key audit matters in our audit.

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 the Company's policies, internal controls, and processing procedures related to the recognition of reinsurance revenue.
2. On a sample basis, tested the effectiveness of internal controls related to the recognition of reinsurance revenue, including:
   (1) Checking the accuracy and completeness of recording reinsurance contracts into their system.
   (2) Checking the consistency of reinsurance revenue recorded in the system with the related information provided by the ceding company.
   (3) Checking the revenue proportion allocated to each month during the contract period and recognized amounts used by management to determine their accuracy.
   (4) Checking the accuracy of actual statements and recorded reversal of estimates.

(5) Checking whether management had provided clear reasons for its adjustments on the amounts of estimated revenues of each month and checked whether such adjustments were appropriately approved.

3. On a sample basis, checked information of actual statements and assessed the reasonableness of the Company's adjustments to estimated reinsurance revenue.

Estimation of claims reserve

Description

For the accounting policy for claims reserve (under insurance liabilities), please refer to Note 4(21) of the financial statements; for critical accounting estimates and assumptions of claims reserve, please refer to Note 5(2) of the financial statements; for details on claims reserve, please refer to Note 6(9) of the financial statements.

The Company's claims reserve accounts for 68% of its insurance liabilities. Aside from statutorily required insurances, the Company estimates the ultimate loss (ratio) and provisions claims reserve based on assessment factors such as information provided by the ceding company, claim development factors, contract type, insurance risk characteristics, market information, and judgement for the experience of claims and underwriting. Because claims reserve is material to the financial statements and the methods and assumptions for calculating claims reserve involve management's professional judgement, we have thus included the estimation of claims reserve as one of the key audit matters in our audit.

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. On a sample basis, checked the accuracy and completeness of financial information used in calculating claims reserve.
2. Used the work of actuarial specialists to assist us in assessing the reasonableness of Incurred-But-Not-Reported losses reserve (including assumed and ceded claims reserve), including:
   (1) On a sample basis, examined the rationale of the method for calculating the Incurred-But-Not-Reported losses reserve.
   (2) On a sample basis, examined the rationale of the assumptions used by the Company.

(3) On a sample basis, recalculated Incurred-But-Not-Reported losses reserve under the assumptions used by the Company to ensure the accuracy of the reserves recognized by the Company.

3. Tested a selection of material claims that were Reported-But-Not-Paid and assessed the reasonableness of the claims reserve for such cases.

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 Regulations Governing the Preparation of Financial Reports by Insurance Enterprises 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.

Auditors' 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 auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Standards on Auditing of the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from error or fraud 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 judgement and 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 auditors' 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 auditors' 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.

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

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

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

Kuo, Puo-Ju　　　　　　　　　　Lee, Hsiu-Ling

For and on behalf of PricewaterhouseCoopers, Taiwan

March 10, 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.

CENTRAL REINSURANCE CORPORATION
BALANCE SHEETS
DECEMBER 31, 2025 AND 2024
(Expressed in thousands of New Taiwan dollars)

	ASSETS	Notes	December 31, 2025 AMOUNT	%	December 31, 2024 AMOUNT	%
11000	Cash and cash equivalents	6(1)	$ 12,487,427	21	$ 11,701,505	20
12000	Accounts receivable	6(2)	1,724,954	3	743,512	1
12600	Current income tax assets		-	-	13,117	-
13000	Non-current assets held for sale	6(3)	47,009	-	-	-
14110	Financial assets at fair value through profit or loss	6(4)	13,573,988	23	13,014,179	23
14145	Financial assets at amortized cost	6(5)	22,682,296	38	22,808,831	39
14180	Other financial assets	6(6)	435,000	1	-	-
14200	Investment property, net	6(8)	340,756	-	382,284	1
15000	Reinsurance contract assets	6(9)	5,839,424	10	6,298,100	11
16000	Property and equipment, net	6(12)	271,027	-	281,703	1
16700	Right-of-use assets		445	-	801	-
17000	Intangible assets		18,006	-	10,394	-
17800	Deferred income tax assets	6(18)	3,847	-	82,233	-
18000	Other assets		2,410,995	4	2,516,991	4
	TOTAL ASSETS		$ 59,835,174	100	$ 57,853,650	100
	LIABILITIES AND EQUITY					
21000	Accounts payable	6(13)	$ 929,191	2	$ 1,333,363	2
21700	Current income tax liabilities		456,713	1	182,686	-
23200	Financial liabilities at fair value through profit or loss	6(4)	391,179	1	406,235	1
23800	Lease liabilities		463	-	824	-
24000	Insurance liabilities	6(9)	36,172,160	60	34,508,361	60
28000	Deferred income tax liabilities	6(18)	160,413	-	463,566	1
25000	Other liabilities		19,023	-	55,187	-
	TOTAL LIABILITIES		38,129,142	64	36,950,222	64
30000	EQUITY					
31000	Capital					
31100	Common stock	6(15)	8,003,888	13	8,003,888	14
32000	Capital reserve		1,560,000	3	1,560,000	2
33000	Retained earnings					
33100	Legal reserve		3,989,334	7	3,485,524	6
33200	Special reserve	6(17)	5,630,061	9	5,064,630	9
33300	Undistributed earnings		2,418,648	4	2,072,072	4
34000	Other equity interest		104,101	-	717,314	1
	TOTAL EQUITY		21,706,032	36	20,903,428	36
	TOTAL LIABILITIES AND EQUITY		$ 59,835,174	100	$ 57,853,650	100

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

CENTRAL REINSURANCE CORPORATION
STATEMENTS OF COMPREHENSIVE INCOME
YEARS ENDED DECEMBER 31, 2025 AND 2024
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

			Year ended December 31				Changes Percentage
			2025		2024		
	Items	Notes	AMOUNT	%	AMOUNT	%	(%)
41000	Operating revenues						
41100	Gross premiums written		$ 21,004,017	92	$ 20,938,421	92	-
51100	Less: Reinsurance premiums ceded		(839,657)	(4)	(1,104,903)	(5)	(24)
51310	Net change in unearned premium reserve	6(9)	(216,768)	(1)	195,881	1	(211)
41130	Retention earned premiums		19,947,592	87	20,029,399	88	-
41300	Reinsurance commission revenue		121,926	1	157,302	1	(22)
41400	Overriding commission revenue		14,462	-	19,340	-	(25)
41500	Net gain from investment						
41510	Interest income		1,109,361	5	1,036,250	5	7
41521	Gain or loss on valuation of financial assets or financial liabilities at fair value through profit or loss		2,089,084	9	757,591	3	176
41526	Realized gain or loss on financial assets at amortized cost	6(5)	(62,065)	-	(45,674)	-	36
41550	Foreign exchange (loss) gain		(1,003,150)	(5)	1,251,127	5	(180)
41570	Gain on investment property	6(8)	18,372	-	17,523	-	5
41585	Expected credit impairment and reversal of profit from investments	6(5)	481	-	(1,591)	-	(130)
41600	Gain upon reclassification of applying overlay approach	6(4)	623,547	3	(388,074)	(2)	(261)
	Total net gain from investment		2,775,630	12	2,627,152	11	6
41800	Other operating revenues		38,771	-	53,580	-	(28)
	Total operating revenues		22,898,381	100	22,886,773	100	-
51000	Operating costs						
51200	Reinsurance claims paid		(11,950,727)	(52)	(12,485,460)	(54)	(4)
41200	Less: Reinsurance claims recovery		473,190	2	506,019	2	(6)
51260	Retention reinsurance claims paid		(11,477,537)	(50)	(11,979,441)	(52)	(4)
51300	Net changes in other insurance liabilities	6(9)	(1,411,598)	(6)	(1,573,827)	(7)	(10)
51500	Reinsurance commission expenses		(5,968,924)	(26)	(5,768,325)	(25)	3
51700	Financial cost		(12)	-	(20)	-	(40)
51800	Other operating costs		(15)	-	(247)	-	(94)
	Total operating costs		(18,858,086)	(82)	(19,321,860)	(84)	(2)
58000	Operating expenses						
58100	Selling expenses		(444,687)	(2)	(404,164)	(2)	10
58200	Administration expenses		(224,507)	(1)	(203,241)	(1)	10
58300	Training expenses		(1,590)	-	(1,253)	-	27
58400	Expected credit impairment and reversal from non-investments	13	2	-	(23)	-	(109)
	Total operating expenses		(670,782)	(3)	(608,681)	(3)	10
	Net operating income		3,369,513	15	2,956,232	13	14
59000	Non-operating income and expenses		33,944	-	8,510	-	299
62000	**Income from continuing operations before tax**		3,403,457	15	2,964,742	13	15
63000	Income tax expense	6(18)	(470,838)	(2)	(449,565)	(2)	5
64000	**Income from continuing operations after tax**		2,932,619	13	2,515,177	11	17
66000	**Net income**		$ 2,932,619	13	$ 2,515,177	11	17

(Continued)

CENTRAL REINSURANCE CORPORATION
STATEMENTS OF COMPREHENSIVE INCOME
YEARS ENDED DECEMBER 31, 2025 AND 2024
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

	Items	Notes	Year ended December 31 2025 AMOUNT	2025 %	2024 AMOUNT	2024 %	Changes Percentage (%)
83000	**Other comprehensive income**						
83110	Remeasurements of defined benefit plans		$ 4,921	-	$ 4,843	-	2
83180	Income tax relating to the items may not be reclassified to profit or loss subsequently	6(18)	(984)	-	(969)	-	2
83200	**Items may be reclassified to profit or loss subsequently**						
83210	Exchange differences on translation of foreign financial statements		(98,478)	-	177,976	1	(155)
83295	Other comprehensive (loss) income upon reclassification of applying overlay approach	6(4)	(623,547)	(3)	388,074	2	(261)
83280	Income tax relating to items that may be reclassified	6(18)	108,812	-	(115,438)	(1)	(194)
83000	Total other comprehensive (loss) income for the period (after tax)		($ 609,276)	(3)	$ 454,486	2	(234)
85000	**Total comprehensive income for the period**		$ 2,323,343	10	$ 2,969,663	13	(22)
	Earnings per share						
97500	Basic and Diluted (in NT dollars)		$ 3.66		$ 3.14		

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

CENTRAL REINSURANCE CORPORATION
STATEMENTS OF CHANGES IN EQUITY
YEARS ENDED DECEMBER 31, 2025 AND 2024
(Expressed in thousands of New Taiwan dollars)

				Retained Earnings			Other equity interest		
	Notes	Common Stock	Capital Reserve	Legal Reserve	Special Reserve	Undistributed Earnings	Exchange Differences on Translation of Foreign Financial Statements	Other Comprehensive Income (Loss) upon Reclassification of Applying Overlay Approach	Total Equity
2024									
Balance at January 1, 2024		$ 8,003,888	$ 1,560,000	$ 3,066,878	$ 4,569,425	$ 1,587,416	($ 988)	$ 267,690	$ 19,054,309
Net income for the period		-	-	-	-	2,515,177	-	-	2,515,177
Other comprehensive income for the period		-	-	-	-	3,874	142,381	308,231	454,486
Total comprehensive income		-	-	-	-	2,519,051	142,381	308,231	2,969,663
Distributions of 2023 earnings									
Legal reserve		-	-	418,646	-	(418,646)	-	-	-
Cash dividends	6(17)	-	-	-	-	(1,120,544)	-	-	(1,120,544)
Appropriation for special reserve for the year	6(17)	-	-	-	495,205	(495,205)	-	-	-
Balance at December 31, 2024		$ 8,003,888	$ 1,560,000	$ 3,485,524	$ 5,064,630	$ 2,072,072	$ 141,393	$ 575,921	$ 20,903,428
2025									
Balance at January 1, 2025		$ 8,003,888	$ 1,560,000	$ 3,485,524	$ 5,064,630	$ 2,072,072	$ 141,393	$ 575,921	$ 20,903,428
Net income for the period		-	-	-	-	2,932,619	-	-	2,932,619
Other comprehensive income (loss) for the period		-	-	-	-	3,937	(78,782)	(534,431)	(609,276)
Total comprehensive income (loss)		-	-	-	-	2,936,556	(78,782)	(534,431)	2,323,343
Distributions of 2024 earnings									
Legal reserve		-	-	503,810	-	(503,810)	-	-	-
Cash dividends	6(17)	-	-	-	-	(1,520,739)	-	-	(1,520,739)
Appropriation for special reserve for the year	6(17)	-	-	-	565,431	(565,431)	-	-	-
Balance at December 31, 2025		$ 8,003,888	$ 1,560,000	$ 3,989,334	$ 5,630,061	$ 2,418,648	$ 62,611	$ 41,490	$ 21,706,032

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

CENTRAL REINSURANCE CORPORATION
STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2025 AND 2024
(Expressed in thousands of New Taiwan dollars)

	Year ended December 31	
	2025	2024
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	$ 3,403,457	$ 2,964,742
Adjustments		
Adjustments to reconcile profit (loss)		
Depreciation	13,598	12,692
Amortization	17,387	13,932
Reversal for loss allowance of reinsurance contract assets	(11,049)	(3,419)
Provision for bad debt	(133)	4,938
(Gain) loss on valuation of financial assets and liabilities at fair value through profit or loss	(53,212)	185,755
Interest expense	12	20
Interest income	(1,120,732)	(1,058,319)
Dividend income	(303,963)	(329,884)
Net change in reserves	1,628,366	1,377,946
Expected credit (reversal) impairment on investments	(481)	1,591
Expected credit (reversal) impairment on non-investments	(2)	23
Gain or loss upon reclassification of applying overlay approach	(623,547)	388,074
Net gain on disposal of property and equipment	(31,653)	-
Unrealized foreign exchange loss (gain)	1,027,797	(1,036,643)
Changes in operating assets and liabilities		
Changes in operating assets		
Accounts receivable	(973,709)	34,490
Financial assets at fair value through profit or loss	(521,653)	(1,817,268)
Financial assets at amortized cost	(862,172)	(4,173,186)
Other financial assets	(435,000)	-
Reinsurance contract assets	505,324	573,401
Other assets	96,218	(22,581)
Changes in operating liabilities		
Accounts payable	(404,172)	(4,649)
Provisions	4,921	4,843
Other liabilities	(36,164)	(55,985)
Cash inflow (outflow) generated from operations	1,319,438	(2,939,487)
Interest received	1,027,668	933,289
Dividend received	313,219	328,213
Interest paid	(12)	(20)
Income tax paid	(300,634)	(53,486)
Net cash flows from (used in) operating activities	2,359,679	(1,731,491)
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from disposal of property and equipment	38,110	-
Acquisition of property and equipment	(14,504)	(3,026)
Acquisition of intangible assets	(24,999)	(15,520)
Acquisition of investment property	-	(910)
Net cash flows used in investing activities	(1,393)	(19,456)
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayments of principal portion of lease liabilities	(361)	(465)
Payment of cash dividends	(1,520,739)	(1,120,544)
Net cash flows used in financing activities	(1,521,100)	(1,121,009)
Effects of exchange rate changes	(51,264)	82,547
Net increase (decrease) in cash and cash equivalents	785,922	(2,789,409)
Cash and cash equivalents at beginning of year	11,701,505	14,490,914
Cash and cash equivalents at end of year	$ 12,487,427	$ 11,701,505

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

CENTRAL REINSURANCE CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2025 AND 2024
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

1. HISTORY AND ORGANIZATION

Central Reinsurance Corporation (the "Company") was originally a state-owned enterprise, incorporated on October 31, 1968, and provides a broad range of property and life inward and outward reinsurance services. The Company's shares of stock have been traded on the Taiwan Stock Exchange since July 6, 2000. On July 9, 2002, the Ministry of Finance (MOF), the major shareholder of the Company, privatized the Company in accordance with rules of privatization of government-owned enterprises, effective on July 11, 2002. In addition, the Company has obtained the certificate for establishment and business license for its offshore insurance branch, and commenced its operation on January 1, 2016. Evergreen International Corporation holds 27.32% equity interest in the Company and has the ability to control the Company. Evergreen International Corporation is the Company's parent company.

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

These financial statements were authorized for issuance by the Board of Directors on March 10, 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

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
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
Amendments 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

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

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

(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 simplified measurement approach (the premium allocation approach) to some insurance contracts. An entity recognizes the profit from a group of insurance contracts over the period the entity provides insurance coverage, and as the entity is released from risk. If a group of contracts is or becomes loss-making, an entity recognizes the loss immediately. Entities are required to present separately insurance revenue, insurance service expenses and insurance finance income or expenses and to disclose information about amounts, judgements and risks arising from insurance contracts.

IFRS 17, 'Insurance contracts' (including amendments) is expected to be officially implemented and become effective from January 1, 2026. The Company will comply with the related regulations of the abovementioned IFRS 17. The impacts are summarised below:

(a) In principle, the measurement of IFRS 17, 'Insurance contracts' should adopt the general measurement model. However, the Company expects that most of its business meet one of the following criteria and thus a simplified measurement model 'the premium allocation approach' could be applied.

   i It is reasonably expected that there is no significant difference between the results obtained from the measurement of the group's liabilities for remaining coverage using the simplified measurement model and those from using the general measurement model.

   ii The coverage period for each contract within the group is less than one year.

   The liabilities for remaining coverage in the simplified premium allocation approach are measured by premium received less insurance acquisition cash flows, plus the amortisation amount of insurance acquisition cash flows recognised as expenses as of the financial reporting date and less the amount recognised as insurance revenue as of the financial reporting date. Liabilities for incurred claims are measured using the general measurement model. The general measurement model considers all future cash flows, the time value of money within the contract boundary and reflects the compensation required by an entity for assuming the uncertainty in the amount and timing of cash flows arising from non-financial risks. The main impact on the balance sheet arises from amounts due from (to) reinsurers and ceding companies, loss components, risk adjustments for non-financial risks and the discounting of reserves.

More than 90% of the Company's insurance contracts and reinsurance contracts apply the premium allocation approach.

(b) IFRS 17 is expected to bring significant changes to the presentation and disclosure in financial statements, of which the recognition and presentation of financial performance in the statements of comprehensive income must be divided into:

  i Insurance service results, including insurance revenue and insurance service expenses (that is, incurred claims and other incurred insurance service expenses).

  ii Insurance finance income or expenses

  iii Separately present income or expenses of insurance contracts issued and reinsurance contracts held.

  Compared to IFRS 4, IFRS 17 will no longer reflect the underwriting premiums in the current year and net change in unearned premiums. Instead, 'insurance revenue' will be presented corresponding to the insurance services provided during the reporting period to reflect the amortisation of reinsurance premiums and the deduction to premiums in each period, and any investment components will be excluded from insurance revenue and insurance service expenses. In addition, IFRS 17, 'Insurance contracts' requires taking into consideration the impact of discount rate, entities can choose to recognise the changes in locked-in discount rate upon the issuance of insurance contracts and the current timely discount rate in profit or loss or other comprehensive income (OCI) in order to reduce the volatility arising from the changes in interest rates. As the Company's businesses are mostly short-term in nature, it is expected that the changes in the discount rates will not have a material impact to the Company. Gains or losses arising from foreign exchanges are presented as exchange gains or losses and insurance finance income or expenses; however, the impact on the overall profit or loss is immaterial. Therefore, insurance finance income or expenses are chosen to be recognised in profit or loss.

  Compared to IFRS 4, the changes in the presentation of the balance sheet mainly involve amounts due from (to) reinsurers and ceding companies relating to insurance contracts (including reinsurance contracts), which will no longer be presented separately from insurance contract liabilities and reinsurance contract assets. Therefore, it is expected that the Company's total assets and liabilities will decrease under IFRS 17.

(c) The transition date is the commencement date of the reporting period one year prior to the date of initial application. Therefore, the Company's transition date is January 1, 2025. According to the regulations under the standards, unless it is impracticable, the full retrospective approach shall be adopted to retrospectively apply IFRS 17 for the measurement at the transition date. However, if it is impracticable, the modified retrospective approach or the fair value approach shall be applied.

  i Modified retrospective approach: To achieve the results as close as possible to the full retrospective approach without excess cost or input.

  ii Fair value approach: The contractual service margin is determined by the difference between the fair value of a group of insurance contracts, calculated in accordance with IFRS 13 at the transition date, and the fulfilment cash flows measured at the transition date.

Based on the fact that the majority of portfolios and groups of insurance contracts are short-term products and apply the measurement model of the premium allocation approach, the Company expects that more than 90% of the groups will adopt the full retrospective approach. For the remainder, if it is impracticable, the Company will evaluate the above criteria and adopt the modified retrospective approach or the fair value approach respectively.

Based on the effective date and transition provisions of IFRS 17, the Company will retrospectively restate the comparative financial statements for the year 2025 under IFRS 17. The Company will redesignate financial assets under IFRS 9 on the initial application date of IFRS 17; however, it will not restate financial assets for the comparative period nor apply the overlay approach to adjust financial assets for the comparative period.

The adoption of IFRS 17 will result in an approximate 1% increase in the Company's restated shareholders' equity (after tax) as of January 1, 2025. This adjustment is mainly due to the significant changes in the measurement of fulfillment cash flows under IFRS 17, which require consideration of the current discount rate, as well as the amortization of insurance acquisition cash flows and the risk adjustment for non-financial risks. The preparation of the IFRS 17 comparative period data for 2025 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.

The Company will redesignate financial assets under IFRS 9 on the initial application date of IFRS 17; however, it will not restate financial assets for the comparative period nor apply the overlay approach to adjust financial assets for the comparative period. The impact of the redesignate financial assets on shareholders' equity as of the initial application date is still under assessment.

(3) IFRS Accounting Standards 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.

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 MATERIAL ACCOUNTING POLICIES

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

(1) Compliance statement

These financial statements have been prepared in accordance with the "Regulations Governing the Preparation of Financial Reports by Insurance Enterprises", 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 does not have a subsidiary, and the Company's financial statements are separate financial statements composed of the balance sheet, statement of comprehensive income, statement of changes in equity, statement of cash flows, and relevant notes.

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

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

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

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

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

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

(3) Foreign currency translation

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

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

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

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

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

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

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

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

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

(4) Cash equivalents

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(6) Financial assets at amortized cost

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

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

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

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

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

(7) Non-hedging and embedded derivatives

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

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

(8) Impairment of financial assets

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

(9) Investment property

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

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

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

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

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

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

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

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

(11) Reinsurance contract assets

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

(12) Impairment on reinsurance contract assets

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

(13) Property and equipment

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

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

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

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

(14) Impairment of non-financial assets

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

(15) Non-current assets held for sale

When the carrying amount of a non-current asset is expected to be recovered primarily through a sale transaction rather than through continuing use, and a sale is considered highly probable, it is classified as an asset held for sale and measured at the lower of carrying amount and fair value less costs to sell.

(16) Loss allowance

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

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

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

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

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

(18) Derecognition of financial assets and financial liabilities

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

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

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

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

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

(19) Offsetting financial assets and financial liabilities

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

(20) Classification of reinsurance contracts

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

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

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

(21) Insurance liabilities

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

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

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

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

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

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

(22) Liability adequacy test

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

(23) Employee benefits

A. Short-term employee benefits

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

B. Pensions

(a) Defined contribution plan

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

(b) Defined benefit plan

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

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

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

C. Employees' compensation and directors' remuneration

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

(24) Income tax

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

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

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

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

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

(25) Dividends

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

(26) Reinsurance revenues

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

(27) Operating segments

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

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

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

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

None.

(2) Critical accounting estimates and assumptions

A. Reinsurance premiums

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

B. Claims reserve (under insurance liabilities)

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

6. DETAILS OF SIGNIFICANT ACCOUNTS

(1) Cash and cash equivalents

	December 31, 2025	December 31, 2024
Cash:		
Petty cash	$ 133	$ 122
Checking accounts	4,524	9,785
Demand deposits	3,858,785	1,487,993
Cash equivalents:		
Commercial paper	987,243	702,754
Time deposits	7,636,742	9,500,851
	$ 12,487,427	$ 11,701,505

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

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

C. The Company presents time deposits that do not meet the definition of cash equivalents as other financial assets. Please refer to Note 6(6) for details.

(2) Accounts receivable

	December 31, 2025	December 31, 2024
Other receivables	$ 1,725,016	$ 743,576
Less: Loss allowance	(62)	(64)
Net amount	$ 1,724,954	$ 743,512

As of December 31, 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 accounts receivable were $1,724,954 and $743,512, respectively. Information relating to credit risk and movements of loss allowance is provided in Note 13 (1).

(3) Non-current assets held for sale

On August 20, 2025, the Company's Board of Directors resolved to dispose of one investment property and three owner-occupied properties located in Taipei City through a public tender. Among these, the owner-occupied property in Wenshan District has been sold, and the ownership transfer was completed on November 6, 2025. For the remaining properties, the Board of Directors resolved on November 6, 2025, to appoint an entrusted agency to handle the disposal. These assets have been reclassified as assets held for sale, and the transaction is expected to be completed within the next 12 months. As of December 31, 2025, the carrying amount of assets held for sale was $47,009. Details of the fair value as of the measurement date are provided in Note 6(8).

Assets held for sale:

	December 31, 2025	December 31, 2024
Investment property	$ 39,851	$ -
Property, plant and equipment	7,158	-
	$ 47,009	$ -

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

		December 31, 2025		December 31, 2024
Financial assets mandatorily measured at fair value through profit or loss				
Domestic items:				
Listed and over-the-counter common stocks	$	2,184,071	$	1,538,871
Listed and over-the-counter preferred stocks		152,232		152,232
Open-end funds		4,924,826		2,700,000
Index funds		1,812,238		4,275,185
Derivatives		110,140		16,701
Foreign items:				
Listed and over-the-counter common stocks		3,056,600		2,681,969
Open-end funds		343,523		15,405
Index funds		365,525		953,700
		12,949,155		12,334,063
Valuation adjustment		624,833		680,116
	$	13,573,988	$	13,014,179

		December 31, 2025		December 31, 2024
Financial liabilities held for trading				
Domestic items:				
Derivatives	$	391,179	$	406,235

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

	December 31, 2025			December 31, 2024		
Derivative instruments	Contract amount (Notional principal)		Contract period	Contract amount (Notional principal)		Contract period
FX swap contracts	$	10,640,443	2025.01.09~ 2026.10.05	$	10,349,444	2024.01.15~ 2025.12.31
Forward foreign exchange contracts		5,326,325	2025.01.08~ 2026.12.10		5,062,790	2024.01.16~ 2025.12.29

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

(a) FX swap contracts

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

(b) Forward foreign exchange contracts

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

(c) Futures

The Company entered into futures with financial institutions to hedge risk on its investments arising from variations in stock prices. However, these futures are not accounted for under hedge accounting. As of December 31, 2025 and 2024, the related margins were $94,925 and $54,681, respectively.

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

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

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

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

	December 31, 2025	December 31, 2024
Financial assets mandatorily measured at fair value through profit or loss		
Domestic items:		
Listed and over-the-counter common stocks	$ 60,250	$ 1,327,110
Listed and over-the-counter preferred stocks	152,232	152,232
Open-end funds	1,324,826	2,700,000
Index funds	1,758,018	4,172,685
Foreign items:		
Listed and over-the-counter common stocks	-	2,615,181
Open-end funds	51,693	15,405
Index funds	-	953,700
	3,347,019	11,936,313
Valuation adjustment	42,588	666,135
	$ 3,389,607	$ 12,602,448

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

	Year ended December 31, 2025	Year ended December 31, 2024
Gain under IFRS 9	$ 1,005,224	$ 1,684,020
Less: Gain under IAS 39	(1,628,771)	(1,295,946)
Amount of reclassification applying overlay approach	($ 623,547)	$ 388,074
Income tax benefit (expense) on other comprehensive income	$ 89,116	($ 79,843)

(5) Financial assets at amortized cost

	December 31, 2025	December 31, 2024
Domestic items:		
Corporate bonds	$ 2,603,329	$ 699,998
Financial bonds	399,999	399,999
Government bonds	1,297,132	1,307,043
Foreign items:		
Securitized financial asset products	177,693	179,133
Corporate bonds	17,943,915	19,587,628
Financial bonds	1,563,495	1,948,689
	23,985,563	24,122,490
Less: Loss allowance	(6,135)	(6,616)
Less: Statutory deposits	(1,297,132)	(1,307,043)
	$ 22,682,296	$ 22,808,831

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

	Year ended December 31, 2025	Year ended December 31, 2024
Interest income	$ 921,104	$ 828,561
Impairment reversal (loss)	481	(1,591)
Loss on disposal	(62,065)	(45,674)
	$ 859,520	$ 781,296

B. As of December 31, 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 financial assets at amortized cost held by the Company were $23,979,428 and $24,115,874, respectively.

C. Under the Insurance Act, the Company is required to deposit an amount equal to 15% of its paid-in capital. As of December 31, 2025 and 2024, the Company both provided government bonds with a par value of $1,250,000 as statutory deposit.

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

(6) Other financial assets

	December 31, 2025	December 31, 2024
Time deposit	$ 435,000	$ -

A. Without considering any collateral held or other credit enhancements, the maximum credit risk exposure of the Company’s other financial assets as of December 31, 2025 and 2024 amounted to $435,000 and $0, respectively.

B. The financial institutions with which the Company conducts transactions have good credit quality, and the likelihood of default is considered very low.

C. The Company has not pledged any of its other financial assets as collateral.

D. For related credit risk information of other financial assets, please refer to Note 13(1).

(7) Structured entities

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

December 31, 2025		
Type of structured entities	Book value	Nature
Securitized financial asset products	$ 177,693	The risks and rewards associated with the assets of the structured entity were passed on to investors through issuing bonds.

December 31, 2024		
Type of structured entities	Book value	Nature
Securitized financial asset products	$ 179,133	The risks and rewards associated with the assets of the structured entity were passed on to investors through issuing bonds.

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

B. As of December 31, 2025 and 2024, the structured entities that are not controlled by the Company are all accounted for as financial assets at amortized cost. The entity's maximum exposure is the carrying amount of assets held. The investment position is restricted by contract terms and conditions of issue and exposes the corresponding market risk. The Company has considered risk management approach of relevant market. Please see Note 13 (1).

(8) Investment property

	Land	Buildings	Total
At January 1, 2025			
Cost	$ 355,331	$ 75,942	$ 431,273
Accumulated depreciation	-	(48,989)	(48,989)
	$ 355,331	$ 26,953	$ 382,284
2025			
At January 1	$ 355,331	$ 26,953	$ 382,284
Reclassified to assets held for sale - at cost	(33,829)	(13,041)	(46,870)
Reclassified to assets held for sale - accumulated depreciation	-	7,019	7,019
Depreciation	-	(1,677)	(1,677)
At December 31	$ 321,502	$ 19,254	$ 340,756
At December 31, 2025			
Cost	$ 321,502	$ 62,901	$ 384,403
Accumulated depreciation	-	(43,647)	(43,647)
	$ 321,502	$ 19,254	$ 340,756

	Land		Buildings		Total	
At January 1, 2024						
Cost	$	355,331	$	75,032	$	430,363
Accumulated depreciation		-	(	47,204)	(	47,204)
	$	355,331	$	27,828	$	383,159
2024						
At January 1	$	355,331	$	27,828	$	383,159
Additions-from subsequent expenditure		-		910		910
Depreciation		-	(	1,785)	(	1,785)
At December 31	$	355,331	$	26,953	$	382,284
At December 31, 2024						
Cost	$	355,331	$	75,942	$	431,273
Accumulated depreciation		-	(	48,989)	(	48,989)
	$	355,331	$	26,953	$	382,284

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

	Year ended December 31, 2025		Year ended December 31, 2024	
Rental revenue from the lease of the investment property	$	22,869	$	22,159
Direct operating expenses arising from the investment property that generated rental income in the period		4,497		4,636

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

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

	December 31, 2025		December 31, 2024	
2025	$	-	$	19,735
2026		14,700		8,954
	$	14,700	$	28,689

C. The fair values of the investment property held by the Company were estimated by an accredited external independent appraiser under “Regulations on Real Estate Appraisal” using valuation techniques of both the income approach and comparison approach, based on observable active market prices and the characteristics, locations and conditions of each asset on the measurement date–December 31, 2025 and 2024. The fair values of the investment property (included in non-current assets held for sale)as at the aforementioned measurement dates were $1,321,497 and $1,237,736, respectively, which is categorized as Level 3 within the fair value hierarchy. Key assumptions of the income approach are as follows:

	December 31, 2025	December 31, 2024
Capitalization rate	1.33%~1.39%	1.25%~1.47%

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

(9) Reinsurance contract assets and insurance liabilities

A. Details of reinsurance contract assets are as follows:

	December 31, 2025	December 31, 2024
Due from reinsurers and ceding companies	$ 3,843,847	$ 4,327,379
Due from reinsurers and ceding companies-overdue	2,852	24,644
Reinsurance reserve assets		
Ceded unearned premium reserve	274,234	327,938
Ceded claims reserve	1,425,184	1,314,262
Ceded liability reserve	299,749	320,782
Ceded premium deficiency reserve	2,168	2,754
	5,848,034	6,317,759
Less: Loss allowance-Due from reinsurers and ceding companies	(8,610)	(19,659)
	$ 5,839,424	$ 6,298,100

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

	December 31, 2025	December 31, 2024
Group 1	$ 13,166	$ 30,524
Group 2	997,127	1,058,302
Group 3	4,045,087	4,372,446
Group 4	263,058	228,843
Group 5	45,769	1,985
Group 6	304,041	345,936
	$ 5,668,248	$ 6,038,036

Group 1: S&P AAA or equivalents.

Group 2: Over S&P AA- or equivalents.

Group 3: Over S&P A- or equivalents.

Group 4: Over S&P BBB- or equivalents.

Group 5: Under S&P BBB- or equivalents.

Group 6: Without credit rating etc.

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

	December 31, 2025	December 31, 2024
Over one month, under three months	$ 110,667	$ 156,757
Over three months, under nine months	76,765	92,655
Over nine months	(7,646)	30,311
	$ 179,786	$ 279,723

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

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

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

	2025	2024
At January 1	$ 19,659	$ 30,042
Write-off of bad debts	-	(6,964)
Recovery of loss allowance	(11,049)	(3,419)
At December 31	$ 8,610	$ 19,659

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

B. Details of insurance liabilities are as follows:

	December 31, 2025	December 31, 2024
Unearned premium reserve	$ 7,748,785	$ 7,585,887
Claims reserve	24,759,560	23,518,959
Liability reserve	299,749	320,782
Special reserve	3,340,001	3,057,591
Premium deficiency reserve	24,065	25,142
	$ 36,172,160	$ 34,508,361

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

	2025	2024
Ceded unearned premium reserve		
At January 1	$ 327,938	$ 278,327
Provision	274,234	327,902
Recovery	(327,902)	(278,306)
Exchange differences on translation of foreign financial statements	(36)	15
At December 31	$ 274,234	$ 327,938

	2025	2024
Unearned premium reserve		
At January 1	$ 7,585,887	$ 7,730,844
Provision	7,748,322	7,585,222
Recovery	(7,585,222)	(7,731,507)
Exchange differences on translation of foreign financial statements	(202)	1,328
At December 31	$ 7,748,785	$ 7,585,887

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

	December 31, 2025	December 31, 2024
Ceded claims reserve		
Outstanding losses	$ 758,353	$ 861,238
Incurred but not reported losses	666,831	453,024
	$ 1,425,184	$ 1,314,262

	December 31, 2025	December 31, 2024
Claims reserve		
Outstanding losses	$ 9,892,451	$ 9,952,296
Incurred but not reported losses	14,867,109	13,566,663
	$ 24,759,560	$ 23,518,959

	2025	2024
Ceded claims reserve		
At January 1	$ 1,314,262	$ 1,351,725
Provision	1,425,184	1,314,262
Recovery	(1,314,262)	(1,351,725)
At December 31	$ 1,425,184	$ 1,314,262

	2025	2024
Claims reserve		
At January 1	$ 23,518,959	$ 22,116,890
Provision	24,759,560	23,518,959
Recovery	(23,518,959)	(22,116,890)
At December 31	$ 24,759,560	$ 23,518,959

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

	2025				2024			
	Foreign currency amount (in thousands)	Currency	Exchange rate	NTD (in thousands)	Foreign currency amount (in thousands)	Currency	Exchange rate	NTD (in thousands)
Ceded liability reserve								
At January 1	$ 71,795	CNY	4.468	$ 320,782	$ 78,460	CNY	4.329	$ 339,629
Provision	1,335			7,788	1,453			17,390
Recovery	(6,532)			(28,821)	(8,118)			(36,237)
At December 31	$ 66,598	CNY	4.501	$ 299,749	$ 71,795	CNY	4.468	$ 320,782

	2025				2024			
	Foreign currency amount (in thousands)	Currency	Exchange rate	NTD (in thousands)	Foreign currency amount (in thousands)	Currency	Exchange rate	NTD (in thousands)
Liability reserve								
At January 1	$ 71,795	CNY	4.468	$ 320,782	$ 78,460	CNY	4.329	$ 339,629
Provision	1,335			7,788	1,453			17,390
Recovery	(6,532)			(28,821)	(8,118)			(36,237)
At December 31	$ 66,598	CNY	4.501	$ 299,749	$ 71,795	CNY	4.468	$ 320,782

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

F. Special reserves

(a) Details of special reserves are as follows:

	December 31, 2025	December 31, 2024
Special reserve for statutory insurance	$ 1,702,501	$ 1,420,091
Reserve for fluctuation of risk	1,637,500	1,637,500
	$ 3,340,001	$ 3,057,591

(b) Movement of special reserves is as follows:

	2025	2024
At January 1	$ 3,057,591	$ 2,892,159
Provision	282,410	165,432
At December 31	$ 3,340,001	$ 3,057,591

(c) According to Jin-Kuan-Bao-Tsai Order No. 10102517491, "Directions for Strengthening Special Reserve by Reinsurance Enterprises", Jin-Kuan-Bao-Chan Order No. 10102531541, "Directions for Strengthening Co-insurance Reserve of Residential Earthquake Insurance" and Jin-Kuan-Bao-Tsai Order No. 10102517091, "Regulations for Reserving Nuclear Energy Insurance Reserve by Non-Life Insurance Enterprises" dated December 28, 2012, the Company's accounts applicable or not applicable for the reserve for the years ended December 31, 2025 and 2024 are as follows:

	Year ended December 31, 2025			
	Net income	Earnings per share (in dollars)	Total liabilities	Total equity
Applicable	$ 2,932,619	$ 3.66	$ 38,129,142	$ 21,706,032
Not applicable	2,932,619	3.66	36,666,673	23,168,501
Effect	$ -	$ -	($ 1,462,469)	$ 1,462,469

	Year ended December 31, 2024			
	Net income	Earnings per share (in dollars)	Total liabilities	Total equity
Applicable	$ 2,515,177	$ 3.14	$ 36,950,222	$ 20,903,428
Not applicable	2,515,177	3.14	35,487,753	22,365,897
Effect	$ -	$ -	($ 1,462,469)	$ 1,462,469

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

	2025	2024
Ceded premium deficiency reserve		
At January 1	$ 2,754	$ 4,246
Provision	2,168	2,754
Recovery	(2,754)	(4,246)
At December 31	$ 2,168	$ 2,754

	2025	2024
Premium deficiency reserve		
At January 1	$ 25,142	$ 57,771
Provision	24,065	25,142
Recovery	(25,142)	(57,771)
At December 31	$ 24,065	$ 25,142

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

December 31, 2025	Due in one year	Due after one year	Total
Insurance liabilities			
Unearned premium reserve	$ 3,389,448	$ 2,635,166	$ 6,024,614
Claims reserve	12,604,508	9,799,524	22,404,032
Liability reserve	-	299,749	299,749
Premium deficiency reserve	13,539	10,526	24,065

Note: Insurance liabilities exclude statutory insurance (total amount of compulsory automobile liability insurance, residential earthquake insurance and nuclear insurance is $4,079,699).

December 31, 2024	Due in one year	Due after one year	Total
Insurance liabilities			
Unearned premium reserve	$ 3,465,430	$ 2,410,171	$ 5,875,601
Claims reserve	12,489,788	8,686,523	21,176,311
Liability reserve	-	320,782	320,782
Premium deficiency reserve	14,829	10,313	25,142

Note: Insurance liabilities exclude statutory insurance (total amount of compulsory automobile liability insurance, residential earthquake insurance and nuclear insurance is $4,052,934).

(10) Reserves for unqualified reinsurance

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

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

Insurance companies / Insurance brokers	Type of contract
MILLI REASURANS T. A. S. SINGAPORE BRANCH	Fire insurance, engineering insurance and marine hull insurance
BEST RE (L) LIMITED	Casualty insurance
WILSON RE LIMITED	Casualty insurance
EVERGREEN INS.	Fire insurance, engineering insurance, cargo insurance, marine hull insurance, auto insurance and casualty insurance

B. As of December 31, 2025 and 2024, the Company’s unqualified reinsurance premiums ceded were ($8) and $0, respectively.

C. Reserve for unqualified reinsurance as of December 31, 2025 and 2024 were as follows:

	December 31, 2025	December 31, 2024
Ceded claims reserve	$ 759	$ 15

(11) Offsetting financial assets and financial liabilities

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

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

(a) Financial assets

Description	Gross amounts of recognized financial assets	Financial instruments not set off in the balance sheet	Net amount
December 31, 2025			
Derivatives	$ 110,140	$ 103,652	$ 6,488
December 31, 2024			
Derivatives	$ 16,701	$ 16,274	$ 427

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

(b) Financial liabilities

Description	Gross amounts of recognized financial liabilities	Financial instruments not set off in the balance sheet	Net amount
December 31, 2025			
Derivatives	$ 391,179	$ 103,652	$ 287,527
December 31, 2024			
Derivatives	$ 406,235	$ 16,274	$ 389,961

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

(12) Property and equipment

	Land	Buildings	Computer equipment	Transportation equipment	Miscellaneous equipment	Total
At January 1, 2025						
Cost	$ 237,071	$ 129,115	$ 42,997	$ 7,221	$ 8,063	$ 424,467
Accumulated depreciation	-	(104,013)	(28,931)	(5,025)	(4,795)	(142,764)
	$ 237,071	$ 25,102	$ 14,066	$ 2,196	$ 3,268	$ 281,703
2025						
At January 1	$ 237,071	$ 25,102	$ 14,066	$ 2,196	$ 3,268	$ 281,703
Additions	-	581	13,923	-	-	14,504
Disposals-cost	(6,399)	(1,546)	(1,140)	-	(630)	(9,715)
Disposals-accumulated depreciation	-	1,488	1,140	-	630	3,258
Reclassified to assets held for sale - at cost	(7,127)	(1,103)	-	-	-	(8,230)
Reclassified to assets held for sale - accumulated depreciation	-	1,072	-	-	-	1,072
Depreciation	-	(4,365)	(6,049)	(393)	(758)	(11,565)
At December 31	$ 223,545	$ 21,229	$ 21,940	$ 1,803	$ 2,510	$ 271,027
At December 31, 2025						
Cost	$ 223,545	$ 127,047	$ 55,780	$ 7,221	$ 7,433	$ 421,026
Accumulated depreciation	-	(105,818)	(33,840)	(5,418)	(4,923)	(149,999)
	$ 223,545	$ 21,229	$ 21,940	$ 1,803	$ 2,510	$ 271,027

	Land	Buildings	Computer equipment	Transportation equipment	Miscellaneous equipment	Total
At January 1, 2024						
Cost	$ 237,071	$ 129,021	$ 47,581	$ 4,861	$ 7,931	$ 426,465
Accumulated depreciation	-	(99,656)	(28,829)	(4,861)	(4,000)	(137,346)
	$ 237,071	$ 29,365	$ 18,752	$ -	$ 3,931	$ 289,119
2024						
At January 1	$ 237,071	$ 29,365	$ 18,752	$ -	$ 3,931	$ 289,119
Additions	-	94	391	2,360	181	3,026
Disposals-cost	-	-	(4,975)	-	(49)	(5,024)
Disposals-accumulated depreciation	-	-	4,975	-	49	5,024
Depreciation	-	(4,357)	(5,077)	(164)	(844)	(10,442)
At December 31	$ 237,071	$ 25,102	$ 14,066	$ 2,196	$ 3,268	$ 281,703
At December 31, 2024						
Cost	$ 237,071	$ 129,115	$ 42,997	$ 7,221	$ 8,063	$ 424,467
Accumulated depreciation	-	(104,013)	(28,931)	(5,025)	(4,795)	(142,764)
	$ 237,071	$ 25,102	$ 14,066	$ 2,196	$ 3,268	$ 281,703

The above assets were not pledged to others as collateral.

(13) Accounts payable

	December 31, 2025	December 31, 2024
Notes payable	$ -	$ 123
Due to reinsurers and ceding companies	375,404	556,865
Other payables	553,787	776,375
	$ 929,191	$ 1,333,363

(14) Employee benefits

A. Defined benefit obligation

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

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

	December 31, 2025	December 31, 2024
Present value of defined benefit obligations	($ 15,578)	($ 16,645)
Fair value of plan assets	51,440	46,972
Net defined benefit assets	$ 35,862	$ 30,327

(c) Movements in net defined benefit assets (liabilities) are as follows:

	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit asset (liability)
Year ended December 31, 2025			
Balance at January 1	($ 16,645)	$ 46,972	$ 30,327
Current service cost	(55)	-	(55)
Interest (expense) income	(276)	781	505
	(16,976)	47,753	30,777
Remeasurements:			
Change in financial assumptions	896	-	896
Experience adjustments	502	3,523	4,025
	1,398	3,523	4,921
Pension fund contribution	-	164	164
Balance at December 31	($ 15,578)	$ 51,440	$ 35,862

	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit asset (liability)
Year ended December 31, 2024			
Balance at January 1	($ 22,618)	$ 46,443	$ 23,825
Current service cost	(184)	-	(184)
Interest (expense) income	(277)	567	290
	(23,079)	47,010	23,931
Remeasurements:			
Change in financial assumptions	711	-	711
Experience adjustments	22	4,110	4,132
	733	4,110	4,843
Pension fund contribution	-	1,553	1,553
Paid pension	5,701	(5,701)	-
Balance at December 31	($ 16,645)	$ 46,972	$ 30,327

(d) The Bank of Taiwan was commissioned to manage the Fund of the Company's and domestic subsidiaries' defined benefit pension plan in accordance with the Fund's annual investment and utilization plan and the "Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund" (Article 6: The scope of utilization 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 utilization 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 and domestic subsidiaries have 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 are as follows:

	Year ended December 31, 2025	Year ended December 31, 2024
Discount rate	1.42%	1.66%
Salary increment	2.37%	3.19%

Assumptions regarding the mortality and the disability rates are set based on Taiwan Standard Ordinary Experience Mortality Table.

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

	Year ended December 31, 2025	Year ended December 31, 2024
Discount rate increase 0.5%	($ 731)	($ 875)
Discount rate decrease 0.5%	785	941
Salary increment increase 0.5%	773	922
Salary increment decrease 0.5%	(728)	(867)

The sensitivity analysis above is based on the condition that only one assumption is changed while all other assumptions 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 method and assumption used in preparing the current year sensitivity analysis are identical with those of the prior year.

(f) The Company stopped contributing to the retirement fund temporarily for the period from April 2025 to March 2026 in accordance with Bei-Shi-Lao-Zi Letter No. 1146007347, dated March 5, 2025. The amount contributed for the year 2025 was $164. The estimated contributions to be paid to the retirement plan for the year 2026 amount to $0.

(g) As of December 31, 2025, the weighted average duration of the retirement plan is 10 years.

B. Defined contribution plan

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

(b) The pension costs under the above-mentioned pension plan of the Company for the years ended December 31, 2025 and 2024 were $10,239 and $10,070, respectively.

(15) Common stock

As of December 31, 2025 and 2024, the Company’s authorized capital were all $10,000,000, and the paid-in capital were all $8,003,888, with a par value of $10 (in dollars) per share.

(16) Capital reserve

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

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

(17) Retained earnings

A. Limitation on distribution of retained earnings and dividend policy

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

To align with the Company's operation plan and maintain capital structure, capital adequacy ratio and right of shareholders, the Board of Directors shall formulate a distribution plan of profits based on the following principles:

(a) Allocate no less than 30% of the distributable earnings for dividends each year.

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

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

B. Special reserve

	December 31, 2025	December 31, 2024
Special reserve	$ 5,487,477	$ 4,922,046
Unrealized revaluation increment	126,557	126,557
Employees' education and training	16,027	16,027
	$ 5,630,061	$ 5,064,630

(a) For the year 2025, the provision for special reserve amounting to $565,431 had been recognized as special reserve under equity upon annual resolution and is not available for distribution.

(b) The amounts previously set aside by the Company as special reserve in accordance with Jin-Kuan-Bao-Tsai Order No. 11004920441, dated June 11, 2021, shall be reversed proportionately when the relevant assets are used, disposed of or reclassified subsequently.

The Company disposed of the owner-occupied properties for which a special reserve was set aside according to the aforementioned letter on November 6, 2025. Therefore, after approval at the shareholders' meeting in 2026, the special reserve of $4,470 will be reversed.

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

C. On May 22, 2025, the distribution of earnings for 2024 as resolved by the stockholders' meeting was $1,520,739 (cash dividends of $1.9 (in dollars) per share). On March 10, 2026, the distribution of earnings for 2025 as proposed by the Board of Directors was $1,760,855 (cash dividends of $2.2 (in dollars) per share).

Earning distribution for the year 2025 has not yet been ratified at the stockholders' meeting as of the reporting date.

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

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

(18) Income tax

A. Components of income tax expense:

	Year ended December 31, 2025	Year ended December 31, 2024
Current income tax:		
Current income tax on profits for the period	$ 587,766	$ 210,056
Income tax on undistributed earnings	-	2,411
Prior year income tax (overestimation) underestimation	11	1,541
Deferred income tax:		
Origination and reversal of temporary difference	(116,939)	235,557
Income tax expense	$ 470,838	$ 449,565

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

	Year ended December 31, 2025	Year ended December 31, 2024
Exchange differences on translation of foreign financial statements	($ 19,696)	$ 35,595
Other comprehensive income upon reclassification of applying overlay approach	(89,116)	79,843
Remeasurement of defined benefit obligations	984	969
	($ 107,828)	$ 116,407

C. Reconciliation between income tax expense and accounting profit:

	Year ended December 31, 2025	Year ended December 31, 2024
Tax calculated based on profit before tax and statutory tax rate	$ 680,691	$ 592,948
Impact of tax adjustments by tax regulations	(209,864)	(147,335)
Income tax on undistributed earnings	-	2,411
Effect from Alternative Miminum Tax	-	-
Prior year income tax underestimation	11	1,541
Income tax expense	$ 470,838	$ 449,565

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

	2025			
	January 1	Recognized in profit or loss	Recognized in other comprehensive income	December 31
Deferred tax assets				
Unrealized loss on valuation of financial assets	$ 77,808	($ 77,808)	$ -	$ -
Employee benefits-pension expense	780	348	(984)	144
Employee benefits-unused compensated absences	2,493	287	-	2,780
Expected credit impairment and reversal of profit from investment	1,140	(229)	-	911
Expected credit impairment and reversal of profit from non-investment	12	-	-	12
	$ 82,233	($ 77,402)	($ 984)	$ 3,847
Deferred tax liabilities				
Gain on revaluation of land	$ 41,555	($ 1,968)	$ -	$ 39,587
Gain upon reclassification of applying overlay approach	90,214	-	(89,116)	1,098
Unrealized profit on valuation of financial assets	-	11,821	-	11,821
Unrealized foreign exchange gains	296,450	(204,194)	-	92,256
Exchange differences on translation of foreign financial statements	35,347	-	(19,696)	15,651
	$ 463,566	($ 194,341)	($ 108,812)	$ 160,413

	2024			
	January 1	Recognized in profit or loss	Recognized in other comprehensive income	December 31
Deferred tax assets				
Unrealized loss on valuation of financial assets	$ -	$ 77,808	$ -	$ 77,808
Employee benefits-pension expense	4,042	(2,293)	(969)	780
Employee benefits-unused compensated absences	2,503	(10)	-	2,493
Expected credit impairment and reversal of profit from investment	758	382	-	1,140
Expected credit impairment and reversal of profit from non-investment	8	4	-	12
Exchange differences on translation of foreign financial statements	248	-	(248)	-
Loss carryforward	129,074	(129,074)	-	-
	$ 136,633	($ 53,183)	($ 1,217)	$ 82,233
Deferred tax liabilities				
Gain on revaluation of land	$ 41,555	$ -	$ -	$ 41,555
Gain upon reclassification of applying overlay approach	10,371	-	79,843	90,214
Unrealized profit on valuation of financial assets	36,298	(36,298)	-	-
Unrealized foreign exchange gains	77,778	218,672	-	296,450
Exchange differences on translation of foreign financial statements	-	-	35,347	35,347
	$ 166,002	$ 182,374	$ 115,190	$ 463,566

E. The Company’s income tax returns have been assessed and approved by the Tax Authority up to 2023.

(19) Employee benefits expense, depreciation and amortization

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

Expense \ Function	Year ended December 31, 2025		Year ended December 31, 2024	
	Operating Costs	Operating Expenses	Operating Costs	Operating Expenses
Employee benefits expense	$ -	$ 447,259	$ -	$ 400,000
Salaries	-	382,885	-	326,060
Employees' insurance	-	20,213	-	19,354
Pension	-	11,657	-	11,527
Directors' remuneration	-	16,893	-	27,743
Other employee benefits expense (Note 1)	-	15,611	-	15,316
Depreciation (Note 2)	1,677	11,921	1,785	10,907
Amortization	-	17,387	-	13,932

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

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

A. As of December 31, 2025 and 2024, the average numbers of employees were 175 and 178, respectively, and the average number of directors who were not employed as employees were 6 and 6, respectively.

B. According to the Company's Articles of Incorporation, after covering accumulated deficits with current year earnings, the remainder, if any, shall provision employees' compensation of no less than 0.5% and directors' remunerations of no more than 1%. Additionally, the amount allocated to basic employees from the total employees' compensation shall not be less than 25% of the total employees' compensation.

C. The Company's estimated employees' compensation of $34,424 and $30,006 for the years ended December 31, 2025 and 2024, respectively, were determined from earnings and the distribution in the past on a pro-rata basis, which fell within the scope of the Company's Articles of Incorporation's requirements. The aforementioned amounts were recognized in salary expense. The Company's estimated directors' remuneration were $4,500 and $5,828 for the years ended December 31, 2025 and 2024, respectively. The estimates, which were within the scope of the Company's Articles of Incorporation's requirements, were determined from earnings and the past distribution experiences during the tenure of directors. The aforementioned amounts were recognized in salary expense.

The 2024 employees' compensation of $30,006 and directors' remuneration of $5,828 as approved by the Board of Directors of the Company were in agreement with the amounts recognized in the 2024 financial statements, and employees' compensation and directors remuneration are distributed in the form of cash.

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

D. For the years ended December 31, 2025 and 2024, the averages of employee benefit expense were $2,547 and $2,164, respectively.

E. For the years ended December 31, 2025 and 2024, the averages of employee salaries expense were $2,266 and $1,896, respectively, and the average employee salaries expense decreased by 19.51% for the year ended December 31, 2025.

F. There was no supervisors' remuneration for the years ended December 31, 2025 and 2024.
Note: The Company has set up an audit committee, so there was no supervisors' remuneration.

G. The Company's compensation policy (including directors, managers, and employees):

(a) Directors: According to the Company's Articles of Incorporation and the remuneration payment policies for directors, after covering accumulated deficits with current year earnings, the remainder, if any, shall be provisioned for directors' remunerations of no more than 1%. Individual directors' remuneration is distributed based on the degree of each director's participation in the operation of the Company and the value of their contributions as well as in consideration of the general pay levels of the industry within the total directors' remuneration. The degree of each director's participation in the operation of the Company and the value of their contributions are determined by individual behavior and performance (including attendance, training performance, degree of participation in the operation of the Company, interaction with the operation team, etc.).

(b) Managers and employees: The distribution of managers' and employees' annual compensation is conducted in accordance with regulations such as the Company's Articles of Incorporation, compensation payment policies for managements, the management policies of employees' salary payment and factors such as profit of the current year and performance result after annual assessment; the distribution of year-end bonus and employees' compensation is also based on the same principles.

(c) In addition, the Company has set a remuneration committee to review the policy, system, standard and structure of the directors' and managers' remuneration regularly and to assess and structure of directors' and managers' remuneration regularly.

7. RELATED PARTY TRANSACTIONS

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

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

(2) Significant related party transactions and balances

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

	December 31, 2025	December 31, 2024
Other related parties	$ 133	$ 124

B. Other payables (shown under accounts payable)

	December 31, 2025	December 31, 2024
Parent	$ 723	$ 975

C. Operating revenues and operating costs

	Year ended December 31, 2025	Year ended December 31, 2024
Other related parties		
Gross premiums written	($ 7,657)	$ 29,679
Reinsurance premiums ceded	(8)	10
Reinsurance commission expenses	(2,831)	10,154
Reinsurance commission revenue	4	(16)
Reinsurance claims paid	10,901	3,911
Reinsurance claims recovery	(2)	-

D. Operating expenses

	Year ended December 31, 2025	Year ended December 31, 2024
Parent		
System service charge, fees paid to stock transfer agent and printing expenses, etc.	$ 7,175	$ 8,240

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

(3) Key management compensation

	Year ended December 31, 2025	Year ended December 31, 2024
Salaries and other short-term employee benefits	$ 47,771	$ 62,121
Post-employment benefits	1,048	1,399
	$ 48,819	$ 63,520

8. PLEDGED ASSETS

Please see Note 6 (5).

9. COMMITMENTS

As of the balance sheet date, the Company had legal claims arising from operating activities; however, these cases were withdrawn and concluded before the approval date of the financial statements, resulting in no litigation losses.

10. SIGNIFICANT ACCIDENTAL LOSS

None.

11. SIGNIFICANT SUBSEQUENT EVENTS

None.

12. OTHERS

(1) Fair value information

A. The fair value of the Company's financial instruments not measured at fair value is provided in Note 12 (1) F. The fair value of the Company's investment property measured at cost model is provided in Note 6 (8).

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

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

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

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

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C. The related information of financial instruments measured at fair value by level on the basis of the nature, characteristics and risks of the assets and liabilities as of December 31, 2025 and 2024 is as follows:

December 31, 2025	Level 1	Level 2	Level 3	Total
Non-derivatives				
Assets				
Recurring fair value measurements				
Financial assets at fair value through profit or loss				
Financial assets mandatorily measured at fair value through profit or loss				
Listed and over-the-counter common stocks	$ 5,788,522	$ -	$ -	$ 5,788,522
Listed and over-the-counter preferred stocks	-	159,883	-	159,883
Index funds	2,207,615	-	-	2,207,615
Open-end funds	5,307,828	-	-	5,307,828
Derivatives				
Assets				
Recurring fair value measurements				
Financial assets at fair value through profit or loss				
FX swap contracts	$ -	$ 95,925	$ -	$ 95,925
Forward foreign exchange contracts	-	14,215	-	14,215
Liabilities				
Recurring fair value measurements				
Financial liabilities at fair value through profit or loss				
FX swap contracts	$ -	$ 302,491	$ -	$ 302,491
Forward foreign exchange contracts	-	88,688	-	88,688

December 31, 2024	Level 1	Level 2	Level 3	Total
Non-derivatives				
Assets				
Recurring fair value measurements				
Financial assets at fair value through profit or loss				
Financial assets mandatorily measured at fair value through profit or loss				
Listed and over-the-counter common stocks	$ 4,809,284	$ -	$ -	$ 4,809,284
Listed and over-the-counter preferred stocks	-	155,150	-	155,150
Index funds	5,284,510	-	-	5,284,510
Open-end funds	2,748,534	-	-	2,748,534
Derivatives				
Assets				
Recurring fair value measurements				
Financial assets at fair value through profit or loss				
FX swap contracts	$ -	$ 8,398	$ -	$ 8,398
Forward foreign exchange contracts	-	8,303	-	8,303
Liabilities				
Recurring fair value measurements				
Financial liabilities at fair value through profit or loss				
FX swap contracts	$ -	$ 234,605	$ -	$ 234,605
Forward foreign exchange contracts	-	171,630	-	171,630

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

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

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

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

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

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

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

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

E. For the years ended December 31, 2025 and 2024, there were no transfer between Level 1 and Level 2.

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

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

	December 31, 2025			
		Fair value		
	Book value	Level 1	Level 2	Level 3
Financial assets				
Financial assets at amortized cost	$ 23,979,428	$ -	$ 23,881,712	$ -

	December 31, 2024			
		Fair value		
	Book value	Level 1	Level 2	Level 3
Financial assets				
Financial assets at amortized cost	$ 24,115,874	$ -	$ 23,195,430	$ -

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

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

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

Assets	December 31, 2025 Book value	Within 12 months	Over 12 months
Cash and cash equivalents	$ 12,487,427	$ 12,487,427	$ -
Accounts receivable	1,724,954	1,724,954	-
Non-current assets held for sale	47,009	47,009	-
Financial assets at fair value through profit or loss	13,573,988	13,573,988	-
Financial assets at amortized cost	22,682,296	2,513,199	20,169,097
Other financial assets	435,000	435,000	-
Investment property	340,756	-	340,756
Reinsurance contract assets	5,839,424	4,795,402	1,044,022
Property and equipment	271,027	-	271,027
Right-of-use asset	445	-	445
Intangible assets	18,006	-	18,006
Other assets	2,410,995	107,115	2,303,880
Liabilities			
Accounts payable	$ 929,191	$ 928,251	$ 940
Current income tax liabilities	456,713	456,713	-
Financial liabilities at fair value through profit or loss	391,179	391,179	-
Lease liabilities	463	374	89
Insurance liabilities	36,172,160	20,087,194	16,084,966
Other liabilities	19,023	19,023	-

Assets	December 31, 2024 Book value	Within 12 months	Over 12 months
Cash and cash equivalents	$ 11,701,505	$ 11,701,505	$ -
Accounts receivable	743,512	743,512	-
Current income tax assets	13,117	13,117	-
Financial assets at fair value through profit or loss	13,014,179	13,014,179	-
Financial assets at amortized cost	22,808,831	1,962,974	20,845,857
Investment property	382,284	-	382,284
Reinsurance contract assets	6,298,100	5,302,558	995,542
Property and equipment	281,703	-	281,703
Right-of-use asset	801	-	801
Intangible assets	10,394	-	10,394
Other assets	2,516,991	137,964	2,379,027
Liabilities			
Accounts payable	$ 1,333,363	$ 1,330,542	$ 2,821
Current income tax liabilities	182,686	182,686	-
Financial liabilities at fair value through profit or loss	406,235	406,235	-
Lease liabilities	824	374	450
Insurance liabilities	34,508,361	20,022,981	14,485,380
Other liabilities	55,187	52,754	2,433

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

Category of insurance	Year ended December 31, 2025 Gross premiums written (1)	Reinsurance premiums ceded (2)	Retention premiums (3)=(1)-(2)	Net change in unearned premium reserve (4)	Retention earned premiums (5)=(3)-(4)
Non-Compulsory insurance	$ 18,137,656	$ 839,657	$ 17,297,999	$ 203,569	$ 17,094,430
Compulsory insurance	2,866,361	-	2,866,361	13,199	2,853,162
	$ 21,004,017	$ 839,657	$ 20,164,360	$ 216,768	$ 19,947,592

Category of insurance	Year ended December 31, 2024 Gross premiums written (1)	Reinsurance premiums ceded (2)	Retention premiums (3)=(1)-(2)	Net change in unearned premium reserve (4)	Retention earned premiums (5)=(3)-(4)
Non-Compulsory insurance	$ 18,085,001	$ 1,104,903	$ 16,980,098	($ 235,510)	$ 17,215,608
Compulsory insurance	2,853,420	-	2,853,420	39,629	2,813,791
	$ 20,938,421	$ 1,104,903	$ 19,833,518	($ 195,881)	$ 20,029,399

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

	Year ended December 31, 2025		
Category of insurance	Reinsurance claims paid (1)	Reinsurance claims recovery (2)	Retention reinsurance claims paid (3)=(1)-(2)
Non-Compulsory insurance	$ 9,372,091	$ 473,190	$ 8,898,901
Compulsory insurance	2,578,636	-	2,578,636
	$ 11,950,727	$ 473,190	$ 11,477,537

	Year ended December 31, 2024		
Category of insurance	Reinsurance claims paid (1)	Reinsurance claims recovery (2)	Retention reinsurance claims paid (3)=(1)-(2)
Non-Compulsory insurance	$ 9,881,695	$ 506,019	$ 9,375,676
Compulsory insurance	2,603,765	-	2,603,765
	$ 12,485,460	$ 506,019	$ 11,979,441

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

	December 31, 2025	December 31, 2024
Assets		
Cash and cash equivalents	$ 5,083,611	$ 4,778,262
Due from reinsurers and ceding companies	477,181	473,903
	$ 5,560,792	$ 5,252,165
Liabilities		
Unearned premium reserve	$ 1,693,483	$ 1,680,284
Claims reserve	2,355,393	2,342,375
Special reserve	1,511,916	1,229,506
	$ 5,560,792	$ 5,252,165

Note: As of December 31, 2025 and 2024, time deposits that do not meet the definition of cash equivalents within the Company’s cash and cash equivalents for compulsory automobile liability insurance are reported under other financial assets, amounting to $435,000 and $0, respectively.

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

	Year ended December 31, 2025	Year ended December 31, 2024
Operating revenues		
Reinsurance premiums	$ 2,866,361	$ 2,853,420
Net change in unearned premium reserve	(13,199)	(39,629)
Retention earned premiums	2,853,162	2,813,791
Interest income	20,902	17,758
	$ 2,874,064	$ 2,831,549
Operating costs		
Reinsurance claims paid	$ 2,578,636	$ 2,603,765
Net change in claims reserve	13,018	62,352
Net change in special reserve	282,410	165,432
	$ 2,874,064	$ 2,831,549

13. RISK MANAGEMENT

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

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

(1) Financial instruments

A. Financial risk management policies

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

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

B. Significant financial risks and degrees of financial risks

(a) Market risk

i. Foreign exchange risk

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

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

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

	December 31, 2025		
	Foreign currency amount (in thousands)	Exchange rate	Book value
Assets			
Monetary items			
CNY	$ 195,407	4.501	$ 879,498
EUR	9,979	36.874	367,962
HKD	59,506	4.039	240,349
ILS	43,284	9.894	428,251
INR	383,935	0.350	134,284
JPY	2,978,647	0.201	598,088
USD	746,774	31.438	23,477,082
Non-monetary items			
JPY	8,866,173	0.201	1,780,257
USD	74,147	31.438	2,331,021
Liabilities			
Monetary items			
CNY	207,327	4.501	933,150
EUR	14,419	36.874	531,663
ILS	40,690	9.894	402,580
INR	487,016	0.350	170,338
JPY	1,523,877	0.201	305,982
KRW	12,862,339	0.022	279,427
USD	143,931	31.438	4,524,914

	December 31, 2024				
	Foreign currency amount (in thousands)		Exchange rate		Book value
Assets					
Monetary items					
CNY	$	214,934	4.468	$	960,331
EUR		11,120	34.122		379,425
ILS		52,397	8.964		469,683
JPY		1,775,678	0.210		372,892
TRY		123,616	0.927		114,599
USD		747,360	32.781		24,499,200
Non-monetary items					
JPY		6,630,876	0.210		1,392,484
USD		82,675	32.781		2,710,156
Liabilities					
Monetary items					
CNY		208,492	4.468		931,549
EUR		17,299	34.122		590,278
ILS		41,256	8.964		369,815
INR		431,406	0.383		165,205
JPY		980,784	0.210		205,964
KRW		15,292,639	0.022		339,901
TRY		193,124	0.927		179,038
USD		162,027	32.781		5,311,401

(ii) Sensitivity analysis of foreign exchange risk for monetary financial assets and liabilities listed in the table below is performed for reasonably possible changes in foreign exchange rates with other conditions held constant and without considering foreign exchange derivatives for hedge, the effects on profit or loss before tax for the years ended December 31, 2025 and 2024 are as follows:

	December 31, 2025		December 31, 2024	
Foreign currencies to NTD appreciate by 1%	$	175,144	$	172,760
Foreign currencies to NTD depreciate by 1%	(	175,144)	(	172,760)

ii. Price risk

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

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

(iii) The Company's investments comprise equity securities and REITs, etc. Their fair value would change due to the change of the prices of equity securities. If the prices of these equity securities and REITs had increased/decreased by 5% with all other variables held constant, the effects on profit and loss and equity in the years ended December 31, 2025 and 2024 are as follows:

	December 31, 2025		
	Changes in variables	Changes in profit or loss before tax	Changes in other comprehensive income (before tax)
Financial assets at fair value through profit or loss	Increased/ decreased by 5%	$ 503,712	$ 169,480

	December 31, 2024		
	Changes in variables	Changes in profit or loss before tax	Changes in other comprehensive income (before tax)
Financial assets at fair value through profit or loss	Increased/ decreased by 5%	$ 19,752	$ 630,122

iii. Interest rate risk

As of December 31, 2025, debt instruments held by the Company were all classified as financial assets at amortized cost. Therefore, the Company was not exposed to interest rate risk.

(b) Credit risk

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

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

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

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

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

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

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

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

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

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

v. The Company uses the following indicators to assess whether a financial asset has a credit impairment:

(i) A breach of contract, such as a default or delinquency in interest or principal payments; when a contract (excluding the debt instruments) is overdue more than 90 days, it is deemed breached.

(ii) The issuer enters into bankruptcy or reorganization that significantly affects its business.

vi. The Company wrote-off the financial assets partially or entirely to the extent of the amount which cannot be reasonably expected to be recovered. The indicators for reasonably expected to be unrecoverable include:

(i) The recourse procedure has ceased.

(ii) The debtor's assets or income is evaluated to be insufficient to repay outstanding payments.

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

	December 31, 2025	December 31, 2024
	12 Months	12 Months
Bond interest receivable		
Group 1	0.0000%	0.0000%
Group 2	0.0000%~0.0265%	0.0000%~0.0266%
Group 3	0.0175%~0.0440%	0.0181%~0.0440%
Group 4	0.0995%~0.1101%	0.1066%~0.1174%
Group 5	-	-
Debt instruments at amortized cost		
Group 1	0.0000%	0.0000%
Group 2	0.0000%~0.0265%	0.0000%~0.0266%
Group 3	0.0175%~0.0440%	0.0181%~0.0440%
Group 4	0.0995%~0.1101%	0.1066%~0.1174%
Group 5	-	-

Group 1: S&P AAA or equivalents.

Group 2: Over S&P AA- or equivalents.

Group 3: Over S&P A- or equivalents.

Group 4: Over S&P BBB- or equivalents.

Group 5: Under S&P BBB- or equivalents.

As of December 31, 2025 and 2024, the Company's bond interest receivable and debt instruments at amortized cost did not have significant increase in credit risk during lifetime. The following credit risk information for the accounts receivable – bond interest receivable and investments in debt instruments at amortized cost is rated in 12-month period as of December 31, 2025 and 2024:

	December 31, 2025	December 31, 2024
	12 Months	12 Months
Bond interest receivable		
Group 1	$ 20,366	$ 11,489
Group 2	73,911	63,745
Group 3	143,202	145,035
Group 4	2,741	2,143
	$ 240,220	$ 222,412
Debt instruments at amortized cost		
Group 1	$ 1,917,375	$ 1,769,367
Group 2	7,558,672	7,105,084
Group 3	14,009,518	14,948,040
Group 4	499,998	299,999
	$ 23,985,563	$ 24,122,490

Movements of loss allowance for bond interest receivable and investments in debt instruments at amortized cost as of December 31, 2025 and 2024 are as follows:

	2025	2024
	12 Months	12 Months
Bond interest receivable		
At January 1	$ 64	$ 41
Provision	-	23
Recovery	(2)	-
At December 31	$ 62	$ 64

	2025	2024
	12 Months	12 Months
Debt instruments at amortized cost		
At January 1	$ 6,616	$ 5,025
Provision	-	1,591
Recovery	(481)	-
At December 31	$ 6,135	$ 6,616

viii. The Company considers expected loss rate based on historical and current information and takes into account forecasts of future economic conditions to estimate expected credit loss of accounts receivable (excluding bond interest receivable) and other financial assets at amortized cost. As of December 31, 2025 and 2024, the Company's accounts receivable (excluding bond interest receivable) and other financial assets at amortized cost are not overdue or past due no more than 30 days. The Company therefore assessed credit risk as low and do not recognize loss allowance for credit loss. The book value as of December 31, 2025 and 2024, are as follows:

	December 31, 2025	December 31, 2024
	12 Months	12 Months
Accounts receivable (excluding bond interest)	$ 1,484,796	$ 521,164
Other financial assets	435,000	-
Refundable deposits under other assets	116,367	76,122

(c) Liquidity risk

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

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

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

(i) Non-derivative financial liabilities

December 31, 2025	Due in one year	Due after one year through three years	Total
Accounts payable	$ 928,251	$ 940	$ 929,191
Deposits-in (under other liabilities)	4,514	-	4,514

December 31, 2024	Due in one year	Due after one year through three years	Total
Accounts payable	$ 1,330,542	$ 2,821	$ 1,333,363
Deposits-in (under other liabilities)	2,180	2,433	4,613

(ii) Net-settled derivative financial liability

December 31, 2025	Due in three months	Due after three months through one year	Total
FX swap contracts	$ 28,197	$ 274,294	$ 302,491
Forward foreign exchange contracts	31,212	57,476	88,688

December 31, 2024	Due in three months	Due after three months through one year	Total
FX swap contracts	$ 87,577	$ 147,028	$ 234,605
Forward foreign exchange contracts	104,802	66,828	171,630

(2) Risk management of insurance contracts

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

A. Measurement and management of insurance risk:

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

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

(a) Underwriting policy

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

(b) Retrocession strategy

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

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

B. Concentration of insurance risk

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

Year / Type	Year ended December 31, 2025		Year ended December 31, 2024	
	Reinsurance premiums	Retention premiums	Reinsurance premiums	Retention premiums
Domestic inward property reinsurance business	63.79%	63.34%	63.51%	62.74%
Domestic inward life reinsurance business	18.84%	19.53%	17.22%	18.04%
Subtotal-Domestic inward reinsurance business	82.63%	82.87%	80.73%	80.78%
Foreign inward reinsurance business	17.37%	17.13%	19.27%	19.22%
Total	100.00%	100.00%	100.00%	100.00%

C. Sensitivity analysis of insurance risk

The retention earned premium income of the Company (excluding the compulsory automobile liability insurance business) for the years ended December 31, 2025 and 2024 were $17,094,430 and $17,215,608, respectively. If the change of combined ratio of the Company is 1%, the estimated effect on gains and losses of underwriting for the years ended December 31, 2025 and 2024 would be approximately $170,944 and $172,156, respectively.

D. Loss development pattern

(a) As of December 31, 2025, the following table indicates the loss development pattern of the Company's inward business:

Year of underwriting	2020	2021	2022	2023	2024	2025	Total
Non-statutory insurance							
Accumulated estimated claim amount							
At the end of the year	$ 6,182,109	$ 7,121,181	$ 6,244,330	$ 7,099,315	$ 6,766,401	$ 7,181,888	
After the first year	10,391,862	17,191,845	11,132,563	12,287,769	11,026,135	-	
After the second year	9,750,131	16,763,192	10,759,324	11,814,680	-	-	
After the third year	9,562,171	16,339,306	10,436,714	-	-	-	
After the fourth year	9,520,746	16,234,672	-	-	-	-	
After the fifth year	9,498,626	-	-	-	-	-	
Accumulated estimated claim amount	9,498,626	16,234,672	10,436,714	11,814,680	11,026,135	7,181,888	$ 66,192,715
Accumulated claim payment	(8,795,307)	(14,946,719)	(8,692,211)	(8,280,411)	(5,446,996)	(425,087)	(46,586,731)
Accumulated unpaid claim	703,319	1,287,953	1,744,503	3,534,269	5,579,139	6,756,801	19,605,984
Accumulated unpaid claim before 2019							2,798,048
Subtotal							22,404,032
Provision for statutory insurance claims reserve (Note)	-	-	22,811	417,863	1,292,549	622,305	2,355,528
Total							$ 24,759,560

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

(b) As of December 31, 2025, the following table indicates the loss development pattern of the Company's retention business:

Year of underwriting	2020	2021	2022	2023	2024	2025	Total
Non-statutory insurance							
Accumulated estimated claim amount							
At the end of the year	$ 5,507,600	$ 6,488,150	$ 5,713,533	$ 6,662,305	$ 6,351,673	$ 6,751,143	
After the first year	9,303,467	16,256,724	10,194,290	11,668,289	10,346,216	-	
After the second year	8,729,938	15,838,737	9,918,244	11,270,286	-	-	
After the third year	8,615,288	15,449,163	9,638,206	-	-	-	
After the fourth year	8,603,512	15,349,427	-	-	-	-	
After the fifth year	8,594,849	-	-	-	-	-	
Accumulated estimated claim amount	8,594,849	15,349,427	9,638,206	11,270,286	10,346,216	6,751,143	$ 61,950,127
Accumulated claim payment	(7,922,486)	(14,134,932)	(8,078,943)	(7,880,531)	(5,236,579)	(439,944)	(43,693,415)
Accumulated unpaid claim	672,363	1,214,495	1,559,263	3,389,755	5,109,637	6,311,199	18,256,712
Accumulated unpaid claim before 2019							2,722,136
Subtotal							20,978,848
Provision for statutory insurance claims reserve (Note)	-	-	22,811	417,863	1,292,549	622,305	2,355,528
Total							$ 23,334,376

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

(c) As of December 31, 2024, the following table indicates the loss development pattern of the Company's inward business:

Year of underwriting	2019	2020	2021	2022	2023	2024	Total
Non-statutory insurance							
Accumulated estimated claim amount							
At the end of the year	$ 5,429,011	$ 6,182,109	$ 7,121,181	$ 6,244,330	$ 7,099,315	$ 6,766,401	
After the first year	8,960,138	10,391,862	17,191,845	11,132,563	12,287,769		
After the second year	8,642,445	9,750,131	16,763,192	10,759,324			
After the third year	8,631,181	9,562,171	16,339,306	-			
After the fourth year	8,615,653	9,520,746	-	-			
After the fifth year	8,596,403	-	-	-			
Accumulated estimated claim amount	8,596,403	9,520,746	16,339,306	10,759,324	12,287,769	6,766,401	$ 64,269,949
Accumulated claim payment	(8,031,310)	(8,502,524)	(14,476,679)	(7,961,725)	(6,005,488)	(511,410)	(45,489,136)
Accumulated unpaid claim	565,093	1,018,222	1,862,627	2,797,599	6,282,281	6,254,991	18,780,813
Accumulated unpaid claim before 2018							2,395,498
Subtotal							21,176,311
Provision for statutory insurance claims reserve (Note)	-	-	37,834	419,115	1,245,554	640,145	2,342,648
Total							$ 23,518,959

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

(d) As of December 31, 2024, the following table indicates the loss development pattern of the Company's retention business:

Year of underwriting	2019	2020	2021	2022	2023	2024	Total
Non-statutory insurance							
Accumulated estimated claim amount							
At the end of the year	$ 4,965,602	$ 5,507,600	$ 6,488,150	$ 5,713,533	$ 6,662,305	$ 6,351,673	
After the first year	8,197,721	9,303,467	16,256,724	10,194,290	11,668,289	-	
After the second year	7,937,308	8,729,938	15,838,737	9,918,244	-	-	
After the third year	7,966,700	8,615,288	15,449,163	-	-	-	
After the fourth year	7,956,012	8,603,512	-	-	-	-	
After the fifth year	7,946,804	-	-	-	-	-	
Accumulated estimated claim amount	7,946,804	8,603,512	15,449,163	9,918,244	11,668,289	6,351,673	$ 59,937,685
Accumulated claim payment	(7,401,319)	(7,676,131)	(13,702,885)	(7,391,926)	(5,699,964)	(516,962)	(42,389,187)
Accumulated unpaid claim	545,485	927,381	1,746,278	2,526,318	5,968,325	5,834,711	17,548,498
Accumulated unpaid claim before 2018							2,313,551
Subtotal							19,862,049
Provision for statutory insurance claims reserve (Note)	-	-	37,834	419,115	1,245,554	640,145	2,342,648
Total							$ 22,204,697

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

(3) Climate-related risk

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

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

14. THE OBJECTIVE, POLICY AND PROCEDURE OF CAPITAL MANAGEMENT

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

Pursuant to Article 5 of “Regulations Governing Capital Adequacy of Insurance Companies”, the capital adequacy level of an insurance enterprise refers to the capital adequacy ratio equaling or exceeding 200% and the net worth ratio being at least 3% in one of the most recent two periods. The Company calculates the capital adequacy ratio every six months in accordance with the “Regulations Governing Capital Adequacy of Insurance Companies” to ensure that it can continuously meet the statutory capital requirement.

In accordance with the “Regulations Governing Capital Adequacy of Insurance Companies”, the capital adequacy ratio is calculated as self-owned capital divided by risk-based capital. Self-owned capital is classified into Tier 1 unlimited capital, Tier 1 limited capital and Tier 2 capital graded 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 worth ratio means that the owner's equity divided by total assets. Capital adequacy ratios and the net worth ratio of the Company of the latest two years were all at capital adequacy level. In addition, the net worth ratio of the Company as of December 31, 2025 and 2024, is 36.28% and 36.13%, respectively, in accordance with the Article 15 of the “Regulations Governing the Preparation of Financial Reports by Insurance Enterprises”.

15. OTHER DISCLOSURES

(1) Information of significant transactions

A. Acquisition of real estate in excess of $100,000 or 20% of the paid-in capital: None.

B. Disposals of real estate in excess of $100,000 or 20% of the paid-in capital: None.

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

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

E. Derivative business transactions: Please see Note 6 (4).

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

(2) Information related to long-term investments

None.

(3) Investments in Mainland China and business transactions

None.

16. SEGMENT INFORMATION

(1) General information

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

(2) Product information

The Company has only one kind of product; therefore, disclosure of financial information by product is not applicable.

(3) Geographical information

Premium income of the Company from domestic and foreign clients for the years ended December 31, 2025 and 2024 are as follows:

	Year ended December 31, 2025	Year ended December 31, 2024
Domestic inward reinsurance	$ 17,356,049	$ 16,904,580
Foreign inward reinsurance	3,647,968	4,033,841
	$ 21,004,017	$ 20,938,421

(4) Major customer information

There are specific customers of Compulsory Motor Insurance Pool that contributed over 10% of the total revenue stated on the Company's statement of comprehensive income. In 2025 and 2024, the premium income from these customers amounted to $2,866,361 and $2,853,420, constituting 13.65% and 13.63% of the related totals, respectively.

17. BORROWINGS RESULTED FROM PAYMENT OF CLAIMS

None.

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

Please refer to Note 6(12) for details.

19. IMPORTANT LAWSUITS IN PROGRESS OR ADJUDICATED

    None.

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

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

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

    None.

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

    None.

23. EFFECTS OF SIGNIFICANT CHANGES IN GOVERNMENT LAWS

    None.

24. INFORMATION ON DISCONTINUED OPERATIONS

    None.

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

    None.