ShinKong Insurance Co., Ltd.

Financial Statements and Independent Auditor's Review Report

For the First Quarter of 2026 and 2025

The reader is advised that these financial statements have been prepared originally in Chinese. These financial statements do not include additional disclosure information that is required for Chinese-language reports under the Regulations Governing the Preparation of Financial Reports by Insurance Enterprises. If there is any conflict between these financial statements and the Chinese version or any difference in the interpretation of the two versions, the Chinese language financial statements shall prevail.

Company address: 11F., NO.13, Chienkuo N.Rd., Sec.2 Taipei, Taiwan, R.O.C.

Tel. No.: (02)2507-5335

ShinKong Insurance Co., Ltd.
For the First Quarter of 2026 and 2025
Financial review reports
Table of Contents

Review report of independent auditors

To ShinKong Insurance Co., Ltd.

Introduction

We have reviewed the accompanying balance sheet of ShinKong Insurance Co., Ltd. as of March 31, 2026 and the related statements of income, retained earnings, cash flows and notes (including the summary of major accounting policies) to the financial statements for the years then ended. These financial statements to be prepared in accordance with "Regulations Governing the Preparation of Financial Reports by Insurance Enterprises" and the International Accounting Standards (IAS) 34 "Interim Financial Reporting" that was recognized and announced with effect by the Financial Supervisory Commission are the responsibility of the company's management. Our responsibility is to make a conclusion on these financial statements based on our review.

Scope

We conducted our review in accordance with Standards on Review Engagements (TWSRE) No.2410 "Review of Financial Statements." Those standards require that we perform inquiries (mainly to the personnel in charge of finance and accounting matters), analytical procedures, and other review procedures. The scope of a review is apparently not to the extent of an audit; therefore, we would not be able to detect all identifiable matters through an audit, and we could not issue an audit opinion.

Conclusion

In our conclusion, the financial statements referred to above present fairly, in all material respects, the financial position of ShinKong Insurance Co., Ltd. as of March 31, 2026, and the results of its operations and its cash flows for the years then ended in conformity with the "Regulations Governing the Preparation of Financial Reports by Insurance Enterprises" and the International Accounting Standards (IAS) 34 "Interim Financial Reporting" that was recognized and announced with effect by the Financial Supervisory Commission.

Other matter — Initial review

The financial statements before restatement for the comparative period of ShinKong Insurance Co., Ltd. were audited and reviewed by other accountants, and issued unqualified audit report and unqualified review report on March 13, 2026 and April 23, 2025, respectively.

As stated in Note 3(1), ShinKong Insurance Co., Ltd. first applied International Financial Reporting Standard 17 "Insurance Contracts" on January 1, 2026, and retrospectively restated financial statements for the comparative period of 2025. Other accountants did not re-sign the audit and review reports on the restated financial statements for the comparative period.

We have performed the necessary review procedures and reviewed the adjusting entries for the restated financial statements. Based on our reviews, no improper matters were found in these adjusting entries.

Wang, Yu-Hsin Kuo, Puo-Ju

For and on behalf of PricewaterhouseCoopers, Taiwan
April 29, 2026

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.

(English Translation of Financial Statements Originally Issued in Chinese)

ShinKong Insurance Co., Ltd

Balance Sheet

As at March 31, 2026, December 31, 2025, March 31, 2025 and January 1, 2025

Unit: NTD thousands

	Assets	Note	March 31, 2026		December 31, 2025 (Restatement)		March 31, 2025 (Restatement)		January 1, 2025 (Restatement)	
			Amount	%	Amount	%	Amount	%	Amount	%
11000	Cash and cash equivalents	6(1)	$14,722,947	25	$12,826,413	23	$14,065,282	26	$14,896,632	29
12000	Accounts receivable	6(2)	816,561	1	664,881	1	682,892	1	611,090	1
14110	Financial assets at fair value through profit or loss	6(3)	3,697,959	6	11,311,545	20	8,487,070	16	7,727,387	15
14145	Financial assets at amortized cost	6(5)	13,166,264	23	15,581,212	27	13,641,032	25	13,156,450	26
14180	Other Financial assets	6(6)	-	-	299,949	1	299,761	1	299,752	1
14190	Financial assets at fair value through other comprehensive income	6(4)	10,177,899	18	1,259,691	2	1,326,859	2	1,305,115	3
14200	Investment property	6(8)	2,473,831	4	2,477,984	4	2,514,763	5	2,518,994	5
15000	Reinsurance contract assets	6(12)	10,456,518	18	10,286,543	18	11,018,987	20	8,112,730	16
16000	Property, plant, and equipment	6(7)	1,048,598	2	1,064,203	2	1,138,817	2	1,166,795	2
16700	Right-of-use assets	6(23)	297,538	1	25,194	-	32,829	-	32,633	-
17000	Intangible assets	6(9)	45,120	-	48,358	-	55,181	-	25,970	-
17800	Deferred income tax assets		283,926	-	171,735	-	188,276	-	183,187	-
18000	Other assets	6(10)	912,122	2	1,011,704	2	920,006	2	921,275	2
1XXXX	Total assets		$58,099,283	100	$57,029,412	100	$54,371,755	100	$50,958,010	100

(To be continued)

(English Translation of Financial Statements Originally Issued in Chinese)

ShinKong Insurance Co., Ltd

Balance Sheet (continued)

As at March 31, 2026, December 31, 2025, March 31, 2025 and January 1, 2025

Unit: NTD thousands

	Liabilities and equity	Note	March 31, 2026		December 31, 2025 (Restatement)		March 31, 2025 (Restatement)		January 1, 2025 (Restatement)	
			Amount	%	Amount	%	Amount	%	Amount	%
21000	Accounts Payables	6(11)	$1,371,232	2	$1,357,766	2	$1,000,960	2	$1,188,934	2
21700	Current income tax liabilities		753,940	1	487,940	1	519,237	1	364,300	1
23200	Financial liabilities at fair value through profit or loss	6(3)	129,879	-	80,758	-	157,013	-	108,915	-
23800	Lease liabilities	6(23)	304,083	1	25,763	-	33,378	-	33,155	-
24000	Insurance contract liabilities	6(12)	28,610,325	49	28,169,596	49	27,506,460	51	23,315,380	46
27000	Reserve for liabilities		-	-	-	-	-	-	19,367	-
28000	Deferred tax liabilities		41,871	-	516,196	1	627,024	1	628,842	1
25000	Other liabilities	6(24)	5,048,795	9	3,865,211	7	2,853,687	5	3,950,004	8
2XXXX	Total liabilities		36,260,125	62	34,503,230	60	32,697,759	60	29,608,897	58
31000	Capital stock	6(14)	3,159,633	6	3,159,633	6	3,159,633	6	3,159,633	6
32000	Capital reserves	6(15)	64,839	-	64,839	-	64,839	-	64,839	-
33000	Retained earnings									
33100	Legal reserve		5,308,756	9	5,308,756	9	4,642,095	9	4,642,095	9
33200	Special reserve		8,491,690	15	8,491,690	15	7,665,283	14	7,665,283	15
33300	Undistributed earnings		4,059,748	7	5,594,512	10	6,206,147	11	5,898,835	12
34000	Other equity	6(17)	754,492	1	(93,248)	-	(64,001)	-	(81,572)	-
3XXXX	Total equity		21,839,158	38	22,526,182	40	21,673,996	40	21,349,113	42
	Total Liabilities and Equity		$58,099,283	100	$57,029,412	100	$54,371,755	100	$50,958,010	100

(Please refer to Notes to the Financial Statements)

Chairman: WU, HSIN-HUNG President: HO, YING-LAN Accounting Supervisor: TSENG, YA-FANG

(English Translation of Financial Statements Originally Issued in Chinese)

ShinKong Insurance Co., Ltd.

Statement of Comprehensive Income

January 1 to March 31, 2026 and 2025

Unit: NTD thousands

(Expressed in Thousands of New Taiwan dollars, except for Earnings Per Share)

	Account titles	Note	From January 1 to March 31, 2026 Amount	%	(Restatement) From January 1 to March 31, 2025 Amount	%
	Insurance service result					
41101	Insurance revenue	6(12)	$6,678,606	100	$6,469,901	100
51101	Insurance service expenses	6(12)	(3,910,255)	(58)	(7,478,116)	(116)
51201	Income or expenses from reinsurance contracts held	6(12)	(1,402,746)	(21)	1,612,654	25
	Insurance service result		1,365,605	21	604,439	9
	Financial result					
41500	Net gain(loss) from investment					
41510	Interest revenue		141,259	2	152,668	2
41521	Gain (loss) on financial assets and liabilities at fair value through profit or loss		56,391	1	(401,779)	(6)
41526	Net gains from derecognition of financial assets at amortized cost	6(5)	-	-	(14,782)	-
41527	Realized gains (losses) on financial assets at fair value through other comprehensive income	6(4)	9,460	-	-	-
41550	Profit or loss from foreign exchange		25,849	-	57,935	1
41570	Profit or loss from investment property	6(8)	16,366	-	18,908	-
41585	Expected credit impairment losses and gains on reversal of investments	6(22)	(98)	-	(66)	-
41590	Other net gain(loss) from investment		(11,133)	-	(10,527)	-
51401	Insurance finance income or expenses	6(12)	(36,414)	-	(66,683)	(1)
51501	Finance income or expenses of reinsurance contracts held	6(12)	19,319	-	32,985	1
	Total financial result		220,999	3	(231,341)	(3)
	Other operating result					
41800	Other operating income		12,693	-	171,184	2
51800	Other operating costs		(52,164)	(1)	(63,836)	(1)
51700	Finance costs		(784)	-	(246)	-
58000	Other operating expenses		(38,999)	-	(19,962)	-
	Total other operating result		(79,254)	(1)	87,140	1
	Net operating income (loss)		1,507,350	23	460,238	7
59000	Non-operating revenues and expenses		854	-	1,152	-
62000	**Income from continuing operations before tax**		1,508,204	23	461,390	7
63000	Income tax expense		(248,433)	(4)	(154,078)	(2)
66000	**Net income**		$1,259,771	19	$307,312	5
83000	**Other comprehensive income**					
83100	**Items that are not re-classified as profit or loss**					
83190	Gains (losses) on equity instruments at fair value through other comprehensive income		227,332	3	14,888	-
83200	**Items that are or may be reclassified subsequently to profit or loss**					
83290	Gains (losses) on debt instruments at fair value through other comprehensive income		(10,249)	-	3,353	-
83280	Income taxes relating to items that are or may be reclassified subsequently to profit or loss		2,050	-	(670)	-
83000	**Other Comprehensive income in current period (net after tax)**		$219,133	3	$17,571	-
85000	**Total comprehensive income in current period**		$1,478,904	22	$324,883	5
	Earnings per share					
	Basic earnings per share	6(21)	$3.99		$0.97	

(Please refer to Notes to the Financial Statements)

Chairman: WU, HSIN-HUNG President: HO, YING-LAN Accounting Supervisor: TSENG, YA-FANG

(English Translation of Financial Statements Originally Issued in Chinese)

ShinKong Insurance Co., Ltd.

Statement of Changes in Equity

January 1 to March 31, 2026 and 2025

Unit: NTD thousands

	Note	Capital stock	Capital reserves	Retained earnings: Legal reserve	Retained earnings: Special reserve	Retained earnings: Undistributed earnings	Other equity: Unrealized gain on financial assets measured at fair value through other comprehensive profit or loss	Other equity: Other comprehensive income reclassified using the overlay approach	Total equity
January 1 to March 31, 2025									
Balance as of January 1, 2025		$3,159,633	$64,839	$4,642,095	$7,665,283	$2,927,717	$(81,572)	$858,078	$19,236,073
Effect of retrospective application for first-time application of IFRS17	23(9)	-	-	-	-	2,971,118	-	(858,078)	2,113,040
Balance as of January 1, 2025 after restatement		3,159,633	64,839	4,642,095	7,665,283	5,898,835	(81,572)	-	21,349,113
Net income in January 1 to March 31, 2025		-	-	-	-	307,312	-	-	307,312
Other comprehensive income in January 1 to March 31, 2025		-	-	-	-	-	17,571	-	17,571
Total comprehensive income in current period		-	-	-	-	307,312	17,571	-	324,883
Balance as of March 31, 2025		$3,159,633	$64,839	$4,642,095	$7,665,283	$6,206,147	$(64,001)	$-	$21,673,996
January 1 to March 31, 2026									
Balance as of January 1, 2026 (before adjustment)		$3,159,633	$64,839	$5,308,756	$8,491,690	$5,594,512	$(93,248)	$-	$22,526,182
First-time application of IFRS17 redesignation of financial assets	23(9)	-	-	-	-	(982,405)	599,370	-	(383,035)
Deposits catastrophic special reserves	6(24)	-	-	-	-	(1,782,893)	-	-	(1,782,893)
Balance as of January 1, 2026 (after adjustment)		$3,159,633	$64,839	$5,308,756	$8,491,690	$2,829,214	$506,122	-	$20,360,254
Net income in January 1 to March 31, 2026		-	-	-	-	1,259,771	-	-	1,259,771
Other comprehensive income in January 1 to March 31, 2026		-	-	-	-	-	219,133	-	219,133
Total comprehensive income in current period		-	-	-	-	1,259,771	219,133	-	1,478,904
Disposal of investments in equity instruments designated at fair value through other comprehensive income		-	-	-	-	(29,237)	29,237	-	-
Balance as of March 31, 2026		$3,159,633	$64,839	$5,308,756	$8,491,690	$4,059,748	$754,492	$-	$21,839,158

(Please refer to Notes to the Financial Statements)

Chairman: WU, HSIN-HUNG President: HO,YING-LAN Accounting Supervisor: TSENG, YA-FANG

(English Translation of Financial Statements Originally Issued in Chinese)

ShinKong Insurance Co., Ltd.

Statements of Cash Flows

January 1 to March 31, 2026 and 2025

Unit: NTD thousands

	From January 1 to March 31, 2026	From January 1 to March 31, 2025 (Restatement)
Cash flow from operating activities		
Income from continuing operations before tax	$1,508,204	$461,390
Adjusted Items		
Revenue, expense and loss		
Depreciation expenses	28,215	19,590
Amortization expenses	5,762	6,929
Net losses (gains) on financial assets and liabilities at fair value through profit or loss	(56,374)	401,779
Net (loss) gain arising from derecognition of financial assets measured at amortised cost	-	14,781
Interest expenses	784	246
Interest income	(141,259)	(152,668)
Dividend income	(9,460)	-
Expected credit impairment losses (reversal gains) of investments	98	66
Expected credit impairment losses of (reversal gains) non-investments	259	(2,908)
(Gains) losses on disposal or scrapping of property and equipment	75	6
Changes in operating assets and liabilities		
Changes in operating assets		
Decrease (increase) in accounts receivable	(54,101)	(10,775)
(Increase) decrease in financial assets at fair value through profit or loss	1,904,348	(1,172,930)
Increase in financial assets at fair value through other comprehensive income	(595,231)	(3,504)
Increase in financial assets at amortized cost	(413,510)	(499,437)
(Increase) decrease in other financial assets	300,000	-
(Increase) decrease of reinsurance contracts assets	(169,975)	(2,906,257)
Decrease (increase) of other assets	100,668	476
Changes in operating liabilities		
Increase (Decrease) of accounts payables	13,466	(187,972)
Increase (Decrease) in financial liabilities at fair value through profit or loss	49,121	48,098
Increase (Decrease) of insurance contract liabilities	440,729	4,191,080
Increase (Decrease) of reserve for liabilities	-	(19,367)
Increase (Decrease) of other liabilities	(1,056,695)	(1,096,317)
Cash (outflow) inflow from operating activities	1,855,124	(907,695)
Interest received	47,472	102,327
Dividend received	6,927	3,760
Interest paid	(51)	(59)
Income tax paid	(6,032)	(6,719)
Net cash (used in) provided by operating activities	1,903,440	(808,386)
Cash flows from investment activities		
Acquisition of property and equipment	(3,969)	(16,953)
Acquisition of intangible assets	-	(2,330)
Net cash used in investing activities	(3,969)	(19,283)
Cash flows from financing activities		
Principle repayment of lease liabilities	(2,937)	(3,681)
Net cash used in financing activities	(2,937)	(3,681)
(Decrease) Increase of cash and cash equivalents in current period	1,896,534	(831,350)
Balance of cash and cash equivalents at the beginning of period	12,826,413	14,896,632
Balance of cash and cash equivalents at the ending of period	$14,722,947	$14,065,282

(Please refer to Notes to the Financial Statements)

Chairman: WU, HSIN-HUNG President: HO,YING-LAN Accounting Supervisor: TSENG, YA-FANG

(English Translation of Financial Statements Originally Issued in Chinese)
ShinKong Insurance Co., Ltd.
Notes to financial statements
For the First Quarter of 2026 and 2025
Unit: NTD thousands (unless otherwise stated)

1. Company history and business scope

Shin Kong Insurance Co., Ltd. (hereinafter referred to as the Company) held a founding shareholders' meeting on March 20, 1963, and officially started the business on May 1 of the same year. With the main business of property insurance, the Company was initially settled at No. 43 Guanqian Road, Taipei City, and later moved to No. 35, Section 1, Wuchang Street, Taipei City on April 24, 1965 to meet the business expansion, and then moved to No. 34, Baoqing Road, Taipei City on January 30, 1973, and then again moved to the new corporate building at No. 15, Section 2, Jianguo North Road on January 20, 1983 for business expansion and restructuring. The Company has a total of 22 branches, including offices in Banqiao, Taoyuan, Hsinchu, Taichung, Shalu, Changhua, Yunlin, Chiayi, Tainan, Kaohsiung, Pingtung, Shilin, Yuanlin, Fengshan, Nantou, Zhongli, Lanyang, Xizhi, Shuanghe, Neihu, Sanchong, and international insurance businesses. The branches have a total of 3 communications offices, with service posts established all over Taiwan.

The Company's capital was initially NT$ 32,000 in 1963. Through the years of capital increase, as of December 31, 2026, the paid-in capital amounted to NT$ 3,159,633.

2. Financial Reporting Date and Procedures

This financial report was approved by the Board of Directors and released on April 29, 2026.

3. Application of New and Revised Standards and Interpretation

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 2026 are as follows:

New Standards, Interpretations and Amendments	Effective date by IASB
Specific provisions of Amendments to IFRS 9 and IFRS 7, 'Amendments to the classification and measurement of financial instruments'	January 1, 2026
Amendments to IFRS 9 and IFRS 7, 'Contracts referencing nature-dependent electricity'	January 1, 2026
IFRS 17, 'Insurance contracts'	January 1, 2023
Amendments to IFRS 17, 'Insurance contracts'	January 1, 2023
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

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:

(1) Certain amendments to IFRS 9 and IFRS 7, 'Amendments to the classification and measurement of financial instruments'

A. 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:
(A) the practical ability to withdraw, stop or cancel the payment instruction;
(B) the practical ability to access the cash used for settlement; and
(C) significant settlement risk associated with the electronic payment system.

B. 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. 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. Related disclosures are provided in Note 6.4.

(2) The Company adopted IFRS 17 for the first time on January 1, 2026. The related accounting policies are disclosed in Note 4.13. In accordance with the effective date and transition requirements of IFRS 17, the comparative financial statements for 2025 have been retrospectively restated.

In addition, pursuant to the transition provisions of IFRS 17, the Company was permitted, at the date of initial application, to reassess the classification of financial assets under IFRS 9 and apply such designation and classification retrospectively. However, the Company did not restate the comparative-period financial statements for the re-designated financial assets, nor did it apply the classification overlay approach to adjust comparative financial assets.

For the effects of the retrospective restatement upon adoption of IFRS 17 and the re-designation of financial assets as of January 1, 2025 and January 1, 2026, please refer to Note 23.9.

2. <u>Effect of new issuances of or amendments to IFRS Accounting Standards as endorsed by the FSC but not yet adopted by the Company</u>
None.

3. <u>IFRS Accounting Standards issued by IASB but not yet endorsed by the FSC</u>

New standards, interpretations and amendments issued by IASB but not yet included in the IFRS

Unit: NTD thousands (unless otherwise stated)

Accounting Standards as endorsed by the FSC are as follows:

New Standards, Interpretations and Amendments	Effective date by IASB
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 IASB
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 Significant Accounting Policies

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

1. Compliance Statement

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

2. Basis of Preparation

(1) The Company has no subsidiaries; therefore, these financial statements are separate financial statements. They comprise the balance sheet, the statement of comprehensive income presented in a single statement approach, the statement of changes in equity, the statement of cash flows, and the related notes.

(2) Except for the following items, the financial statements have been prepared under the historical cost. Historical cost is generally measured based on the fair value of the consideration paid to acquire the asset:

A. Financial assets and financial liabilities (including derivatives) at fair value through profit or loss.
B. Financial assets at fair value through other comprehensive income.
C. Insurance contract liabilities (assets) and reinsurance contract assets (liabilities) measured on a present value basis.
D. Other provisions recognized in accordance with relevant insurance regulations and directives.

The preparation of financial statements in conformity with 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") 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. Cash and Cash Equivalents

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

4. Foreign currency translation

The financial statements are presented in NT dollars, which is the Company's functional and the Company's presentation currency.

(1) Foreign currency transactions and balances

A. Foreign currency transactions are initially recognised in the functional currency by applying the spot exchange rate between the functional currency and the foregin currency at the transaction date,
B. Exchange differences arising from the settlement or translation of monetary items at exchange rates different from those at initial recognition or from those used in translating prior period finanacial statements shall be recognised in profit or loss in the period in which they arise.
C. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value through profit or loss are translated at the exchange rates prevailing at the balance sheet date; their translation differences are recognised in profit or loss. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value through other comprehensive income are translated at the exchange rates prevailing at the balance sheet date; their translation differences are recognised 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.

(2) Translation of foreign operations

The financial position and financial performance of all the Company entities 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 closing rate at the date of that balance sheet;
B. Income and expenses for each statement of comprehensive income are translated at average exchange rate for the period; and
C. All resulting exchange differences are recognized in other comprehensive income.

5. Financial Instruments

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

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

(1) Recognition and measurement of financial assets

All the recognition and delisting of financial assets through the Company’s normal trade practice are accounted for on the transaction day.
The Company classifies financial assets into the following categories: those subsequently measured at amortized cost, those measured at fair value through other comprehensive profit or loss, and those measured at fair value through profit or loss, based on the following features:

A. Operating models
B. Contractual cash flows

Financial Assets Based on Cost After Amortization

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

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

principals in circulation

Such financial assets (excluding those involved in hedging) are subsequently measured at amortized cost, adjusted for loss allowance. Upon derecognition, through amortization or recognition of impaired profits or losses, the profits or losses are recognized as gains and losses.

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

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

Financial Assets at Fair Value through Other Comprehensive Profit or Loss

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

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

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

A. Before derecognition or reclassification, except for impaired profits or losses and foreign exchange profits or losses that are recognized as gains and losses, the profits and losses of the financial assets are recognized as other comprehensive profit or loss.
B. Upon derecognition, the cumulative profits or losses previously recognized as other comprehensive gains and loss are reclassified from equity to gains or losses for adjustment.
C. The interests calculated by the effective interest method (multiplying the effective interest rate by the total book value of the financial asset) or based on following conditions are recognized as gains and losses:

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

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

Financial Assets at Fair Value through Profit or Loss

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

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

(2) Impairment of Financial Assets

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

The Company measures expected credit losses to reflect the following:

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

Measurement of allowance for losses is explained as follows:

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

In addition to the above assessments, the Company has also provided adequate allowance for bad debts in accordance with the "Guidelines for Handling Assessment of Assets, Overdue and Non-Performing Loans and Bad Debts by Insurance Enterprises.

On each balance sheet day, the Company compares the changes in the default risk of financial instruments from the initial recognition day, in order to assess whether the credit risk of the financial instruments has increased significantly after the initial recognition. For further information about the credit risks, please see Note 7.

(3) Derecognition of Financial Assets

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

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

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

(4) Financial Liabilities and Equity Instruments

Classification of Liabilities or Equity

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

Equity Instruments

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

Financial Liabilities

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

Financial liabilities at fair value through profit and loss

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

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

A. The main purpose of acquisition is to sell them in a short time;
B. on initial recognition, it is a part of the portfolio of identifiable financial instruments under merger management, and there is evidence that the portfolio is to be operated for short-term profits in the near future; or

C. Derivatives (except for financial guarantee contracts or designated derivatives that are effective hedging instruments).

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

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

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

Financial Liabilities Measured at Mortized Cost

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

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

Derecognition of Financial Liabilities

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

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

(5) Offset of Financial Assets and Liabilities

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

(6) Derivatives

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

6. Measurement at Fair Value

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

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

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

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

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

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

7. Property, Plant, and Equipment

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

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

Buildings and structures	5–60 years
Miscellaneous equipment	3–15 years

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

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

8. Investment Property

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

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

Buildings and structures	10–60 years

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

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

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

9. Leases

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

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

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

The Company as a Lessee

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

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

(1) Fixed payments (including substantive fixed payments), minus any collectable lease incentives;
(2) Lease payments that vary depending on changes in an index or rate (initial measurement by the index or rate on the commencement date);
(3) The amount expected to be paid by the lessee under the residual value guarantee;
(4) The price of exercising the purchase option, if exercising the option is reasonably assured; and
(5) The penalty payable for the termination of the lease, if in the lease period it shows that the lessee will exercise the option to terminate the lease.

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

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

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

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

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

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

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

The Company as a Lesser

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

For contracts including lease and non-lease components, the consideration in the contract is allocated in accordance with IFRS 15.

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

10. Intangible Assets

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

The service life of intangible assets is assessed as limited.

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

amortization period are adjusted and considered as changes in accounting estimates.
The profit or loss arising from derecognition of intangible assets is recognized as gains and losses.

11. Impairment of Non-Financial Assets

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

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

12. Classification of Insurance Contracts

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

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

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

13. Insurance Contracts and Reinsurance Contracts

(1) Definitions and Scope

A. Insurance contracts issued (including reinsurance contracts issued):
An insurance contract is a contract under which the insurer accepts significant insurance risk by agreeing to compensate a policyholder if a specified uncertain future event (the insured event) adversely affects the policyholder.

The Company considers insurance risk to be significant when, under any single scenario, the occurrence of an insured event could require the insurer to pay significant additional benefits. Accordingly, insurance risk is regarded as significant only if the insured event may cause the insurer to pay significant additional amounts in at least one scenario with commercial substance.

B. Reinsurance contracts held:
The Company uses reinsurance to reduce its exposure to insurance risk. Reinsurance contracts held are contracts under which the Company obtains reinsurance coverage from reinsurers to mitigate insurance risk exposure and transfers a portion of its insurance risk to the reinsurers. Such contracts fall within the scope of insurance contracts if they transfer significant insurance risk.

(2) Separation of Components of Insurance Contracts and Reinsurance Contracts Held
If any of the following components contained in the Company's insurance contracts or reinsurance contracts held would be accounted for as separate contracts, such components shall be separated:
A. Cash flows relating to embedded derivatives that are required to be separated in accordance with IFRS 9 Financial Instruments;
B. Cash flows relating to distinct investment components;
C. Any promise to transfer distinct goods or non-insurance contract services to a policyholder.

(3) Level of Aggregation of Insurance Contracts and Reinsurance Contracts Held
A. Insurance Contracts
The Company manages its insurance contracts issued based on product type and risk characteristics. Contracts within each portfolio are subject to similar risks and are managed together. Accordingly, insurance contracts with the same product type and risk characteristics that are managed jointly are considered to constitute an insurance contract portfolio.
Groups of insurance contracts are established by dividing each portfolio into contracts issued within a period not exceeding one year and, at initial recognition, classified as:
(A) Groups of onerous contracts;
(B) Groups of contracts for which there is no significant possibility of subsequently becoming onerous; and
(C) Groups comprising the remaining contracts in the portfolio.

B. Reinsurance Contracts Held
The level of aggregation for portfolios of reinsurance contracts held is assessed separately from that of portfolios of insurance contracts issued.
The Company divides reinsurance contracts held that are issued within a period not exceeding one year into the following groups at initial recognition:
(A) Groups of contracts that have a net gain on initial recognition;
(B) Groups of contracts for which there is no significant possibility of subsequently resulting in a net gain; and
(C) Groups comprising the remaining contracts in the portfolio.
The level of aggregation is determined at initial recognition and the composition of the groups is not reassessed subsequently.

(4) Initial Recognition of Insurance Contracts and Reinsurance Contracts Held

A. Insurance Contracts

The Company shall recognise a group of insurance contracts issued from the earliest of the following dates:

(A) The beginning of the coverage period of the group of insurance contracts;

(B) The date when the first payment from a policyholder in the group becomes due; and

(C) For a group of onerous contracts, the date when the group becomes onerous.

B. Reinsurance Contracts Held

The Company shall recognise a group of reinsurance contracts held from the earlier of:

(A) The beginning of the coverage period of the group of reinsurance contracts held; and

(B) The date on which the Company recognises an onerous group of underlying insurance contracts, provided that the related reinsurance contracts held included in the group of reinsurance contracts held have been entered into on or before that date.

For a group of proportionate reinsurance contracts held, the Company shall defer recognition until the later of the initial recognition date of the underlying insurance contracts and the beginning of the coverage period of the group of reinsurance contracts held.

Only contracts that meet the recognition criteria by the end of the reporting period shall be included in the group. Contracts that do not meet the recognition criteria in the current period shall be added to the group when they subsequently meet the criteria and shall remain subject to the annual grouping requirements.

(5) Contract Boundary

The Company determines the cash flows to be included in a group of insurance contracts based on the concept of the contract boundary. Cash flows that fall outside the contract boundary and relate to future insurance contracts are recognised only when the recognition criteria are met.

Cash flows within the contract boundary are those arising from rights and obligations that exist during the reporting period, such as the right to receive premiums or the obligation to provide insurance contract services.

When the Company has the practical ability to reassess the risks of a policyholder and can reprice the contract or revise the level of benefits to fully reflect those risks, cash flows relating to subsequent periods are excluded from the boundary of the existing insurance contract. Accordingly, the obligation to provide insurance contract services under the original contract is deemed to cease at that date.

In addition, the contract boundary is considered to have ended when either of the following conditions is met:

A. The Company has the ability to reassess the risks of a group of insurance contracts and reprice the contracts accordingly; or

B. The premiums determined up to the date on which the Company is able to reassess the risks do not reflect the risks relating to subsequent periods, such that the cash flows of those periods are excluded from the boundary of the existing insurance contract.

For a group of reinsurance contracts held, all cash flows arising from rights and obligations that exist during the reporting period are within the contract boundary. For example, the Company's obligation to pay reinsurance premiums and its right to receive reinsurance coverage from a reinsurer are cash flows within the contract boundary.

(6) Insurance Acquisition Cash Flows

The Company allocates insurance acquisition cash flows using a systematic and rational method to:

A. Insurance acquisition cash flows that are directly attributable to a group of insurance contracts, which are allocated to:
   (A) the group of insurance contracts; and
   (B) future groups of insurance contracts arising from renewals of contracts within that group.

B. Insurance acquisition cash flows that are attributable to a portfolio of insurance contracts, but are not directly attributable as described in A., which are allocated to groups of insurance contracts already existing or expected to arise within that portfolio.

Insurance acquisition cash flows paid before the related group of insurance contracts is recognised are recognised as an insurance acquisition cash flow asset and derecognised when those cash flows are included in the measurement of the related group of insurance contracts.

At the end of each reporting period, the Company assesses the recoverability of insurance acquisition cash flow assets.

If facts and circumstances indicate that an insurance acquisition cash flow asset may be impaired, the Company adjusts the carrying amount of the asset and recognises an impairment loss in insurance service expenses. If the impairment conditions no longer exist or have improved, the Company reverses the impairment loss, to the extent of the impairment previously recognised, through profit or loss and increases the carrying amount of the asset accordingly.

(7) Measurement of Insurance Contracts — Groups of Contracts Not Applying the Premium Allocation Approach

A. Initial Recognition

Upon initial recognition, the Company measures a group of insurance contracts as the sum of the fulfilment cash flows and the contractual service margin.

(A) Fulfilment Cash Flows comprise:
   a. estimates of future cash flows;
   b. an adjustment to reflect the time value of money and the financial risks related to future cash flows; and
   c. a risk adjustment for non-financial risk reflecting the uncertainty about the amount and timing of future cash flows.

In determining the discount rates used in measuring insurance contract liabilities, the Company develops best-estimate assumptions based on current information available in liquid financial markets and applies the methods prescribed by the competent authority in accordance with International Financial Reporting Standards.

(B) Contractual Service Margin

The Company recognises the unearned profit related to future insurance contract services as a contractual service margin and recognises such amount as profit over the period in which insurance contract services are provided.

At initial recognition of a group of insurance contracts, the contractual service margin is measured at an amount that results in no income or expenses arising from:
   a. the initial recognition of the fulfilment cash flows;
   b. any cash flows arising from the contracts in the group; and
   c. the derecognition of any insurance acquisition cash flow asset.

However, if the aggregate amount of the above items results in a net outflow, the group of insurance contracts is onerous at initial recognition.

The Company immediately recognises the net outflow as a loss in profit or loss so that the carrying amount of the group's liability equals the fulfilment cash flows and the contractual service margin of the group is zero. At the same time, a loss component of the liability for remaining coverage is established equal to the amount of the loss recognised.

B. Subsequent Measurement

Group of insurance contracts: At the end of each reporting period, the carrying amount of a group of insurance contracts is the sum of the liability for remaining coverage and the liability for incurred claims. The liability for remaining coverage comprises the fulfilment cash flows related to future service allocated to the group at that date and the contractual service margin of the group at that date.

The liability for incurred claims comprises the fulfilment cash flows related to past service allocated to the group at that date.

(A) Changes in Fulfilment Cash Flows

At the end of each reporting period, the Company updates the fulfilment cash flows using current assumptions and discount rates. Changes in fulfilment cash flows are accounted for as follows:

a. Changes relating to current or past service are recognised in profit or loss;
b. Changes relating to future service are recognised through adjustments to the contractual service margin or the loss component.

For insurance contracts measured under the General Measurement Model, changes in fulfilment cash flows relating to future service adjust the contractual service margin of the group of insurance contracts and include:

a. Experience adjustments arising from premiums received in the current period and related cash flows relating to future service, such as insurance acquisition cash flows;
b. Changes in estimates of the present value of future cash flows included in the liability for remaining coverage;
c. Differences between expected and actual cash flows relating to investment components;
d. Changes in the risk adjustment for non-financial risk relating to future service.

The adjustments described in a., b. and d. above shall be measured using the discount rates determined at initial recognition.

For insurance contracts measured under the General Measurement Model, the following changes in fulfilment cash flows do not adjust the contractual service margin of the group of insurance contracts because they do not relate to future service:

a. The effects of the time value of money, changes in the time value of money, financial risk and changes in financial risk on the fulfilment cash flows;
b. Changes in estimates of fulfilment cash flows relating to the liability for incurred claims;
c. Experience adjustments arising from premiums received in the current period and related cash flows (such as insurance acquisition cash flows) that do not relate to future service;
d. Experience adjustments relating to insurance service expenses, excluding insurance acquisition cash flows.

(B) Adjustments to the Contractual Service Margin

For insurance contracts issued, the Company adjusts the carrying amount of the contractual service margin at the end of each reporting period for the following items:

a. The effect of any new contracts added to the group;
b. Interest accreted during the reporting period using the discount rates determined at initial recognition;
c. Changes in fulfilment cash flows relating to future service shall be recognised as adjustments to the contractual service margin. Such adjustments shall not reduce the carrying amount of the contractual service margin below zero. Any excess shall be recognised as insurance service expenses and a loss component shall be established within the liability for remaining coverage. Subsequent favourable changes shall be recognised as reversals to the extent of losses previously recognised;
d. The effect of any foreign exchange differences on the contractual service margin; and
e. Amounts recognised as insurance revenue due to the transfer of services during the period.

The amount recognised as insurance revenue due to the transfer of insurance contract services during the period is determined by allocating the contractual service margin remaining at the end of the reporting period to the current period and the remaining coverage period on the basis of coverage units.

The quantity of coverage units in a group of insurance contracts reflects the quantity of insurance contract services provided by the contracts in the group and is determined by considering, for each contract, the quantity of benefits provided and its expected coverage period.

For coverage units used as the basis for allocating the contractual service margin, the Company reflects the time value of money by applying the discount rates determined at the initial recognition of the group of insurance contracts to nominal cash flows that do not vary based on returns on any underlying items.

(8) Measurement of Insurance Contracts — Groups of Contracts Applying the Premium Allocation Approach

The Company applies the Premium Allocation Approach to insurance contracts for which the coverage period is generally one year or less. This measurement approach is applied to insurance products with relatively short coverage periods (for example, automobile insurance and travel accident insurance).

A. Initial Recognition

For insurance contracts issued, the Company defers insurance acquisition cash flows that are directly attributable to the insurance contracts and recognises them as an asset. Such amounts are allocated to groups of insurance contracts measured under the Premium Allocation Approach and amortised over the coverage period of the related groups of contracts.

At initial recognition, the Company measures the liability for remaining coverage as the premiums received, less any insurance acquisition cash flows incurred at that date, adjusted for amounts arising from the derecognition of any insurance acquisition cash flow asset at that date, and any other assets or liabilities previously recognised for cash flows related to the group of insurance contracts before initial recognition.

B. Subsequent Measurement

The carrying amount of a group of insurance contracts at the end of each reporting period shall be the sum of:

(A) The liability for remaining coverage; and

(B) The liability for incurred claims, comprising the fulfilment cash flows relating to past service allocated to the group as of the reporting date.

For insurance contracts issued, at the end of each subsequent reporting period, the carrying amount of the liability for remaining coverage is measured based on its carrying amount at the beginning of the reporting period and adjusted as follows:

(A) Increased by premiums received during the period;
(B) Decreased by insurance acquisition cash flows incurred during the period;
(C) Decreased by the amount recognised as insurance revenue for services provided during the period;
(D) Increased by the amount recognised as an expense during the reporting period relating to the amortisation of insurance acquisition cash flows.

Insurance contracts issued and reinsurance contracts held that are measured under the Premium Allocation Approach generally do not contain investment components. However, certain reinsurance contracts containing profit commission arrangements or similar provisions may, under specific circumstances, give rise to cash flows with investment-related characteristics. The Company assesses, based on the contractual terms and underlying economic substance, whether such cash flows constitute investment components.

For contracts measured under the Premium Allocation Approach, the liability (asset) for incurred claims is measured using the same approach as that applied to fulfilment cash flows under the General Measurement Model, including estimates of future cash flows, discount rates and risk adjustments for non-financial risk. The Company's liability (asset) for incurred claims is adjusted to reflect the time value of money.

(9) Measurement of Reinsurance Contracts Held

A. Groups of Contracts Not Applying the Premium Allocation Approach

(A) Initial Recognition

Upon initial recognition, the Company shall measure a group of reinsurance contracts held as the sum of the fulfilment cash flows and the contractual service margin.

a. Fulfilment Cash Flows

(a) The Company measures the estimates of the present value of future cash flows of a group of reinsurance contracts held using assumptions consistent with those used for the underlying group of insurance contracts.

(b) Risk Adjustment for Non-financial Risk

For reinsurance contracts held, the risk adjustment for non-financial risk represents the amount of risk transferred by the Company to the issuer of the reinsurance contracts.

b. Contractual Service Margin

Any net cost or net gain on purchasing a group of reinsurance contracts held is recognised as the contractual service margin at initial recognition. However, if the net cost of purchasing reinsurance coverage relates to events that occurred before the purchase of the reinsurance coverage, such cost is recognised immediately as an expense.

For reinsurance contracts held, the contractual service margin represents the deferred net cost or net gain to the Company and is recognised as reinsurance income or expense from the reinsurance contracts held over the period in which services are received from the reinsurer. The contractual service margin is measured as the sum of:

(a) the fulfilment cash flows, in which the risk adjustment for non-financial risk represents the amount of risk transferred by the Company to the reinsurer;

(b) the amount derecognised at that date of any asset or liability previously recognised for cash flows relating to the group of reinsurance contracts held;

(c) any cash flows arising at that date; and

(d) when a loss on initial recognition of an underlying group of onerous insurance contracts is recognised, or when onerous underlying insurance contracts are added to the group, the Company adjusts the contractual service margin of the group of reinsurance contracts held, recognises a loss-recovery gain, and establishes or adjusts a loss-recovery component of the asset for remaining coverage.

(B) Subsequent Measurement

a. At the end of each reporting period, the carrying amount shall be the sum of the asset for remaining coverage and the asset for incurred claims.

b. Contractual Service Margin

At the end of each reporting period, the carrying amount of the contractual service margin is based on its carrying amount at the beginning of the period and adjusted for the following:

(a) any new contracts added to the group;

(b) interest accreted using the discount rates determined at initial recognition;

(c) gains recognised on initial recognition of underlying groups of onerous insurance contracts and the establishment or adjustment of the loss-recovery component;

(d) reversals of the loss-recovery component (excluding those arising from changes in fulfilment cash flows of the group of reinsurance contracts held);

(e) changes in fulfilment cash flows relating to future service;

(f) the effect of foreign exchange differences on the contractual service margin; and

(g) amounts recognised in profit or loss for services received during the current period.

The Company applies a systematic and rational allocation method to determine the portion of losses of the underlying insurance contracts allocated to the related group of reinsurance contracts held.

B. Groups of Contracts Applying the Premium Allocation Approach (PAA)

(A) Initial Recognition

For groups of reinsurance contracts held to which the Premium Allocation Approach is applied, the Company measures the asset for remaining coverage based on the reinsurance premiums paid, adjusted to reflect the different characteristics of reinsurance contracts held compared with insurance contracts issued, such as amounts that give rise to expenses or reductions of expenses rather than revenue.

(B) Subsequent Measurement

At the end of each reporting period, the carrying amount shall be the sum of the asset for remaining coverage and the asset for incurred claims.

Upon subsequent measurement, the asset for remaining coverage is based on its carrying amount at the beginning of the period, increased by reinsurance premiums paid during the period and decreased by reinsurance expenses recognised for services received during the period.

Amounts recoverable from reinsurance relating to incurred claims are reflected in the measurement of the asset for incurred claims.

The Company adjusts the asset for remaining coverage of the group of reinsurance contracts held to reflect the effect of the reinsurer's non-performance risk.

(10) Loss Component and Loss-Recovery Component

If, at any time during the coverage period, facts and circumstances indicate that a group of insurance contracts is onerous, the Company shall recognise a loss in profit or loss for the amount by which the fulfilment cash flows of the group exceed the carrying amount of the liability for remaining coverage, increase the liability for remaining coverage, and establish a loss component.

Subsequently, at each reporting period, the loss component is remeasured based on the difference between the fulfilment cash flows relating to future service and the liability for remaining coverage. Changes in the loss component arising from the effects of the time value of money, financial risk and changes in other assumptions are recognised in insurance service expenses and insurance finance income or expenses, respectively.

After a loss on an onerous group of insurance contracts has been recognised, the Company allocates the following items between the loss component and the liability for remaining coverage excluding the loss component based on the proportion of the loss component to the expected future cash outflows included in the fulfilment cash flows:

A. Changes in the estimates of the present value of future cash flows for claims and expenses released from the liability for remaining coverage due to incurred insurance service expenses;
B. Changes in the risk adjustment for non-financial risk; and
C. Insurance finance income or expenses.

The allocations described in A. and B. above reduce the corresponding components of insurance revenue and insurance service expenses, respectively.

An onerous group of insurance contracts may include portions that are covered by a group of reinsurance contracts held and portions that are not covered by a group of reinsurance contracts held. The Company applies a systematic and rational method to allocate losses recognised on a group of insurance contracts that relate to insurance contracts covered by a group of reinsurance contracts held.

The Company establishes or adjusts a loss-recovery component of a group of reinsurance contracts held to reflect changes in the loss component of the underlying onerous group of insurance contracts. Changes in the loss-recovery component are recognised as adjustments to recoveries of losses from reinsurance contracts and are presented in profit or loss.

The carrying amount of the loss-recovery component shall not exceed the carrying amount of the loss component of the underlying onerous group of insurance contracts that the Company expects to recover from the group of reinsurance contracts held.

When an onerous underlying group of insurance contracts is initially recognised, or when onerous underlying insurance contracts are added to the group, the Company adjusts the asset for remaining coverage of a group of reinsurance contracts held measured under the Premium Allocation Approach, recognises a loss-recovery gain, and establishes or adjusts a loss-recovery component of the asset for remaining coverage of the group of reinsurance contracts held.

The gain recognised is determined by multiplying the loss recognised on the underlying insurance contracts by the percentage of claims on the underlying insurance contracts that the Company expects to recover from the group of reinsurance contracts held, provided that the reinsurance contracts held existed on or before the date on which the onerous underlying insurance contracts were recognised.

Changes in the loss-recovery component of reinsurance contracts held are recognised in reinsurance income or expenses and reinsurance finance income or expenses, respectively, to reflect the effects of the time value of money, financial risk and changes in other assumptions.

(11) Contract Modifications and Derecognition

When the Company and the counterparty to a contract agree to modify the contract, or when a contract is modified as a result of changes in laws or regulations, the Company shall treat the resulting changes in cash flows as changes in estimates of fulfilment cash flows, unless the original contract meets the criteria for derecognition.

The Company shall derecognise an insurance contract when any of the following circumstances occurs:

A. The insurance contract is extinguished, that is, when the obligation specified in the insurance contract expires, is discharged, or is cancelled;

B. The insurance contract is modified and any of the following conditions is met, in which case the Company derecognises the original contract and recognises the modified contract as a new contract:

(A) Had the modified terms been included at contract inception, and the Company determines that the modified contract would have resulted in any of the following:

a. The modified contract would no longer be within the scope of IFRS 17;

b. The modified contract would require the separation of different components from the insurance contract and the application of other applicable Standards;

c. The contract boundary of the modified contract would be substantially different; or

d. The modified contract would be included in a different group of contracts.

(B) The original contract was measured using the Premium Allocation Approach, but the modification causes the contract to no longer meet the eligibility criteria for applying the Premium Allocation Approach.

(12) Presentation of Insurance Contracts

Assets and liabilities arising from groups of insurance contracts issued and groups of reinsurance contracts held are presented separately.

Insurance acquisition cash flows incurred before the recognition of the related group of insurance contracts are recognised as assets and included in the carrying amount of the related group of insurance contracts.

Assets or liabilities recognised for cash flows arising before the recognition of the related group of reinsurance contracts held are included in the carrying amount of the related group of reinsurance contracts held.

For the measurement results of insurance contracts, the Company presents insurance service result and insurance finance result in the statement of comprehensive income.

A. Insurance Service Result

(A) Insurance Revenue

The Company recognises insurance revenue as it provides insurance contract services during the reporting period. Insurance revenue reflects the reduction in the liability for remaining coverage resulting from services provided during the period.

The insurance revenue recognised in the reporting period depicts the transfer of promised services and reflects the consideration to which the Company expects to be entitled in exchange for those services.

For insurance contracts not measured under the Premium Allocation Approach, insurance revenue comprises the following amounts:

a. Amounts relating to changes in the liability for remaining coverage:

(a) Insurance service expenses incurred in the period, measured at the amounts expected at the beginning of the period, excluding:
   i. amounts allocated to the loss component of the liability for remaining coverage;
   ii. repayments of investment components;
   iii. amounts relating to transaction-based taxes collected on behalf of third parties;
   iv. insurance acquisition cash flows;
   v. amounts relating to the risk adjustment for non-financial risk.

(b) Changes in the risk adjustment for non-financial risk, excluding:
   i. changes recognised in insurance finance income or expenses;
   ii. changes that adjust the contractual service margin;
   iii. amounts allocated to the loss component of the liability for remaining coverage.

(c) The amount of the contractual service margin recognised in profit or loss during the period.

(d) Other amounts, such as experience adjustments arising from premiums received that relate to services other than future services.

b. Allocation of premiums relating to the recovery of insurance acquisition cash flows: the related premiums are allocated to each reporting period on the basis of the passage of time.

For insurance contracts measured under the Premium Allocation Approach, the Company recognises insurance revenue based on the passage of time over the coverage period of the group of contracts.

(B) Insurance Service Expenses

Insurance service expenses comprise the following:

a. Incurred claims (excluding repayments of investment components) and other incurred insurance service expenses;
b. Amortisation of insurance acquisition cash flows;
c. Changes relating to past service, being changes in fulfilment cash flows relating to the liability for incurred claims;
d. Changes relating to future service, being losses on onerous groups of contracts and reversals of such losses;
e. Impairment losses on insurance acquisition cash flow assets.

For insurance contracts not measured under the Premium Allocation Approach, the amortisation of insurance acquisition cash flows is recognised as part of insurance service expenses and is consistent with the related allocation of premiums included in insurance revenue.

For insurance contracts measured under the Premium Allocation Approach, the Company capitalises insurance acquisition cash flows and amortises them over the coverage period on the basis of the passage of time.

Cash flows relating to costs that cannot be directly attributed to a portfolio of insurance contracts containing the contract are recognised in other operating expenses in the statement of comprehensive income when incurred.

B. Insurance Service Result: Reinsurance Contracts Held

The Company presents income or expenses from groups of reinsurance contracts held as a single amount, comprising the following:

(A) For reinsurance contracts held that are not measured under the Premium Allocation Approach, the allocation of reinsurance premiums paid includes the following amounts arising from changes in the asset for remaining coverage:

a. Reinsurance recoveries and other directly attributable expenses incurred during the period, measured at the amounts expected at the beginning of the period, excluding:

(a) amounts allocated to the loss-recovery component;

(b) repayments of investment components;

(c) amounts relating to the risk adjustment for non-financial risk.

b. Changes in the risk adjustment for non-financial risk, excluding:

(a) changes included in reinsurance finance income or expenses from reinsurance contracts held;

(b) changes that adjust the contractual service margin;

(c) amounts allocated to the loss-recovery component.

c. The amount of the contractual service margin recognised in profit or loss during the period as a result of receiving services.

d. Experience adjustments arising from reinsurance premiums paid that relate to services other than future services.

(B) For reinsurance contracts held measured under the Premium Allocation Approach, the Company recognises reinsurance expenses on the basis of the passage of time over the coverage period.

(C) Amounts recovered from reinsurers:

a. Reinsurance recoveries of incurred claims and benefits (excluding investment components and less allocations to the loss-recovery component);

b. Other incurred reinsurance-related expenses;

c. Changes relating to past service, being changes in fulfilment cash flows relating to the asset for incurred claims;

d. Amounts relating to recoveries of losses on underlying onerous contracts and reversals thereof.

(D) Changes in the risk of non-performance by reinsurers.

C. Insurance finance income or expenses

(A) Insurance finance income or expenses include the following:

a. The effects of the time value of money and changes therein;

b. The effects of financial risk and changes therein.

(B) For contracts applying the General Measurement Model:

a. Interest accretion on fulfilment cash flows and the contractual service margin;

b. The effects of changes in interest rates and other financial assumptions;

c. The effects of foreign exchange rates.

(C) For contracts applying the Premium Allocation Approach:

a. Interest accretion on liabilities for incurred claims;

b. The effects of changes in interest rates and other financial assumptions.

(D) The Company does not disaggregate changes in the risk adjustment for non-financial risk between the insurance service result and insurance finance income or expenses. Such changes are recognised entirely in the insurance service result.

(E) For contracts applying the General Measurement Model, the Company does not apply the presentation option in other comprehensive income and recognises all insurance finance income or expenses in profit or loss.

(F) For contracts applying the Premium Allocation Approach, the Company does not apply the presentation option in other comprehensive income and recognises all insurance finance income or expenses in profit or loss.

(G) For groups of insurance contracts that generate cash flows in a foreign currency, the Company treats the group of insurance contracts (including the contractual service margin) as a monetary item.

14. Other liabilities

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

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

Special Reserves for Catastrophic Event

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

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

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

Special Reserves for Fluctuation of Risk

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

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

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

IFRS 17 Adaptation and Transfer to Special Reserves

In accordance with the letter No. 11504111391 of the Financial Supervisory Commission("Amendments to the Regulations Governing Catastrophe Reserves in the Property Insurance Industry") dated March 31, 2026 from the competent authority, the Company transferred the initial beneficial effect (before tax) arising from the first application of IFRS 17 to the special reserves under the liabilities of commercial earthquake insurance and typhoon and flood insurance, and handle the subsequent reduction and recovery procedures in accordance with the regulations.

15. Treasury stock

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

16. Share-based payment transactions

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

17. Undertaking remnants and subrogation rights

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

18. Co-insurance organization, co-insurance and guarantee fund agreement

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

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

19. Stability fund

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

20. Retirement Benefits Plan

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

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

The post-retirement benefit plan of the defined benefit plan is listed based on an actuarial report with the projected unit credit method on the closing date of the reporting period. The remeasurement of the net defined benefit liability (asset) includes any changes in the return of plan assets and the impact of the asset ceiling, minus the net interest of the net defined benefit liability (asset), and actuarial gains and losses. When the remeasurement of the net defined benefit liability (asset) occurs, it is listed under other comprehensive income, and immediately recognized in retained surplus. The service cost of previous period is the amount of change in the present value of the defined benefit obligation caused by the planned revision or reduction, and is recognized as an expense on the earlier date of the following two:

(1) When the planned revision or reduction occurs; and

(2) When the related restructuring costs or resignation benefits are recognized.

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

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

21. Taxation

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

Income tax expenses in the current period

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

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

Deferred tax

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

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

(1) The initial recognition of goodwill; or the initially recognized assets or liabilities that are not generated by a business merger and does not affect accounting profits at the time of the transaction, nor does it affect the taxable incomes (losses), and no equivalent taxable and deductible temporary differences arise at the time of the transaction.
(2) Taxable temporary differences arising from investment in subsidiaries, affiliates and joint agreement equity, whose reversal timing is controllable and is unlikely to be reversed in the foreseeable future.

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

(1) Deductible temporary differences related to the initially recognized assets or liabilities from non-merger transactions that neither affect accounting profits nor taxable incomes (losses) at the time of the transaction, and no equivalent taxable and deductible temporary differences arise at the time of the transaction.
(2) Deductible temporary differences related to investment in subsidiaries, affiliates, and joint agreement equity that are likely to be reversed only in the foreseeable future, and recognized

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

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

The interim income tax expenses are accrued and disclosed at the tax rate applicable to the expected total earnings of the current year, that is, the estimated annual average effective tax rate is applied to the net income before tax of the interim period. The estimated annual average effective tax rate only includes the current income tax expense. The deferred income tax is consistent with the annual financial report and is recognized and measured in accordance with the provisions of IAS 12 "Income Tax." When there is change in tax rate during the interim period, the impact of the change in tax rate on the deferred income tax shall be entirely recognized in the profit and loss, other comprehensive profit and loss, or directly recognized in the equity.

22. 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. The Board of Directors has been identified as the Company's principal decision-maker.

5. Critical accounting judgments, 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

The critical judgement adopted by the Company for insurance contracts is that the premium allocation approach (PAA) is used as the primary measurement model for insurance and reinsurance contracts. For the coverage period of insurance and reinsurance contracts in the group is one year or less, PAA can be directly adopted to simplify the measurement of insurance contract groups. However, for some of the Company's insurance and reinsurance contracts with terms exceeding one year, the Company will establish a quantitative model (PAA eligibility test) based on the reasonably probable future cash flows. If the results show that the simplified PAA results are not materially different from those produced by the general measurement model, they will still meet the eligibility criteria for PAA. This PAA eligibility test is an important judgment item for measurement and disclosure in the financial statements.

2. Critical accounting estimates and assumptions

(1) Measurement of fair value of financial instruments
Except for those financial instruments for which public price information is available, the fair value of the Company's financial instruments is obtained by valuation techniques. The fair value obtained through valuation techniques is calculated using the discounted cash flow method or other valuation techniques.
For the explanation of the fair value of financial instruments, please refer to Note 7.10.

(2) The insurance contracts issued and the reinsurance contracts held by the Company involve significant assumptions and estimates, primarily concerning claims estimates and the measurement of incurred claims liabilities (assets) to establish the loss development pattern. These assumptions include:

A. Estimates of the future cash flows
The Company estimates the expected value of all possible outcomes using an unbiased way, incorporate all reasonable and supportable information available without undue cost or effort about the amount, timing and uncertainty of those future cash flows. The estimates of future cash outflows are the expected future cash outflows minus the expected future cash inflows, excluding investment income, reinsurance contract cash flows and cash flows outside the contract boundary. Reported but not paid claims are estimated on a case-by-case basis by claims adjusters; for claims that incurred but not reported, models are established based on the characteristics of the insurance and the quality of the data, using the loss development triangle based on paid or reported claims or other appropriate actuarial methods(includes, but is not limited to, the loss development method, Bornhuetter-Ferguson method, Cape Cod method, the estimated loss ratio method, the maturity premium ratio method, the Benktander method, and the Berquist-Sherman method). The actuarial assumptions were selected based on years of experience in claims management and are used to estimate future payout patterns and project cash flow timings. The Company reassesses and adjusts these assumptions on each financial reporting date based on the latest available information.

B. Discount rate
The best estimate of the discount rate for the future cash flows of the Company's liabilities (assets) for incurred claims should take into account current information in liquidity financial markets and be conducted in accordance with the methods specified by the competent authorities and International Financial Reporting Standards. The discount rate is determined using a bottom-up discount rate method. The liquidity discount is calculated in accordance with the relevant regulations of the competent authority, using the risk-free rate announced monthly by the Insurance Development Center and converting it to 30 years using the Smith-Wilson risk-free rate. The liquidity discount is determined by the General Bucket discount announced monthly by the Insurance Development Center.
The current discount rate information used for the company's incurred claims liabilities (assets) is as follows:

Unit: NTD thousands (unless otherwise stated)

	January 1 to March 31,2026	January 1 to March 31,2025
Discount rate	1.55%~3.20%	1.67%~3.22%

C. The measurement of incurred claims liabilities (assets) to risk adjustment for non-financial risk

Risk adjustment for non-financial risks refers to the compensation required when measuring the estimated present value of future cash flows for the uncertainty of the amount and timing of cash flows arising from non-financial risks. The Company uses a stochastic simulation method to measure the risk adjustment of non-financial risks, and follows the relevant regulations of property and casualty insurance actuarial practice and competent authorities. The confidence level of the risk adjustment used by the Company to determine non-financial risks was 75% on March 31, 2026, December 31, 2025, and March 31, 2025.

(3) Post-retirement benefit plan

The defined benefit costs and the present value of defined benefit obligations in a post-retirement benefits plan depend on actuarial evaluation. Actuarial evaluation involves various assumptions, including discount rates and changes in expected salary. For a detailed explanation of the assumptions used to measure the defined benefit costs and obligations, please refer to Note 6.

6. Major Accounting Items Described

1. Cash and Cash Equivalents

(1) This item is detailed as follows: ：

Item	March 31, 2026	December 31, 2025	March 31, 2025
Cash on hand	$4,761	$5,117	$5,147
Working capital	1,648	1,698	1,761
Check deposit	24,271	52,052	36,895
Demand deposits	789,789	502,407	610,003
Time deposits	13,902,478	12,265,139	13,411,476
Total	$14,722,947	$12,826,413	$14,065,282

(2) For the guarantee provided with the Company's bank deposits, please see Note 9.

(3) The company lists the time deposit account with a contract period of more than 12 months under other financial assets, please see Note 6.6.

2. Accounts Receivable

(1) This item is detailed as follows:

Item	March 31, 2026	December 31, 2025	March 31, 2025
Notes receivable	$237,053	$204,901	$211,219
Notes receivable- Non-performing loans	-	5	69
Less: Allowance for losses	(11)	(2,054)	(2,181)
Net amount	$237,042	$202,852	$209,107

Unit: NTD thousands (unless otherwise stated)

Other receivables	$581,771	$463,852	$475,307
Other receivable- Non-performing loans	1,226	1,396	337
Less: Allowance for losses	(3,478)	(3,219)	(1,859)
Net amount	$579,519	$462,029	$473,785

(2) The aging analysis of accounts receivable:

Item	March 31, 2026	December 31, 2025	March 31, 2025
Other receivables			
Less than 90 days	$581,771	$463,852	$475,307
91–365 days	1,226	1,396	337
More than 366 days	-	-	-
Total	$582,997	$465,248	$475,644

All notes receivable of the Company have maturities of less than 90 days.

(3) The Impairment is assessed according to the "Guidelines for Handling Assessment of Assets, Overdue and Non-Performing Loans and Bad Debts by Insurance Enterprises" and IFRS 9. For the details of allowance for losses, please see Note 7.

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

(1) This item is detailed as follows:

Item	March 31, 2026	December 31, 2025	March 31, 2025
Financial assets compulsorily measured at fair value through profit or loss:			
Fund	$804,657	$2,728,083	$1,468,092
Stock	503,177	7,139,782	5,659,423
Financial bonds	50,106	50,114	50,101
Corporate Bonds	2,340,019	-	-
Asset securities	-	1,373,021	1,309,454
Derivatives	-	20,545	-
Total	$3,697,959	$11,311,545	$8,487,070

Item	March 31, 2026	December 31, 2025	March 31, 2025
Financial liabilities compulsorily measured at fair value through profit or loss:			
Derivatives	$129,879	$80,758	$157,013

(2) No guarantee provided for the financial assets measured at fair value through profit or loss.

(3) For information on the effects of the initial application of IFRS 17 and the redesignation of financial assets, please refer to Note 23.9.

Unit: NTD thousands (unless otherwise stated)

(4) Information relating to derivatives that do not qualify for hedge accounting and remain outstanding as of March 31, 2026, December 31, 2025, and March 31,2025 is set out below:

March 31, 2026

Financial Product	Contract Amount (Notional Principal)	Fair Value (NTD)	Transaction Date/ Expiry Date	Contracted Exchange Rate (NTD)
Forward Foreign Exchange Contracts - sell position	USD 10,000	($1,088)	2026.03.19/2027.03.23	31.305
Forward Foreign Exchange Contracts - sell position	USD 10,000	(1,088)	2026.03.19/2027.03.23	31.305
Forward Foreign Exchange Contracts - sell position	USD 10,000	(7,933)	2025.12.29/2026.12.31	30.755
Forward Foreign Exchange Contracts - sell position	USD 2,000	(1,586)	2025.12.29/2026.12.31	30.755
Forward Foreign Exchange Contracts - sell position	USD 1,000	(793)	2025.12.29/2026.12.31	30.755
Forward Foreign Exchange Contracts - sell position	USD 9,000	(26,750)	2025.07.29/2026.07.31	28.858
Forward Foreign Exchange Contracts - sell position	USD 10,000	(2,681)	2025.04.28/2026.04.30	31.647
Forward Foreign Exchange Contracts - sell position	USD 8,000	(2,145)	2025.04.28/2026.04.30	31.647
Forward Foreign Exchange Contracts - sell position	USD 10,000	(2,681)	2025.04.28/2026.04.30	31.647
Forward Foreign Exchange Contracts - sell position	USD 7,000	(1,877)	2025.04.28/2026.04.30	31.647
Forward Foreign Exchange Contracts - sell position	USD 7,000	(1,877)	2025.04.28/2026.04.30	31.647
Forward Foreign Exchange Contracts - sell position	USD 8,000	(26,650)	2025.07.16/2026.07.20	28.521
Forward Foreign Exchange Contracts - sell position	USD 8,000	(26,650)	2025.07.16/2026.07.20	28.521
Forward Foreign Exchange Contracts - sell position	USD 2,000	(6,663)	2025.07.16/2026.07.20	28.521
Forward Foreign Exchange Contracts - sell position	USD 6,000	(19,417)	2025.07.18/2026.07.22	28.612

Unit: NTD thousands (unless otherwise stated)

December 31, 2025

Financial Product	Contract Amount (Notional Principal)	Fair Value (NTD)	Transaction Date/ Expiry Date	Contracted Exchange Rate (NTD)
Forward Foreign Exchange Contracts - sell position	USD 10,000	$1,058	2025.12.18/2026.03.23	31.393
Forward Foreign Exchange Contracts - sell position	USD 10,000	1,058	2025.12.18/2026.03.23	31.393
Forward Foreign Exchange Contracts - sell position	USD 10,000	(292)	2025.12.29/2026.12.31	30.755
Forward Foreign Exchange Contracts - sell position	USD 2,000	(58)	2025.12.29/2026.12.31	30.755
Forward Foreign Exchange Contracts - sell position	USD 1,000	(29)	2025.12.29/2026.12.31	30.755
Forward Foreign Exchange Contracts - sell position	USD 9,000	(19,743)	2025.07.29/2026.07.31	28.858
Forward Foreign Exchange Contracts - sell position	USD 10,000	4,388	2025.04.28/2026.04.30	31.647
Forward Foreign Exchange Contracts - sell position	USD 8,000	3,511	2025.04.28/2026.04.30	31.647
Forward Foreign Exchange Contracts - sell position	USD 10,000	4,388	2025.04.28/2026.04.30	31.647
Forward Foreign Exchange Contracts - sell position	USD 7,000	3,071	2025.04.28/2026.04.30	31.647
Forward Foreign Exchange Contracts - sell position	USD 7,000	3,071	2025.04.28/2026.04.30	31.647
Forward Foreign Exchange Contracts - sell position	USD 8,000	(20,401)	2025.07.16/2026.07.20	28.521
Forward Foreign Exchange Contracts - sell position	USD 8,000	(20,401)	2025.07.16/2026.07.20	28.521
Forward Foreign Exchange Contracts - sell position	USD 2,000	(5,100)	2025.07.16/2026.07.20	28.521
Forward Foreign Exchange Contracts - sell position	USD 6,000	(14,734)	2025.07.18/2026.07.22	28.612

Unit: NTD thousands (unless otherwise stated)

March 31, 2025

Financial Product	Contract Amount (Notional Principal)	Fair Value (NTD)	Transaction Date/ Expiry Date	Contracted Exchange Rate (NTD)
Forward Foreign Exchange Contracts - sell position	USD 10,000	($9,922)	2024.12.18/2025.06.20	31.995
Forward Foreign Exchange Contracts - sell position	USD 10,000	(17,672)	2024.06.18/2025.06.20	31.220
Forward Foreign Exchange Contracts - sell position	USD 10,000	(8,000)	2024.12.27/2025.12.31	31.725
Forward Foreign Exchange Contracts - sell position	USD 2,000	(1,600)	2024.12.27/2025.12.31	31.725
Forward Foreign Exchange Contracts - sell position	USD 1,000	(800)	2024.12.27/2025.12.31	31.725
Forward Foreign Exchange Contracts - sell position	USD 9,000	(6,199)	2025.01.22/2025.07.31	32.193
Forward Foreign Exchange Contracts - sell position	USD 8,000	(14,994)	2024.04.26/2025.04.30	31.226
Forward Foreign Exchange Contracts - sell position	USD 10,000	(18,742)	2024.04.26/2025.04.30	31.226
Forward Foreign Exchange Contracts - sell position	USD 10,000	(18,742)	2024.04.26/2025.04.30	31.226
Forward Foreign Exchange Contracts - sell position	USD 7,000	(13,119)	2024.04.26/2025.04.30	31.226
Forward Foreign Exchange Contracts - sell position	USD 7,000	(13,120)	2024.04.26/2025.04.30	31.226
Forward Foreign Exchange Contracts - sell position	USD 8,000	(11,384)	2024.07.16/2025.07.18	31.492
Forward Foreign Exchange Contracts - sell position	USD 8,000	(11,384)	2024.07.16/2025.07.18	31.492
Forward Foreign Exchange Contracts - sell position	USD 2,000	(2,846)	2024.07.16/2025.07.18	31.492
Forward Foreign Exchange Contracts - sell position	USD 6,000	(8,489)	2024.07.18/2025.07.22	31.490

Unit: NTD thousands (unless otherwise stated)

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

(1) This item is detailed as follows:

Item	March 31, 2026	December 31, 2025	March 31, 2025
Equity instruments measured at fair value through other comprehensive profit or loss:			
Unlisted stocks (including OTC)	$590,051	$213,202	$236,396
Listed stocks (including OTC)	7,133,168	-	-
Preference shares	754,748	747,717	755,604
Asset securities	1,405,044	-	-
Debt instruments measured at fair value through other comprehensive profit or loss:			
Corporate bonds	294,888	298,772	334,859
Total	$10,177,899	$1,259,691	$1,326,859

(2) The 2026 and January 1, 2025 to March 31, 2025 dividend incomes from equity instruments measured at fair value through other comprehensive profit or loss are as follows:

	January 1 to March 31 ,2026	January 1 to March 31, 2025
Investments still held on the balance sheet date	$9,460	$-
Realized gain on investment related	-	-
Dividend income recognized in the current period	$9,460	$-

(3) No guarantee provided for the financial assets measured at fair value through other comprehensive profit or loss. For details of relevant credit risks, please see Note 7.

(4) For information on the effects of the initial application of IFRS 17 and the redesignation of financial assets, please refer to Note 23.9.

(5) During the period from Januaury 1 to March 31, 2026, the Company disposed of financial assets at fair value through other comprehensive income with a fair value of $90,105, taking into consideration asset allocation and the management of investment returns and risks. The cumulative loss on disposal of such investments amounted to $29,237. The aforementioned disposal loss was reclassified from other equity to retained earnings.

Unit: NTD thousands (unless otherwise stated)

5. Financial Assets at Amortized Cost

Item	March 31, 2026	December 31, 2025	March 31, 2025
Government bonds	$512,948	$513,898	$516,794
Corporate bonds	7,232,451	9,749,479	8,960,706
Financial liabilities	5,940,579	5,839,753	4,687,285
minus: Refundable deposits	(512,851)	(513,802)	(516,698)
Less: Allowance for losses	(6,863)	(8,116)	(7,055)
Total	$13,166,264	$15,581,212	$13,641,032

(1) From January 1 to March 31, 2026 and 2025, the company disposed of some corporate bonds in advance due to long-term asset allocation considerations and the individual and aggregated amounts were not significant, resulting in a disposal loss of $0 and $14,781, respectively.

(2) The security deposit takes the government bonds as its collateral and re-recognized as a refundable deposit. Please see Note 9. for more information. For information about the credit risks, please see Note 7.

(3) For information on the effects of the initial application of IFRS 17 and the redesignation of financial assets, please refer to Note 23.9.

6. Other financial assets

Item	March 31, 2026	December 31, 2025	March 31, 2025
Time deposits	$-	$300,000	$300,000
Less: Allowance for losses	-	(51)	(239)
Net amount	$-	$299,949	$299,761

No guarantee provided for the other financial assets. For details of relevant credit risks, please see Note 7.

Unit: NTD thousands (unless otherwise stated)

7. Property, Pplant, and Equipment

(1) This item is detailed as follows:

	Land	Buildings and structures	Miscellaneous equipment	Prepayments for equipment	Total
Costs:					
January 1, 2026	$683,448	$451,496	$500,668	$23,189	$1,658,801
Additions	-	-	2,045	1,924	3,969
Disposition	-	-	(833)	-	(833)
Transfer	-	-	-	(3,618)	(3,618)
March 31, 2026	$683,448	$451,496	$501,880	$21,945	$1,658,319
January 1, 2025	$752,899	$498,442	$468,196	$65,195	$1,784,732
Additions	-	-	1,091	15,862	16,953
Disposition	-	-	(5,313)	-	(5,313)
Transfer	-	-	-	(33,087)	(33,087)
March 31, 2025	$752,899	$498,442	$463,974	$47,970	$1,763,285
Depreciation & impairment:					
January 1, 2026	$-	$(245,999)	$(348,599)	$-	$(594,598)
Depreciation	-	(1,755)	(14,127)	-	(15,882)
Disposition	-	-	759	-	759
March 31, 2026	$-	$(247,754)	$(361,967)	$-	$(609,721)
January 1, 2025	$-	$(246,569)	$(371,368)	$-	$(617,937)
Depreciation	-	(2,012)	(9,826)	-	(11,838)
Disposition	-	-	5,307	-	5,307
March 31, 2025	$-	$(248,581)	$(375,887)	$-	$(624,468)
Net book values:					
March 31, 2026	$683,448	$203,742	$139,913	$21,495	$1,048,598
December 31, 2025	$683,448	$205,497	$152,069	$23,189	$1,064,203
March 31, 2025	$752,899	$249,861	$88,087	$47,970	$1,138,817

(2) No guarantee provided for the above assets.

Unit: NTD thousands (unless otherwise stated)

8. Investment property

(1) This item is detailed as follows:

	Land	Buildings and structures	Total
Costs:			
January 1, 2026	$2,123,033	$597,539	$2,720,572
Disposition	-	-	-
Transfer	-	-	-
March 31, 2026	$2,123,033	$597,539	$2,720,572
January 1, 2025	$2,141,997	$606,380	$2,748,377
Disposition	-	-	-
Transfer	-	-	-
March 31, 2025	$2,141,997	$606,380	$2,748,377
Depreciation & impairment:			
January 1, 2026	$(22,608)	$(219,980)	$(242,588)
Depreciation	-	(4,153)	(4,153)
Disposition	-	-	-
Transfer	-	-	-
March 31, 2026	$(22,608)	$(224,133)	$(246,741)
January 1, 2025	$(22,608)	$(206,775)	$(229,383)
Depreciation	-	(4,231)	(4,231)
Disposition	-	-	-
Transfer	-	-	-
March 31, 2025	$(22,608)	$(211,006)	$(233,614)
Net book values:			
March 31, 2026	$2,100,425	$373,406	$2,473,831
December 31, 2025	$2,100,425	$377,559	$2,477,984
March 31, 2025	$2,119,389	$395,374	$2,514,763

	January 1 to March 31 ,2026	January 1 to March 31, 2025
Rental income from investment property	$16,366	$18,908
minus: direct operating expenses incurred by investment property that generates rental income in the current period	(491)	(319)
Total	$15,875	$18,589

Unit: NTD thousands (unless otherwise stated)

(2) No guarantee provided for the above assets.

(3) The investment property is not measured at fair value, but the fair value information is revealed, and the fair value is of level 3. The fair values of the investment property was $3,356,203, $3,356,203 and $3,184,509 respectively on March 31, 2026, December 31,2025 and March 31, 2025, and the fair values were evaluated by an external independent valuation expert. The fair values were determined and supported by market evidence, using at least two evaluation methods, such as comparative approach and cost approach, and estimated with the weighted score method, in which the main parameters used are:

	March 31, 2026	December 31, 2025	March 31, 2025
Discounted rate	1.62%~3.70%	1.62%~3.70%	1.55%~3.84%

9. Intangible Assets

Item	January 1 to March 31, 2026	January 1 to March 31, 2025
Computer software cost	$334,789	$295,869
Increase in the current period	-	2,330
Transfer in the current period	-	31,970
Total	$334,789	$330,169
Computer software cost – cumulative amortization	$(286,431)	$(269,899)
Increase in the current period	(3,238)	(5,089)
Total	$(289,669)	$(274,988)

	March 31, 2026	December 31, 2025	March 31, 2025
Net book values:	$45,120	$48,358	$55,181

10. Other Assets

(1) This item is detailed as follows:

Item	March 31, 2026	December 31, 2025	March 31, 2025
Prepayments	$94,004	$47,382	$42,713
Net defined benefit assets	44,754	44,141	5,983
Refundable deposits	685,209	823,832	805,562
Other assets - others	88,155	96,349	65,748
Total	$912,122	$1,011,704	$920,006

Unit: NTD thousands (unless otherwise stated)

(2) The Refundable Deposits are detailed as follows:

Item	March 31, 2026	December 31, 2025	March 31, 2025
Insurance business deposits	$512,852	$513,802	$516,698
Club deposits	36,839	36,839	37,679
Other deposits	150,997	288,670	266,664
minus: cumulative impairment losses	(15,479)	(15,479)	(15,479)
Total	$685,209	$823,832	$805,562

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

11. Accounts Payables

Item	March 31, 2026	December 31, 2025	March 31, 2025
Other payables	$1,371,232	$1,357,766	$1,000,960

(The following is blank)

Unit: NTD thousands (unless otherwise stated)

12. Insurance Liability

(1) The reconciliation of assets and liabilities for insurance contracts issued by the Company is as follows:

	Liabilities for Remaining Coverage				The liability for incurred claims that applying the premium allocation approach			
	Excluding any loss component	Any loss component	Subtotal	The liability for incurred claims that applying the general measurement model and the variable fee approach	The risk adjustment for estimates of the present value of the future cash flows	The risk adjustment for non-financial risk	Subtotal	Total
Opening balance of insurance contract assets	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Opening balance of insurance contract liabilities	11,171,761	53,294	11,225,055	5,437,375	9,695,912	1,811,254	11,507,166	28,169,596
Net balance as of January 1, 2026	11,171,761	53,294	11,225,055	5,437,375	9,695,912	1,811,254	11,507,166	28,169,596
Insurance revenue								
Insurance contracts that applied the modified retrospective approach	(24,760)	-	(24,760)	-	-	-	-	(24,760)
Insurance contracts that applied the fair value approach	(829)	-	(829)	-	-	-	-	(829)
All other contracts	(6,653,017)	-	(6,653,017)	-	-	-	-	(6,653,017)
Subtotal of insurance revenue	(6,678,606)	-	(6,678,606)	-	-	-	-	(6,678,606)
Insurance service expenses								
Incurred claims (excluding investment components) and other incurred insurance service expenses	-	-	-	815,126	2,106,235	(4,527)	2,101,708	2,916,834
Changes that relate to past service — changes in fulfilment cash flows relating to the liability for incurred claims	-	-	-	(332,998)	708,632	(578,329)	130,303	(202,695)
Changes that relate to future service — losses and reversals of losses on onerous groups of contracts	-	35,456	35,456	-	-	-	-	35,456
Amortisation of insurance acquisition cash flows	1,160,660	-	1,160,660	-	-	-	-	1,160,660
Subtotal of Insurance service expenses	1,160,660	35,456	1,196,116	482,128	2,814,867	(582,856)	2,232,011	3,910,255
Insurance service result	(5,517,946)	35,456	(5,482,490)	482,128	2,814,867	(582,856)	2,232,011	(2,768,351)
Insurance finance income or expenses								
Insurance finance income or expenses recognised in profit or loss – interest rate related	(58)	177	119	10,072	22,315	3,908	26,223	36,414
Subtotal of insurance finance income or expenses	(58)	177	119	10,072	22,315	3,908	26,223	36,414
Total amount recognized in the statement of comprehensive income	(5,518,004)	35,633	(5,482,371)	492,200	2,837,182	(578,948)	2,258,234	(2,731,937)
Cash flows in the period								
Premiums received for insurance contracts issued	8,048,221	-	8,048,221	-	-	-	-	8,048,221
Incurred claims paid and other insurance service expenses paid for insurance contracts issued	-	-	-	(336,485)	(3,400,536)	-	(3,400,536)	(3,737,021)
Insurance acquisition cash flows	(1,138,534)	-	(1,138,534)	-	-	-	-	(1,138,534)
Subtotal of cash flow during the period	6,909,687	-	6,909,687	(336,485)	(3,400,536)	-	(3,400,536)	3,172,666
Closing balance of insurance contract assets	-	-	-	-	-	-	-	-
Closing balance of insurance contract liabilities	12,563,444	88,927	12,652,371	5,593,090	9,132,558	1,232,306	10,364,864	28,610,325
Net balance as of March 31, 2026	$ 12,563,444	$ 88,927	$ 12,652,371	$ 5,593,090	$ 9,132,558	$ 1,232,306	$ 10,364,864	$ 28,610,325

Unit: NTD thousands (unless otherwise stated)

	Liabilities for Remaining Coverage				The liability for incurred claims that applying the premium allocation approach			
	Excluding any loss component	Any loss component	Subtotal	The liability for incurred claims that applying the general measurement model and the variable fee approach	The risk adjustment for estimates of the present value of the future cash flows	The risk adjustment for non-financial risk	Subtotal	Total
Opening balance of insurance contract assets	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Opening balance of insurance contract liabilities	9,964,004	20,819	9,984,823	3,241,361	8,614,425	1,474,771	10,089,196	23,315,380
Net balance as of January 1, 2025	9,964,004	20,819	9,984,823	3,241,361	8,614,425	1,474,771	10,089,196	23,315,380
Insurance revenue								
Insurance contracts that applied the modified retrospective approach	(118,412)	-	(118,412)	-	-	-	-	(118,412)
Insurance contracts that applied the fair value approach	(967)	-	(967)	-	-	-	-	(967)
All other contracts	(6,350,522)	-	(6,350,522)	-	-	-	-	(6,350,522)
Subtotal of insurance revenue	(6,469,901)	-	(6,469,901)	-	-	-	-	(6,469,901)
Insurance service expenses								
Incurred claims (excluding investment components) and other incurred insurance service expenses	-	-	-	419,241	5,280,873	665,476	5,946,349	6,365,590
Changes that relate to past service — changes in fulfilment cash flows relating to the liability for incurred claims	-	-	-	101,290	277,754	(449,498)	(171,744)	(70,454)
Changes that relate to future service — losses and reversals of losses on onerous groups of contracts	-	39,330	39,330	-	-	-	-	39,330
Amortisation of insurance acquisition cash flows	1,143,650	-	1,143,650	-	-	-	-	1,143,650
Subtotal of Insurance service expenses	1,143,650	39,330	1,182,980	520,531	5,558,627	215,978	5,774,605	7,478,116
Insurance service result	(5,326,251)	39,330	(5,286,921)	520,531	5,558,627	215,978	5,774,605	1,008,215
Insurance finance income or expenses								
Insurance finance income or expenses recognised in profit or loss – interest rate related	6,009	633	6,642	11,928	40,885	7,228	48,113	66,683
Subtotal of insurance finance income or expenses	6,009	633	6,642	11,928	40,885	7,228	48,113	66,683
Total amount recognized in the statement of comprehensive income	(5,320,242)	39,963	(5,280,279)	532,459	5,599,512	223,206	5,822,718	1,074,898
Cash flows in the period								
Premiums received for insurance contracts issued	8,124,108	-	8,124,108	-	-	-	-	8,124,108
Incurred claims paid and other insurance service expenses paid for insurance contracts issued	-	-	-	(281,130)	(3,566,060)	-	(3,566,060)	(3,847,190)
Insurance acquisition cash flows	(1,160,736)	-	(1,160,736)	-	-	-	-	(1,160,736)
Subtotal of cash flow during the period	6,963,372	-	6,963,372	(281,130)	(3,566,060)	-	(3,566,060)	3,116,182
Closing balance of insurance contract assets	-	-	-	-	-	-	-	-
Closing balance of insurance contract liabilities	11,607,134	60,782	11,667,916	3,492,690	10,647,877	1,697,977	12,345,854	27,506,460
Net balance as of March 31, 2025	$ 11,607,134	$ 60,782	$ 11,667,916	$ 3,492,690	$ 10,647,877	$ 1,697,977	$ 12,345,854	$ 27,506,460

Unit: NTD thousands (unless otherwise stated)

(2) The reconciliation of the components of insurance contract assets and liabilities issued by the Company (excluding contracts applying the Premium Allocation Approach) is presented as follows:

			Contractual service margin				
	Estimates of the present value of the future cash flows	The risk adjustment for non-financial risk	Insurance contracts that applied the modified retrospective approach	Insurance contracts that applied the fair value approach	All other contracts	Subtotal	Total
Opening balance of insurance contract assets	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Opening balance of insurance contract liabilities	6,602,680	1,710,143	14,670	7,018	806,654	828,342	9,141,165
Net balance as of January 1, 2026	6,602,680	1,710,143	14,670	7,018	806,654	828,342	9,141,165
Changes that relate to future service							
Changes in estimates that adjust the contractual service margin	(274,445)	(71,407)	5,068	398	340,386	345,852	-
Losses and reversals of losses on groups of onerous contracts	(10,626)	(2,254)	9	-	3,359	3,368	(9,512)
The effects of contracts initially recognised in the period	(484,643)	149,406	9,258	-	333,372	342,630	7,393
Subtotal of changes that relate to future service	(769,714)	75,745	14,335	398	677,117	691,850	(2,119)
Changes that relate to current service							
The amount of the contractual service margin recognised in profit or loss to reflect the transfer of services	-	-	(3,607)	(694)	(291,088)	(295,389)	(295,389)
The change in the risk adjustment for non-financial risk that does not relate to future service or past service	-	(66,514)	-	-	-	-	(66,514)
Experience adjustments	37,464	-	-	-	-	-	37,464
Subtotal of changes that relate to current service	37,464	(66,514)	(3,607)	(694)	(291,088)	(295,389)	(324,439)
Changes that relate to past service							
Changes in fulfilment cash flows relating to incurred claims	(252,511)	(80,487)	-	-	-	-	(332,998)
Subtotal of changes that relate to past service	(252,511)	(80,487)	-	-	-	-	(332,998)
Insurance finance income or expenses							
Insurance finance income or expenses recognised in profit or loss – interest rate related	949	(478)	50	25	3,274	3,349	3,820
Subtotal of insurance finance income or expenses	949	(478)	50	25	3,274	3,349	3,820
Total amount recognized in the statement of comprehensive	(983,812)	(71,734)	10,778	(271)	389,303	399,810	(655,736)
Cash flows in the period							
Premiums received for insurance contracts issued	1,915,587	-	-	-	-	-	1,915,587
Incurred claims paid and other insurance service expenses paid for insurance contracts issued	(336,485)	-	-	-	-	-	(336,485)
Insurance acquisition cash flows	(118,941)	-	-	-	-	-	(118,941)
Subtotal of cash flow during the period	1,460,161	-	-	-	-	-	1,460,161
Closing balance of insurance contract assets	-	-	-	-	-	-	-
Closing balance of insurance contract liabilities	7,079,029	1,638,409	25,448	6,747	1,195,957	1,228,152	9,945,590
Net balance as of March 31, 2026	$ 7,079,029	$ 1,638,409	$ 25,448	$ 6,747	$ 1,195,957	$ 1,228,152	$ 9,945,590

Unit: NTD thousands (unless otherwise stated)

			Contractual service margin				
	Estimates of the present value of the future cash flows	The risk adjustment for non-financial risk	Insurance contracts that applied the modified retrospective approach	Insurance contracts that applied the fair value approach	All other contracts	Subtotal	Total
Opening balance of insurance contract assets	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Opening balance of insurance contract liabilities	5,260,889	832,998	50,900	10,427	1,053,880	1,115,207	7,209,094
Net balance as of January 1, 2025	5,260,889	832,998	50,900	10,427	1,053,880	1,115,207	7,209,094
Changes that relate to future service							
Changes in estimates that adjust the contractual service margin	250,890	58,387	(28,633)	(267)	(280,377)	(309,277)	-
Losses and reversals of losses on groups of onerous contracts	(3,252)	40	1,006	-	1,592	2,598	(614)
The effects of contracts initially recognised in the period	(511,345)	228,845	11,305	-	271,166	282,471	(29)
Subtotal of changes that relate to future service	(263,707)	287,272	(16,322)	(267)	(7,619)	(24,208)	(643)
Changes that relate to current service							
The amount of the contractual service margin recognised in profit or loss to reflect the transfer of services	-	-	(6,593)	(818)	(227,325)	(234,736)	(234,736)
The change in the risk adjustment for non-financial risk that does not relate to future service or past service	-	(76,912)	-	-	-	-	(76,912)
Experience adjustments	(217,565)	-	-	-	-	-	(217,565)
Subtotal of changes that relate to current service	(217,565)	(76,912)	(6,593)	(818)	(227,325)	(234,736)	(529,213)
Changes that relate to past service							
Changes in fulfilment cash flows relating to incurred claims	114,615	(13,323)	-	-	-	-	101,292
Subtotal of changes that relate to past service	114,615	(13,323)	-	-	-	-	101,292
Insurance finance income or expenses							
Insurance finance income or expenses recognised in profit or loss – interest rate related	11,054	1,845	162	34	3,709	3,905	16,804
Subtotal of insurance finance income or expenses	11,054	1,845	162	34	3,709	3,905	16,804
Total amount recognized in the statement of comprehensive	(355,603)	198,882	(22,753)	(1,051)	(231,235)	(255,039)	(411,760)
Other changes	-	-	-	-	-	-	-
Cash flows in the period							
Premiums received for insurance contracts issued	1,645,272	-	-	-	-	-	1,645,272
Incurred claims paid and other insurance service expenses paid for insurance contracts issued	(281,131)	-	-	-	-	-	(281,131)
Insurance acquisition cash flows	(148,073)	-	-	-	-	-	(148,073)
Subtotal of cash flow during the period	1,216,068	-	-	-	-	-	1,216,068
Closing balance of insurance contract assets	-	-	-	-	-	-	-
Closing balance of insurance contract liabilities	6,121,354	1,031,880	28,147	9,376	822,645	860,168	8,013,402
Net balance as of March 31, 2025	$ 6,121,354	$ 1,031,880	$ 28,147	$ 9,376	$ 822,645	$ 860,168	$ 8,013,402

Unit: NTD thousands (unless otherwise stated)

(3) The reconciliation of reinsurance contract assets and liabilities held by the Company is presented as follows:

	The asset for remaining coverage			The asset for incurred claims that applying the premium allocation approach				
	Excluding Loss-Recovery component	Loss-Recovery component	Subtotal	Asset for incurred claims under the General Measurement Model	Estimates of the present value of the future cash flows	The risk adjustment for non-financial risk	Subtotal	Total
Opening balance of reinsurance contract assets held	$ 1,406,954	$ 11,336	$ 1,418,290	$ 1,148,840	$ 6,729,031	$ 990,382	$ 7,719,413	$ 10,286,543
Opening balance of reinsurance contract liabilities held	-	-	-	-	-	-	-	-
Net balance as of January 1, 2026	1,406,954	11,336	1,418,290	1,148,840	6,729,031	990,382	7,719,413	10,286,543
Allocation of the premiums paid	(1,631,173)	-	(1,631,173)	-	-	-	-	(1,631,173)
The amounts recovered from the reinsurer								
Incurred claims recovered from reinsurers	-	-	-	446,472	1,077,317	60,451	1,137,768	1,584,240
Loss-Recovery and reversal of onerous underlying insurance contract groups	-	35,972	35,972	-	-	-	-	35,972
Changes that relate to past service — the adjustment for the asset for incurred claims	-	-	-	(182,758)	(779,507)	(429,796)	(1,209,303)	(1,392,061)
Subtotal of the amounts recovered from the reinsurer	-	35,972	35,972	263,714	297,810	(369,345)	(71,535)	228,151
The effect of changes in the risk of non-performance by the issuer of reinsurance contracts held	(79)	-	(79)	48	307	-	307	276
Income or expenses from reinsurance contracts held	(1,631,252)	35,972	(1,595,280)	263,762	298,117	(369,345)	(71,228)	(1,402,746)
Finance income or expenses of reinsurance contracts held								
Insurance finance income or expenses from reinsurance contracts held recognised in profit or loss – interest rate related	4,015	31	4,046	2,287	10,829	2,157	12,986	19,319
Subtotal of income or expenses from reinsurance contracts held	4,015	31	4,046	2,287	10,829	2,157	12,986	19,319
Total amount recognized in the statement of comprehensive	(1,627,237)	36,003	(1,591,234)	266,049	308,946	(367,188)	(58,242)	(1,383,427)
Investment component	-	-	-	-	-	-	-	-
Other changes	14,861	-	14,861	-	-	-	-	14,861
Cash flows in the period								
The amounts charged (recovered under reinsurance contracts held)	-	-	-	(65,006)	(559,191)	-	(559,191)	(624,197)
The amounts paid (paid for reinsurance contracts held)	2,162,738	-	2,162,738	-	-	-	-	2,162,738
Subtotal of cash flows in the period	2,162,738	-	2,162,738	(65,006)	(559,191)	-	(559,191)	1,538,541
Closing balance of reinsurance contract assets held	1,957,316	47,339	2,004,655	1,349,883	6,478,786	623,194	7,101,980	10,456,518
Closing balance of reinsurance contract liabilities held	-	-	-	-	-	-	-	-
Net balance as of March 31, 2026	$ 1,957,316	$ 47,339	$ 2,004,655	$ 1,349,883	$ 6,478,786	$ 623,194	$ 7,101,980	$ 10,456,518

(English Translation of Financial Statements Originally Issued in Chinese)
ShinKong Insurance Co., Ltd.
Notes to financial statements (Continued)
For the First Quarter of 2026 and 2025

Unit: NTD thousands (unless otherwise stated)

	The asset for remaining coverage				The asset for incurred claims that applying the premium allocation approach			
	Excluding Loss-Recovery component	Loss-Recovery component	Subtotal	Asset for incurred claims under the General Measurement Model	Estimates of the present value of the future cash flows	The risk adjustment for non-financial risk	Subtotal	Total
Opening balance of reinsurance contract assets held	$ 1,396,151	$ 1,057	$ 1,397,208	$ 849,830	$ 5,257,694	$ 607,998	$ 5,865,692	$ 8,112,730
Opening balance of reinsurance contract liabilities held	-	-	-	-	-	-	-	-
Net balance as of January 1, 2025	1,396,151	1,057	1,397,208	849,830	5,257,694	607,998	5,865,692	8,112,730
Allocation of the premiums paid	(1,440,864)	-	(1,440,864)	-	-	-	-	(1,440,864)
The amounts recovered from the reinsurer								
Incurred claims recovered from reinsurers	-	-	-	110,467	3,469,994	516,899	3,986,893	4,097,360
Loss-Recovery and reversal of onerous underlying insurance contract groups	-	8,144	8,144	-	-	-	-	8,144
Changes that relate to past service — the adjustment for the asset for incurred claims	-	-	-	64,503	(748,068)	(368,409)	(1,116,477)	(1,051,974)
Subtotal of the amounts recovered from the reinsurer	-	8,144	8,144	174,970	2,721,926	148,490	2,870,416	3,053,530
The effect of changes in the risk of non-performance by the issuer of reinsurance contracts held	52	-	52	8	(72)	-	(72)	(12)
Income or expenses from reinsurance contracts held	(1,440,812)	8,144	(1,432,668)	174,978	2,721,854	148,490	2,870,344	1,612,654
Finance income or expenses of reinsurance contracts held								
Insurance finance income or expenses from reinsurance contracts held recognised in profit or loss – interest rate related	5,142	5	5,147	3,032	21,282	3,524	24,806	32,985
Subtotal of income or expenses from reinsurance contracts held	5,142	5	5,147	3,032	21,282	3,524	24,806	32,985
Total amount recognized in the statement of comprehensive	(1,435,670)	8,149	(1,427,521)	178,010	2,743,136	152,014	2,895,150	1,645,639
Investment component	-	-	-	-	-	-	-	-
Other changes	10,760	-	10,760	-	-	-	-	10,760
Cash flows in the period								
The amounts charged (recovered under reinsurance contracts held)	-	-	-	(45,077)	(655,619)	-	(655,619)	(700,696)
The amounts paid (paid for reinsurance contracts held)	1,950,554	-	1,950,554	-	-	-	-	1,950,554
Subtotal of cash flows in the period	1,950,554	-	1,950,554	(45,077)	(655,619)	-	(655,619)	1,249,858
Closing balance of reinsurance contract assets held	1,921,795	9,206	1,931,001	982,763	7,345,211	760,012	8,105,223	11,018,987
Closing balance of reinsurance contract liabilities held	-	-	-	-	-	-	-	-
Net balance as of March 31, 2025	$ 1,921,795	$ 9,206	$ 1,931,001	$ 982,763	$ 7,345,211	$ 760,012	$ 8,105,223	$ 11,018,987

Unit: NTD thousands (unless otherwise stated)

(4) The reconciliation of the components of reinsurance contract assets and liabilities held by the Company (excluding contracts applying the Premium Allocation Approach) is presented as follows:

			Contractual service margin				
	Estimates of the present value of the future cash flows	The risk adjustment for non-financial risk	Insurance contracts that applied the modified retrospective approach	Insurance contracts that applied the fair value approach	All other contracts	Subtotal	Total
Opening balance of reinsurance contract assets held	$ 956,583	$ 232,926	$ 26,386	$ 699	$ 115,282	$ 142,367	$ 1,331,876
Opening balance of reinsurance contract liabilities held	-	-	-	-	-	-	-
Net balance as of January 1, 2026	956,583	232,926	26,386	699	115,282	142,367	1,331,876
Changes that relate to future service							
Changes in estimates that adjust the contractual service margin	(15,526)	10,056	(10,339)	(2)	15,811	5,470	-
Loss-Recovery and reversals relating to onerous underlying insurance contracts	371	-	58	-	100	158	529
The effects of contracts initially recognised in the period	(81,491)	55,176	-	-	26,316	26,316	1
Subtotal of changes that relate to future service	(96,646)	65,232	(10,281)	(2)	42,227	31,944	530
Changes that relate to current service							
The amount of the contractual service margin recognised in profit or loss to reflect the transfer of services	-	-	(1,612)	(65)	(46,999)	(48,676)	(48,676)
The change in the risk adjustment for non-financial risk that does not relate to future service or past service	-	(3,989)	-	-	-	-	(3,989)
Experience adjustments	357,898	-	-	-	-	-	357,898
Subtotal of changes that relate to current service	357,898	(3,989)	(1,612)	(65)	(46,999)	(48,676)	305,233
Changes that relate to past service							
The adjustment for the asset for incurred claims	(127,756)	(55,002)	-	-	-	-	(182,758)
Subtotal of changes that relate to past service	(127,756)	(55,002)	-	-	-	-	(182,758)
The effect of changes in the risk of non-performance by the issuer of reinsurance contracts held	318	-	-	-	(349)	(349)	(31)
Income or expenses from reinsurance contracts held	133,814	6,241	(11,893)	(67)	(5,121)	(17,081)	122,974
Finance income or expenses of reinsurance contracts held							
Insurance finance income or expenses from reinsurance contracts held recognised in profit or loss – interest rate related	416	327	89	3	532	624	1,367
Subtotal of finance income or expenses of reinsurance contracts held	416	327	89	3	532	624	1,367
Other changes	14,861	-	-	-	-	-	14,861
Cash flows in the period							
The amounts charged (recovered under reinsurance contracts held)	(65,005)	-	-	-	-	-	(65,005)
The amounts paid (paid for reinsurance contracts held)	98,135	-	-	-	-	-	98,135
Subtotal of cash flows in the period	33,130	-	-	-	-	-	33,130
Closing balance of reinsurance contract assets held	1,138,804	239,494	14,582	635	110,693	125,910	1,504,208
Closing balance of reinsurance contract liabilities held	-	-	-	-	-	-	-
Net balance as of March 31, 2026	$ 1,138,804	$ 239,494	$ 14,582	$ 635	$ 110,693	$ 125,910	$ 1,504,208

Unit: NTD thousands (unless otherwise stated)

			Contractual service margin				
	Estimates of the present value of the future cash flows	The risk adjustment for non-financial risk	Insurance contracts that applied the modified retrospective approach	Insurance contracts that applied the fair value approach	All other contracts	Subtotal	Total
Opening balance of reinsurance contract assets held	$ 787,394	$ 197,217	$ 24,703	$ 1,032	$ 35,950	$ 61,685	$ 1,046,296
Opening balance of reinsurance contract liabilities held	-	-	-	-	-	-	-
Net balance as of January 1, 2025	787,394	197,217	24,703	1,032	35,950	61,685	1,046,296
Changes that relate to future service							
Changes in estimates that adjust the contractual service margin	(111,878)	(18,601)	29,832	(16)	100,663	130,479	-
Loss-Recovery and reversals relating to onerous underlying insurance contracts	258	-	65	-	37	102	360
The effects of contracts initially recognised in the period	(86,674)	45,744	1,195	-	39,639	40,834	(96)
Subtotal of changes that relate to future service	(198,294)	27,143	31,092	(16)	140,339	171,415	264
Changes that relate to current service							
The amount of the contractual service margin recognised in profit or loss to reflect the transfer of services	-	-	(10,161)	(82)	(18,111)	(28,354)	(28,354)
The change in the risk adjustment for non-financial risk that does not relate to future service or past service	-	(25,816)	-	-	-	-	(25,816)
Experience adjustments	618	-	-	-	-	-	618
Subtotal of changes that relate to current service	618	(25,816)	(10,161)	(82)	(18,111)	(28,354)	(53,552)
Changes that relate to past service							
The adjustment for the asset for incurred claims	66,833	(2,330)	-	-	-	-	64,503
Subtotal of changes that relate to past service	66,833	(2,330)	-	-	-	-	64,503
The effect of changes in the risk of non-performance by the issuer of reinsurance contracts held	338	-	(1)	-	(277)	(278)	60
Income or expenses from reinsurance contracts held	(130,505)	(1,003)	20,930	(98)	121,951	142,783	11,275
Finance income or expenses of reinsurance contracts held							
Insurance finance income or expenses from reinsurance contracts held recognised in profit or loss – interest rate related	2,106	771	77	3	203	283	3,160
Subtotal of finance income or expenses of reinsurance contracts held	2,106	771	77	3	203	283	3,160
Other changes	10,760	-	-	-	-	-	10,760
Cash flows in the period							
The amounts charged (recovered under reinsurance contracts held)	(45,077)	-	-	-	-	-	(45,077)
The amounts paid (paid for reinsurance contracts held)	92,047	-	-	-	-	-	92,047
Subtotal of cash flows in the period	46,970	-	-	-	-	-	46,970
Closing balance of reinsurance contract assets held	716,725	196,985	45,710	937	158,104	204,751	1,118,461
Closing balance of reinsurance contract liabilities held	-	-	-	-	-	-	-
Net balance as of March 31, 2025	$ 716,725	$ 196,985	$ 45,710	$ 937	$ 158,104	$ 204,751	$ 1,118,461

Unit: NTD thousands (unless otherwise stated)

(5) The effects of insurance contracts issued by the Company initially recognised during the period are as follows (the Premium Allocation Approach is not applicable):

	January 1 to March 31, 2026		
	Insurance contracts issued		
	Non-onerous contracts	Onerous contracts	Total
The estimates of the present value of future cash outflows			
Insurance acquisition cash flows	$ 126,387	$ 90	$ 126,477
Claims and other directly attributable expenses	710,871	2,197	713,068
Subtotal	837,258	2,287	839,545
The estimates of the present value of future cash inflows	(1,321,457)	(2,731)	(1,324,188)
The risk adjustment for non-financial risk	148,735	671	149,406
Contractual service margin	335,464	7,166	342,630
The effects of contracts initially recognised in the period	$ -	$ 7,393	$ 7,393

	January 1 to March 31, 2025		
	Insurance contracts issued		
	Non-onerous contracts	Onerous contracts	Total
The estimates of the present value of future cash outflows			
Insurance acquisition cash flows	$ 159,398	$ 15	$ 159,413
Claims and other directly attributable expenses	1,081,181	242	1,081,423
Subtotal	1,240,579	257	1,240,836
The estimates of the present value of future cash inflows	(1,751,845)	(336)	(1,752,181)
The risk adjustment for non-financial risk	228,801	44	228,845
Contractual service margin	282,465	6	282,471
The effects of contracts initially recognised in the period	$ -	($ 29)	($ 29)

Unit: NTD thousands (unless otherwise stated)

(6) The effects of reinsurance contracts held by the Company initially recognised during the period are as follows:

	January 1 to March 31, 2026	
	Reinsurance contracts held	Total
The estimates of the present value of future cash outflows	$ 291,286	$ 291,286
The estimates of the present value of future cash inflows	(209,795)	(209,795)
The risk adjustment for non-financial risk	(55,176)	(55,176)
Contractual service margin	(26,316)	(26,316)
The effects of contracts initially recognised in the period	($ 1)	($ 1)

	January 1 to March 31, 2025	
	Reinsurance contracts held	Total
The estimates of the present value of future cash outflows	$ 289,099	$ 289,099
The estimates of the present value of future cash inflows	(202,425)	(202,425)
The risk adjustment for non-financial risk	(45,744)	(45,744)
Contractual service margin	(40,834)	(40,834)
The effects of contracts initially recognised in the period	$ 96	$ 96

(7) The expected timing of recognition of the contractual service margin in profit or loss for insurance contracts issued and reinsurance contracts held by the Company is as follows:

	March 31, 2026				
	Less than 1 year	1 - 3 years	3 - 5 years	More than five years	Total
Insurance contracts issued	$ 730,612	$ 330,884	$ 129,763	$ 36,893	$ 1,228,152
Reinsurance contracts held	($ 84,465)	($ 24,244)	($ 16,424)	($ 777)	($ 125,910)

	December 31, 2025				
	Less than 1 year	1 - 3 years	3 - 5 years	More than five years	Total
Insurance contracts issued	$ 516,533	$ 220,089	$ 70,266	$ 21,454	$ 828,342
Reinsurance contracts held	($ 87,769)	($ 40,110)	($ 12,923)	($ 1,565)	($ 142,367)

	March 31, 2025				
	Less than 1 year	1 - 3 years	3 - 5 years	More than five years	Total
Insurance contracts issued	$ 564,829	$ 211,125	$ 67,163	$ 17,051	$ 860,168
Reinsurance contracts held	($ 130,304)	($ 44,335)	($ 25,266)	($ 4,846)	($ 204,751)

Unit: NTD thousands (unless otherwise stated)

(8) Schedule of insurance finance income or expenses for insurance contracts issued and reinsurance contracts held

The following table summarises the components of insurance finance income and expenses and their relationship to the investment returns on the corresponding assets.

	January 1 to March 31, 2026	January 1 to March 31, 2025
Investment return recognised in profit or loss		
Interest revenue	$ 141,259	$ 152,668
Gains or losses on disposal of financial assets and liabilities	175,770	9,380
Valuation adjustments of financial assets and liabilities	(109,919)	(425,941)
Impairment losses and reversals of investments	(98)	(66)
Other net investment gains or losses	31,082	66,316
Amounts recognised in profit or loss	238,094	(197,643)
Amounts recognised in other comprehensive income	217,083	18,241
Subtotal of investment return	$ 455,177	($ 179,402)
Finance income or expenses of insurance contracts		
Cumulative interest accreted	($ 36,414)	($ 66,683)
The amount recognised in profit or loss	(36,414)	(66,683)
Subtotal of finance income or expenses of insurance contracts	($ 36,414)	($ 66,683)
Finance income or expenses of reinsurance contracts held		
Cumulative interest accreted	19,319	32,985
Amounts recognised in profit or loss	19,319	32,985
Subtotal of finance income or expenses of reinsurance contracts held	$ 19,319	$ 32,985

Unit: NTD thousands (unless otherwise stated)

(9) Information related to operating performance

A. Breakdown of insurance revenue

January 1 to March 31, 2026

	Amounts applying the general measurement model			Amounts applying the variable fee approach	Amounts applying the premium allocation approach			Total insurance revenue		
	Direct underwriting	Reinsurance	Total		Direct underwriting	Reinsurance	Total	Direct underwriting	Reinsurance	Total
The insurance revenue that applying the general measurement model and the variable fee approach										
The amounts relating to the changes in the liability for remaining coverage	$ 1,113,828	$ 25,737	$ 1,139,565	$ -	$ -	$ -	$ -	$ 1,113,828	$ 25,737	$ 1,139,565
Expected incurred claims and incurred insurance service expenses	672,519	4,135	676,654	-	-	-	-	672,519	4,135	676,654
The contractual service margin recognised in profit or loss	275,003	20,386	295,389	-	-	-	-	275,003	20,386	295,389
Changes in the risk adjustment for non-financial risk because of the release from risk	166,306	1,216	167,522	-	-	-	-	166,306	1,216	167,522
Other amounts	-	-	-	-	-	-	-	-	-	-
The allocation that relate to the recovery of insurance acquisition cash flows	110,674	202	110,876	-	-	-	-	110,674	202	110,876
Subtotal of the insurance revenue that applying the general measurement model and the variable fee approach	1,224,502	25,939	1,250,441	-	-	-	-	1,224,502	25,939	1,250,441
The insurance revenue that applying the premium allocation approach	-	-	-	-	5,294,799	133,366	5,428,165	5,294,799	133,366	5,428,165
Total	$ 1,224,502	$ 25,939	$ 1,250,441	$ -	$ 5,294,799	$ 133,366	$ 5,428,165	$ 6,519,301	$ 159,305	$ 6,678,606

January 1 to March 31, 2025

	Amounts applying the general measurement model			Amounts applying the variable fee approach	Amounts applying the premium allocation approach			Total insurance revenue		
	Direct underwriting	Reinsurance	Total		Direct underwriting	Reinsurance	Total	Direct underwriting	Reinsurance	Total
The insurance revenue that applying the general measurement model and the variable fee approach										
The amounts relating to the changes in the liability for remaining coverage	$ 922,331	$ 26,123	$ 948,454	$ -	$ -	$ -	$ -	$ 922,331	$ 26,123	$ 948,454
Expected incurred claims and incurred insurance service expenses	592,057	4,619	596,676	-	-	-	-	592,057	4,619	596,676
The contractual service margin recognised in profit or loss	212,228	22,508	234,736	-	-	-	-	212,228	22,508	234,736
Changes in the risk adjustment for non-financial risk because of the release from risk	120,192	621	120,813	-	-	-	-	120,192	621	120,813
Other amounts	(2,146)	(1,625)	(3,771)	-	-	-	-	(2,146)	(1,625)	(3,771)
the allocation that relate to the recovery of insurance acquisition cash flows	108,784	158	108,942	-	-	-	-	108,784	158	108,942
Subtotal of the insurance revenue that applying the general measurement model and the variable fee approach	1,031,115	26,281	1,057,396	-	-	-	-	1,031,115	26,281	1,057,396
The insurance revenue that applying the premium allocation approach	-	-	-	-	5,276,375	136,130	5,412,505	5,276,375	136,130	5,412,505
Total	$ 1,031,115	$ 26,281	$ 1,057,396	$ -	$ 5,276,375	$ 136,130	$ 5,412,505	$ 6,307,490	$ 162,411	$ 6,469,901

Unit: NTD thousands (unless otherwise stated)

B. Breakdown of insurance service expenses

	January 1 to March 31, 2026									
	Amounts applying the general measurement model			Amounts applying the variable fee approach	Amounts applying the premium allocation approach			Total insurance service expenses		
	Direct underwriting	Reinsurance	Total		Direct underwriting	Reinsurance	Total	Direct underwriting	Reinsurance	Total
Incurred claims	$ 750,861	$ 3,422	$ 754,283	$ -	$ 1,476,294	$ 198,462	$ 1,674,756	$ 2,227,155	$ 201,884	$ 2,429,039
Incurred insurance service expenses	60,843	-	60,843		426,952	-	426,952	487,795	-	487,795
Changes that relate to past service — changes in fulfilment cash flows relating to the liability for incurred claims	(335,376)	2,378	(332,998)	-	197,438	(67,135)	130,303	(137,938)	(64,757)	(202,695)
Changes that relate to future service — losses and reversals of losses on onerous contracts	(2,327)	208	(2,119)	-	44,829	(7,254)	37,575	42,502	(7,046)	35,456
Insurance acquisition cash flows										
Amortisation	110,674	202	110,876	-	1,049,784	-	1,049,784	1,160,458	202	1,160,660
Acquisition expenses	-	-	-	-	-	-	-	-	-	-
Impairment	-	-	-	-	-	-	-	-	-	-
Total	$ 584,675	$ 6,210	$ 590,885	$ -	$ 3,195,297	$ 124,073	$ 3,319,370	$ 3,779,972	$ 130,283	$ 3,910,255

	January 1 to March 31, 2025									
	Amounts applying the general measurement model			Amounts applying the variable fee approach	Amounts applying the premium allocation approach			Total insurance service expenses		
	Direct underwriting	Reinsurance	Total		Direct underwriting	Reinsurance	Total	Direct underwriting	Reinsurance	Total
Incurred claims	$ 336,176	$ 5,126	$ 341,302	$ -	$ 5,382,658	$ 189,517	$ 5,572,175	$ 5,718,834	$ 194,643	$ 5,913,477
Incurred insurance service expenses	77,939	-	77,939		374,174	-	374,174	452,113	-	452,113
Changes that relate to past service — changes in fulfilment cash flows relating to the liability for incurred claims	103,111	(1,819)	101,292	-	(100,186)	(71,560)	(171,746)	2,925	(73,379)	(70,454)
Changes that relate to future service — losses and reversals of losses on onerous contracts	(615)	(28)	(643)	-	13,707	26,266	39,973	13,092	26,238	39,330
Insurance acquisition cash flows										
Amortisation	108,784	158	108,942	-	1,034,708	-	1,034,708	1,143,492	158	1,143,650
Acquisition expenses	-	-	-	-	-	-	-	-	-	-
Impairment	-	-	-	-	-	-	-	-	-	-
Total	$ 625,395	$ 3,437	$ 628,832	$ -	$ 6,705,061	$ 144,223	$ 6,849,284	$ 7,330,456	$ 147,660	$ 7,478,116

Unit: NTD thousands (unless otherwise stated)

C. Breakdown of income or expenses from reinsurance contracts held

	January 1 to March 31, 2026	
	Amounts applying the general measurement model	Amounts applying the premium allocation approach
Allocation of the premiums paid		
Contracts that not applying the premium allocation approach		
Relating to changes in remaining coverage		
Expected claims recovered from reinsurers and other reinsurance-related expenses	($ 72,768)	$ -
The change in the risk adjustment for non-financial risk	(19,953)	-
Contractual service margin recognized in profit or loss due to the acquisition of services	(48,676)	-
Experience adjustments - paid for reinsurance premium	158	-
Contracts that applying the premium allocation approach	-	(1,489,934)
Subtotal	($ 141,239)	($ 1,489,934)
The amounts recovered from the reinsurer		
Incurred claims recovered from reinsurers	$ 446,472	$ 1,137,768
Other incurred reinsurance-related expenses	-	-
Changes that relate to past service — the adjustment for the asset for incurred claims	(182,758)	(1,209,303)
Loss-recovery and related reversals on onerous underlying contracts	(530)	36,502
The effect of changes in the risk of non-performance by the issuer of reinsurance contracts	(31)	307
Subtotal	$ 263,153	($ 34,726)
Net income (or expenses) from reinsurance contracts held	$ 121,914	($ 1,524,660)

	January 1 to March 31, 2025	
	Amounts applying the general measurement model	Amounts applying the premium allocation approach
Allocation of the premiums paid		
Contracts that not applying the premium allocation approach		
Relating to changes in remaining coverage		
Expected claims recovered from reinsurers and other reinsurance-related expenses	($ 103,044)	$ -
The change in the risk adjustment for non-financial risk	(32,724)	-
Contractual service margin recognized in profit or loss due to the acquisition of services	(28,354)	-
Experience adjustments - paid for reinsurance premium	103	-
Contracts that applying the premium allocation approach	-	(1,276,845)
Subtotal	($ 164,019)	($ 1,276,845)
The amounts recovered from the reinsurer		
Incurred claims recovered from reinsurers	$ 110,467	$ 3,986,893
Other incurred reinsurance-related expenses	-	-
Changes that relate to past service — the adjustment for the asset for incurred claims	64,503	(1,116,477)
Loss-recovery and related reversals on onerous underlying contracts	(266)	8,410
The effect of changes in the risk of non-performance by the issuer of reinsurance contracts	60	(72)
Subtotal	$ 174,764	$ 2,878,754
Net income (or expenses) from reinsurance contracts held	$ 10,745	$ 1,601,909

Unit: NTD thousands (unless otherwise stated)

13. Retirement Benefits Plan

Defined contribution pension plan

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

The amounts of expenses on the defined contribution pension plan recognized in 2026 and January 1 to March 31, 2025 were $13,224 thousand and $12,743, respectively

Defined Benefit Plan

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

The Company recognised defined benefit plan (benefit) expense amounts of ($110) and $366 for the periods from January 1 to March 31, 2026 and 2025, respectively.

14. Common Stock

As of March 31, 2026, December 31 and March 31,2025, the Company's authorized capital was $5,000,000, and the paid-up capital was $3,159,633, the par value per share was $10 and divided into 315,963,300 shares

15. Capital Reserve

Item	March 31, 2026	December 31, 2025	March 31, 2025
Share premium	$50,355	$50,355	$50,355
Treasury stock trade	14,213	14,213	14,213
Execution of right of consolidation	39	39	39
Others	232	232	232
Total	$64,839	$64,839	$64,839

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

16. Retained earnings

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

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

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

(3) The Board of Directors proposes a distribution plan for the distributable surplus, and submits it to the shareholders' meeting for resolution, and the relevant information of which is available from the Public Information Observatory.

(4) According to the Company Law, the statutory surplus reserve shall be allocated until its total amount has reached the total capital. The statutory surplus reserve can be used to make up for the business losses. If there is no business loss, the part of the statutory surplus reserve exceeding 25% of the paid-in capital can be used to issue new shares or distribute cash in proportion to the initial shares subscribed by shareholders. However, according to the Interpretation Decree No. 10202501991 of Jinguanbaocai Zi, cash distribution can be made according to Article 241 of the Company Law on conditions that the statutory surplus reserve must be allocated until its total amount has reached the total paid-in capital according to Article 145-1 of the Insurance Law and other requirements listed in the Decree are also met, before the application for cash distribution from the statutory surplus reserve according to Article 241 of the Company Law is sent to the competent authority for approval.

(5) According to the "Regulations on Insurance Companies Various Reserves," the annually added provisions to the special surplus reserves for major accidents and for risk changes are accounted at the end of the current year as the accounting entry point, and this part of the surplus are not

Unit: NTD thousands (unless otherwise stated)

distributed or used for other purposes. The accumulated provisions on March 31, 2026, December 31 and March 31, 2025 were $ 8,469,958, $ 8,469,958 and NT$7,652,641, respectively.

(6) According to the requirement under Letter Jin-guan-bao-cai-zi No. 11304908291 dated April 26, 2024 to optimize the financial structure of insurance companies, regarding the personal travel safety insurance – accidental death and disability payment policy sold during the year, they shall calculate the balances of 10% of its total premium income based on the insurance amount and number of days for insurance less 20% of the nominal tax rate at the end of each fiscal year in accordance with the "Table of Standards Rate for Accidental Death and Disability Payment under Personal Travel Safety Insurance"; such balances shall be appropriated to the special surplus reserve under the owner's interests. On March 31,2026, December 31 and March 31, 2025, the accumulated provision were $21,732, $21,732 and $12,642, respectively.

The Company's shareholders' meetings and board meetings on March 13, 2026 and June 3, 2025, respectively, resolved the 2025 and 2024 proposals on distribution of retained earnings and dividends per share, which are listed as follows:

	Distribution of retained earnings		Dividend per share (NTD)	
	2025	2024	2025	2024
Legal reserve	$780,732	$666,661	$-	$-
Special reserve	826,407	409,460	-	-
Common stock cash dividends	2,297,053	2,259,138	7.27	7.15

Please refer to Note 6.18. for the details of the assessment basis and recognized amounts of the remunerations for employees and directors.

(7) In accordance with the "Amended Regulations Governing the Strengthening of Catastrophe Reserves of Property Insurance Enterprises", the favourable impact (before tax) arising from the first-time adoption of International Financial Reporting Standard 17, Insurance Contracts (IFRS 17), by property insurance enterprises shall be transferred in a specified amount to the special reserve under liabilities for commercial earthquake insurance and typhoon and flood insurance. On 1 January 2026, the Company transferred the entire favourable impact arising from IFRS 17 adoption of $2,229,126 to the special reserve. After the first-time adoption of IFRS 17 and the appropriation of the special reserve on 1 January 2026, the net amount transferred to retained earnings (after tax) was $1,782,893.

For information relating to the impact of the first-time adoption of IFRS 17 on shareholders' equity, please refer to Note 23.9.

Unit: NTD thousands (unless otherwise stated)

17. Other equity

	From January 1 to March 31, 2026	From January 1 to March 31, 2025
Opening balance	($93,248)	($81,572)
Current period		
Unrealized valuation gains and losses on equity instrument investments measured at fair value through other comprehensive income	227,332	14,888
Unrealized valuation gains and losses on investments in debt instruments measured at fair value through other comprehensive income	(8,199)	2,683
Other Comprehensive income in current period	$219,133	$17,571
(Losses) gains on disposal of equity instruments at fair value through other comprehensive profit or loss transferred to retained earnings	29,237	-
Effect of retrospective application and retrospective adjustments	599,370	-
Closing balance	754,492	($64,001)

For information on the effects of the initial application of IFRS 17 and the redesignation of financial assets, please refer to Note 23.9.

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

Employee benefits, depreciation and amortization expenses incurred during the current period are summarized by function as follows:

By functions / By attributes	January 1 to March 31, 2026			
	Insurance acquisition cash flows	Expenses that can be directly attributed	other operating costs and other operating expenses	Total
Employee benefits				
Salaries and wages	$158,383	$397,186	$15,776	$571,345
Labor insurance and national health insurance	-	34,452	-	34,452
Pension expenses	-	13,115	-	13,115
Remuneration to directors	-	-	41,782	41,782
Other employee benefits expense	-	23,894	949	24,843
Depreciation expenses	-	28,215	-	28,215
Amortization expenses	-	5,762	-	5,762

Unit: NTD thousands (unless otherwise stated)

By functions / By attributes	January 1 to March 31, 2025			
	Insurance acquisition cash flows	Expenses that can be directly attributed	other operating costs and other operating expenses	Total
Employee benefits				
Salaries and wages	$162,617	$355,065	$12,817	$530,499
Labor insurance and national health insurance	-	29,955	-	29,955
Pension expenses	-	13,109	-	13,109
Remuneration to directors	-	-	36,763	36,763
Other employee benefits expense	-	22,631	817	23,448
Depreciation expenses	-	19,590	-	19,590
Amortization expenses	-	6,929	-	6,929

The number of employees of the Company in March 31,2026, December 31,2025 and March 31, 2025 were 1550, 1558 and 1559, respectively, and among them 10 were directors who did not serve as working employees.

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

The company has appropriated 4.10% and 1.60% of the earnings generated in the period from January 1 to March 31, 2026 as remuneration to employees and directors for an amount of $ 51,225 and $19,990, respectively. The company has appropriated 4.80% and 1.60% of the earnings generated in the period from January 1 to March 31, 2025 as remuneration to employees and directors for an amount of $51,393 and $17,131, respectively, which is booked in the "salary expense" account. If there is a discrepancy between the estimated amount and the distribution amount resolved by the board of directors, it will be recognized as profit and loss in the following year.

The company's board of directors resolved on March 13, 2026 to pay $204,902 and $79,962 in cash as remuneration to employees and directors of 2025, respectively. There is no difference between the amount paid and the amount stated in the expense account of the 2025 financial report.

Unit: NTD thousands (unless otherwise stated)

19. Components of Other Comprehensive Profit or Loss

The components of other comprehensive income from January 1 to March 31, 2026 are:

	Arising during the period	Current reclassification adjustment	comprehensive income	Income tax benefits (expenses)	After-tax amount
Items not reclassified to gains and losses:					
Unrealized valuation gains (losses) on equity instruments measured at fair value through other comprehensive income	$227,332	$-	$227,332	$-	$227,332
Items that may be subsequently reclassified to gains and losses:					
Unrealized valuation gains (losses) on debt instruments measured at fair value through other comprehensive income	(10,249)	-	(10,249)	2,050	(8,199)
Total	$217,083	$-	$(217,083)	$2,050	$219,133

The components of other comprehensive income from January 1 to March 31, 2025 are:

	Arising during the period	Current reclassification adjustment	comprehensive income	Income tax benefits (expenses)	After-tax amount
Items not reclassified to gains and losses:					
Unrealized valuation gains (losses) on equity instruments measured at fair value through other comprehensive income	$14,888	$-	$14,888	$-	$14,888
Items that may be subsequently reclassified to gains and losses:					
Unrealized valuation gains (losses) on debt instruments measured at fair value through other comprehensive income	3,353	-	3,353	(670)	2,683
Total	$18,241	$-	$18,241	$ (670)	$17,571

20. Income tax

Components of income tax:

Income tax recognized as Gains and Losses

	From January 1 to March 31, 2026	From January 1 to March 31, 2025
Current income tax expenses (benefits):		
Income tax arising from current period income	$340,761	$162,071
Current year adjustment of previous years' current income taxes	(281)	(415)
Deferred income tax expenses (benefits):		
Deferred income tax expenses related to initially generated and reversed temporary differences	(92,047)	(7,578)
Income tax expense	$248,433	$154,078

Income tax recognized in Other Comprehensive Income

	From January 1 to March 31, 2026	From January 1 to March 31, 2025
Deferred income tax expenses (benefits):		
Unrealized valuation gains (losses) on debt instruments measured at fair value through other comprehensive income	$(2,050)	$670
Income tax related to the components of other comprehensive profit or loss	$(2,050)	$670

Approval of income tax declaration

As of December 31, 2026, the Company's declaration of profit-making business income tax returns has been approved by the Revenue Service Office up to the fiscal year 2024.

21. Earnings Per Share

The basic earnings per shares is calculated through dividing net profits after tax for the period by the weighter average number of outstanding ordinary shares.

As the Company has not issued any potential ordinary shares with diluted effects, the Company is not required to make dilution adjustment to the amount of basic earnings per share.

Earnings per share in the period from January 1 to March 31, 2026 and 2025 are as follows:

Item	From January 1 to March 31, 2026	From January 1 to March 31, 2025
continuing operations	$1,259,771	$307,312
Weighted average number of common shares (in thousands) of basic earnings per share	315,963	315,963
Basic earnings per share (NTD)	$3.99	$0.97

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

Unit: NTD thousands (unless otherwise stated)

22. Expected Credit Losses (Profits)

	From January 1 to March 31, 2026	From January 1 to March 31, 2025
Total operating revenues- Expected credit impairment loss and reversal gain on investment		
Financial assets at fair value through other comprehensive profit or loss	$3	$3
Financial assets at amortized cost	146	72
Other financial assets	(51)	(9)
subtotal	$98	$66
Operating expenses: -Expected credit impairment reversal from non-investments		
Other receivables	259	(2,908)
Total	$357	$(2,842)

For information about the credit risks, please see Note 7.

23. Lease

(1) The company as a lessee

The Company leases a number of different assets, including property (houses and buildings) and other equipment. The lease periods of various contracts are from 1 year to 6 years.
The impact of the leasing business on the Company's financial status, financial performance and cash flow is described as follows:

A. Amounts recognized in the balance sheet

a. Right-of-use assets

Book values of right-of-use assets

	March 31, 2026	December 31, 2025	March 31, 2025
Buildings and structures	$285,173	$11,344	$14,451
Other equipment	12,365	13,850	18,378
Total	$297,538	$25,194	$32,829

During January 1 to March 31, 2026 and 2025, the right-of-use assets increased $280,525 and $3,717, respectively.

b. Lease liabilities

	March 31, 2026	December 31, 2025	March 31, 2025
Lease liabilitie	$304,083	$25,763	$33,378

During January 1 to March 31, 2026 and 2025, the interest expenses of the lease liabilities recognized were $733 and $187, respectively.
As of March 31, 2026, December 31, 2025 and March 31, 2025, the maturities of lease liabilities are analyzed as follows:

Unit: NTD thousands (unless otherwise stated)

	March 31, 2026			
Maturity period	less than 1 year	1–5 years	over 5 years	Total
Lease liabilitie	$65,269	$256,335	$-	$321,604

	December 31, 2025			
Maturity period	less than 1 year	1–5 years	over 5 years	Total
Lease liabilitie	$10,597	$15,943	$-	$26,540

	March 31, 2025			
Maturity period	less than 1 year	1–5 years	over 5 years	Total
Lease liabilitie	$12,276	$22,287	$-	$34,563

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

B. Amounts recognized in the consolidated income statement

Depreciation of right-of-use assets

	From January 1 to March 31, 2026	From January 1 to March 31, 2025
Buildings and structures	$6,694	$1,982
Other equipment	1,486	1,539
Total	$8,180	$3,521

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

	From January 1 to March 31, 2026	From January 1 to March 31, 2025
Short-term leasing expenses	$2,683	$2,236

D. The lessee's cash outflows related to leasing activities
The total cash outflows during January 1 to March 31, 2026 and 2025, were $5,620 and $5,917, respectively.

(2) The Company as a lessor
The Company owned investment properties are disclosed in Note 6.8. The Company owned investment properties are classified as operating leases because almost all the risks and rewards attached to the ownership of the underlying assets have not been transferred.

Unit: NTD thousands (unless otherwise stated)

	From January 1 to March 31, 2026	From January 1 to March 31, 2025
Lease income recognized under operating lease		
Fixed lease payments	$16,366	$18,908

The lease contracts with undiscounted lease payments received and total amounts for remaining years ranged on March 31, 2026, December 31, 2025 and March 31, 2025 were:

	March 31, 2026	December 31, 2025	March 31, 2025
no more than 1 year	$55,476	$62,294	$64,380
over 1 year but no more than 2 years	45,261	47,514	45,209
over 2 years but no more than 3 years	29,991	35,356	34,716
over 3 years but no more than 4 years	13,525	19,924	27,717
over 4 years but no more than 5 years	228	390	13,270
over 5 years	114	171	-
Total	$144,595	$165,649	$185,292

24. Other liabilities–Special reserve

A. Compulsory automobile liability insurance

Item	From January 1 to March 31, 2026	From January 1 to March 31, 2025
Opening amount	$695,008	$573,182
Current deposits	114,313	30,171
Current recovery	-	-
Closing amount	$809,321	$603,353

According to Article 2 of the "Compulsory Automobile Liability Insurance Act" and paragraph 1, Article 24-2 of the "Regulations for the Provision Appropriation for the Insurance Companies" established under the authorization of paragraph 2, Article 145 and paragraph 2, Article 148-3 of the "Insurance Act," from April 1, 2022, property insurance companies shall appropriate NT$30 from each insurance contract as the special provision based on the business expense of the insured under the compulsory automobile liability insurance business it operates. According to the Letter Jin-guan-bao-chan-zi No. 11304922071 dated July 3, 2025, starting from October 1, 2025, the business expense from each insurance contract shall adjust to NT$15 as the special reserve. Thereafter, when there are net losses on the pure insurance premium for the year while property insurance companies operating this business, they shall use the provision hereof to make compensation first; for the insufficient part, they shall comply with Article 8 of the "Regulations for the Provision Appropriation for Compulsory Automobile Liability Insurance."

The Company is required to deposit special reserves for its retained business of compulsory automobile liability insurance. Starting from January 1, 2025, in accordance with the " Regulations for the Provision Appropriation for Compulsory Automobile Liability Insurance", the special reserves of $5,677 were recalculated and reclassified under the special reserves listed in other liabilities, and retrospectively adjusted to the effect applicable to IFRS 17. Please refer to note 23.9.

Unit: NTD thousands (unless otherwise stated)

B. Non-compulsory automobile liability insurance

	Liabilities			
	From January 1 to March 31, 2026			
Item	catastrophic event	fluctuation of risk	Property appreciation	Total
Opening amount	$397,507	$952,766	$225,849	$1,576,122
Effect of standard conversions	1,621,491	607,635	-	2,229,126
Current deposits	-	-	-	-
Current recovery	(5,846)	-	-	(5,846)
Closing amount	$2,013,152	$1,560,401	$225,849	$3,799,402

	Liabilities			
	From January 1 to March 31, 2025			
Item	Catastrophic event	Fluctuation of risk	Property appreciation	Total
Opening amount	$420,890	$952,765	$225,849	$1,599,504
Current deposits	-	-	-	-
Current recovery	(5,845)	(145,493)	-	(151,338)
Closing amount	$415,045	$807,272	$225,849	$1,448,166

When the company initially applied IFRSs, the property appreciation measured at fair value in the initial DAY application should be used to make up the adverse effects of other accounting items caused by the initial application, and the unrealized value added amont from the re-evaluation should be fully listed as a special reserve on the date of conversion.

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

In accordance with the provisions of the "Notice for Reinforcingthe Reserve of Natual Disaster of Property Insurance Business" stipulated in the Letter Jin-guan-bao-chan-zi No. 11504111391, the Company transferred the increase of retained earnings of $1,782,893 (after tax) generated from the first adoption of IFRS 17 on January 1, 2026 to special reserves under the liabilities of commercial earthquake insurance and typhoon and flood insurance. The amount of special reserves deposit on January 1, 2026 was $2,229,126 (before tax).

C. Matters to be disclosed according to the Notice for Reinforcingthe Reserve of Natual Disaster (commercial earthquake insurance and typhoon and flood insurance) of Property Insurance Business :

The impact of not being subject to the said precaution on the net income (loss) before tax, liabilities, equity, and earnings per share in the period from January 1 to March 31, 2026 and 2025 was a decrease of $5,846 thousand, a decrease of $3,342,632 thousand, an increase of $2,669,429 thousand, and a decrease of $0.01 per share, respectively; and also a decrease of $151,338 thousand, a decrease of $991,397 thousand, an increase of $672,047 thousand, and a decrease of $0.38 per share, respectively.

D. Matters to be disclosed in accordance with the "Guidelines for Strengthening Reserves of Residential Earthquake Coinsurance Organization Members" are:

The impact of not being subject to the said precaution on the liabilities and equity in the period from January 1 to March 31, 2026 and 2025 was a decrease of NT$171,516 thousand and an increase of NT$137,213 thousand, respectively; also, there was no impact on the earnings per share.

E. Matters to disclosed in accordance with the "Regulations on Property Insurance Companies Various Reserves for Energy Insurance" are:

The impact of not being subject to the said precaution on the liabilities and equity in the period from January 1 to March 31, 2026 and 2025 was a decrease of NT$59,405 thousand and an increase of NT$47,524 thousand, respectively; also, there was no impact on the earnings per share.

7. Risk management of insurance contracts and financial instruments

1. The objectives, policies, procedures and methods of risk management:

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

A. Board of Directors

a. The Board of Directors is the Company's highest decision-making body on risk management and undertakes the ultimate responsibility for the company's overall risk management.

b. The Board of Directors resolves the overall risk management policy and risk appetite in accordance with the corporate overall operating strategy and environment.

B. Risk Management Committee

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

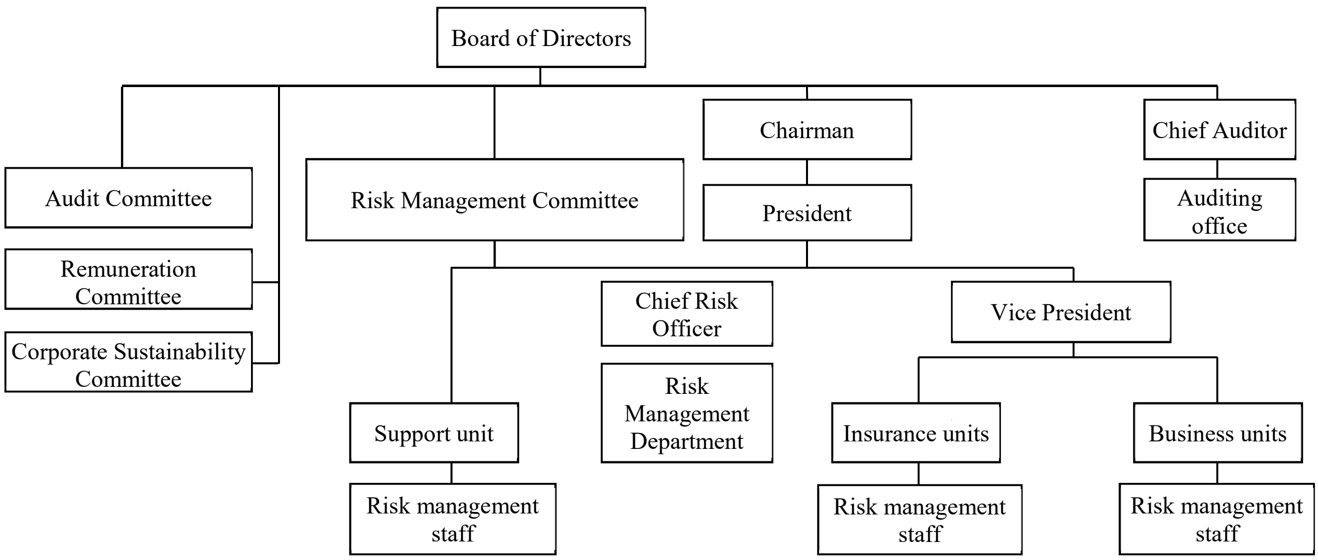
C. Risk Management Department

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

D. Business Department

a. The department performs daily risk management affairs and provides feedback on risk information to the Risk Management Department.

b. The department has a risk management person working as a window to the Risk Management Department and handles risk management business under the instructions from the department head.



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

A. Risk reporting

a. The business unit regularly sends risk information to the risk management unit for monitoring, and when the risk limit is exceeded, proposes an over-limit handling report along with corresponding measures.

b. The risk management unit summarizes the risk information received from the business unit, to review and track the use of major risk limits, and report to the Chairman every quarter for regular monitoring.

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

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

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

Unit: NTD thousands (unless otherwise stated)

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

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

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

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

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

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

Insurance types	March 31, 2026	December 31,2025	March 31, 2025
A.Fire insurance	$1,200,000	$1,200,000	$1,200,000
B.Marine insurance			
a. Cargo insurance	600,000	600,000	600,000
b. Hull insurance	600,000	600,000	600,000
c. Fishing vessel insurance	600,000	600,000	600,000
d. Property floater insurance	1,200,000	600,000	600,000
C. New insurance types			
a. Engineering insurance	1,500,000	1,500,000	1,500,000
b. Liability insurance	1,250,000	1,250,000	1,250,000
c. Accident insurance, Health insurance	1,200,000	1,200,000	1,200,000
D.Car insurance			
a. Damage insurance	100,000	100,000	100,000
b. Third-party liability insurance	400,000	400,000	400,000

2. Management of assets and liabilities

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

Unit: NTD thousands (unless otherwise stated)

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

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

The Company has established a capital adequacy management mechanism, which includes a capital adequacy index to facilitate regular reviews and preparation of capital adequacy reports biannually. If the capital adequacy ratio exceeds the risk limit, or an abnormality occurs, the cause of the event will be explored and responses be set forth to evaluate the impact on the capital adequacy

4. Sensitivity of insurance risks

The Company primarily estimates incurred claims liabilities through loss development patterns and expected loss rates for various insurance products. However, due to uncertainties such as changes in the external environment (e.g., changes in laws or judicial rulings), trends, or changes in claims payment methods, the loss development pattern and expected loss rate may alter the estimated claims reserve. Therefore, the Company conducted sensitivity tests using the final loss rate for the period from January 1 to March 31, 2026 and 2025, as shown below:

	January 1 to March 31, 2026			
	Expected impact on profit or loss with 5% increase of loss rate		Expected impact on profit or loss with 5% decrease of loss rate	
Insurance contract type	Increase in total liabilities for claims before holding reinsurance	Increase in total liabilities for claims after holding reinsurance	Increase in total liabilities for claims before holding reinsurance	Increase in total liabilities for claims after holding reinsuranc
Fire insurance	(9,442)	53,046	9,442	(53,046)
Marine insurance	2,521	9,387	(2,521)	(9,387)
Land and air insurance	67,497	69,575	(67,497)	(69,575)
Liability insurance	5,073	10,089	(5,073)	(10,089)
Engineering Guarantee Insurance	15,409	32,686	(15,409)	(32,686)
Other property insurance	1,305	2,534	(1,305)	(2,534)
Accident insurance	8,377	8,742	(8,377)	(8,742)
Health insurance	64	54	(64)	(54)
Automobile liability insurance	22,285	18,761	(22,285)	(18,761)

Unit: NTD thousands (unless otherwise stated)

	January 1 to March 31, 2025			
	Expected impact on profit or loss with 5% increase of loss rate		Expected impact on profit or loss with 5% decrease of loss rate	
Insurance contract type	Increase in total liabilities for claims before holding reinsurance	Increase in total liabilities for claims after holding reinsurance	Increase in total liabilities for claims before holding reinsurance	Increase in total liabilities for claims after holding reinsuranc
Fire insurance	$173,387	$96,316	($171,431)	($94,360)
Marine insurance	1,289	10,431	(1,289)	(10,431)
Land and air insurance	70,412	72,808	(70,412)	(72,808)
Liability insurance	6,841	8,802	(6,841)	(8,802)
Engineering Guarantee Insurance	15,108	18,398	(15,108)	(18,398)
Other property insurance	1,186	1,784	(1,186)	(1,784)
Accident insurance	4,560	3,013	(4,560)	(3,013)
Health insurance	(1)	4	1	(4)
Automobile liability insurance	22,362	22,611	(22,362)	(22,611)

The sensitivity test is based on the insurance service results from January 1 to March 31, 2026 and 2025, to calculate the impact of a 5% increase or decrease in the final loss rate on the company's profit and loss.

According to the data from January to March 2026, although the assumed increase of expected loss rate by 5% have a certain degree of impact on the profit or loss, with the reinsurance arrangement, however, the impact from the change in expected loss rate can be reduced, thereby spreading the risks, and the sensitivity can be maintained within a reasonable range.

5. Explanation of concentrated insurance risks

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

The insurance contracts underwritten by the company are spread across different types of insurance without concentration on a single type of insurance, and the highest proportion is attributed to automobile insurance, which accounted for 48.51% and 49.73% of the total underwriting during January 1 to March 31, 2026 and 2025, respectively. Although the proportion is higher than that of other insurances, experiences show the relevant loss is stable and the risk variation is not significant; other insurance types do not have risk concentration either.

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

The insurance risk concentration situation shown by the Company's insurance revenue and insurance service results from January 1 to March 31, 2026 and 2025 are listed below:

Unit: NTD thousands (unless otherwise stated)

	From January 1 to March 31, 2026	
Item	Insurance revenue	Insurance service results
Fire insurance	1,426,087	401,036
Marine insurance	233,212	56,573
Motor insurance	3,239,840	647,669
Engineering insurance	790,132	59,018
Liability insurance	591,212	148,324
Accident & health insurance	398,123	52,985

	From January 1 to March 31, 2025	
Item	Insurance revenue	Insurance service results
Fire insurance	1,429,354	(254,693)
Marine insurance	260,194	11,116
Motor insurance	3,217,325	346,803
Engineering insurance	601,772	105,920
Liability insurance	568,162	209,851
Accident & health insurance	393,094	185,442

(The following is blank)

Unit: NTD thousands (unless otherwise stated)

6. Claims development trend

As of March 31, 2026, December 31, 2025, and March 31, 2025, the following table indicates the loss development pattern:

(1) Inward busines

March 31,2026	Accident year						
Development Year	Before 2021	2022	2023	2024	2025	January 1 to March 31,2026	Total
At the end of the year	$ 21,066,602	$ 14,043,267	$ 11,329,474	$ 15,389,995	$ 15,004,628	$ 2,069,489	
After the first year	18,919,397	13,470,497	11,477,873	15,506,866	15,495,261		
After the second year	18,357,147	13,095,244	11,420,100	15,637,257			
After the third year	17,813,049	13,010,385	11,401,569				
After the fourth year	17,642,044	13,030,360					
After the fifth year	17,679,856						
Accumulated estimated claim amount	17,679,856	13,030,360	11,401,569	15,637,257	15,495,261	2,069,489	
Accumulated claim payment	(17,047,720)	(12,582,638)	(10,539,839)	(12,285,397)	(8,349,419)	(372,274)	
Subtotal	$ 632,136	$ 447,722	$ 861,730	$ 3,351,860	$ 7,145,842	$ 1,697,215	$ 14,136,505
Effect of discount							(197,559)
Effect of the risk adjustment for non-financial risk							2,008,405
Other liability for incurred claims							10,603
Total amount of liability for incurred claims of inward business							$ 15,957,954

Unit: NTD thousands (unless otherwise stated)

December 31,2025	Accident year						
Development Year	Before 2020	2021	2022	2023	2024	2025	Total
At the end of the year	$ 20,472,993	$ 12,917,524	$ 14,043,267	$ 11,329,474	$ 15,389,995	$ 15,004,628	
After the first year	18,987,058	11,508,901	13,470,497	11,477,873	15,506,866		
After the second year	18,248,475	11,185,054	13,095,244	11,420,100			
After the third year	18,010,073	10,999,781	13,010,385				
After the fourth year	17,651,248	10,848,716					
After the fifth year	17,631,307						
Accumulated estimated claim amount	17,631,307	10,848,716	13,010,385	11,420,100	15,506,866	15,004,628	
Accumulated claim payment	(17,237,981)	(10,641,828)	(12,504,407)	(10,497,908)	(11,980,900)	(6,052,497)	
Subtotal	$ 393,326	$ 206,888	$ 505,978	$ 922,192	$ 3,525,966	$ 8,952,131	$ 14,506,481
Effect of discount							(200,128)
Effect of the risk adjustment for non-financial risk							2,565,338
Other liability for incurred claims							72,850
Total amount of liability for incurred claims of inward business							$ 16,944,541

March 31,2025	Accident year						
Development Year	Before 2020	2021	2022	2023	2024	2025	Total
At the end of the year	$ 20,472,993	$ 12,917,524	$ 14,043,267	$ 11,329,474	$ 15,389,995	$ 5,263,424	
After the first year	18,987,058	11,508,901	13,470,497	11,477,873	15,564,268		
After the second year	18,248,475	11,185,054	13,095,244	11,561,700			
After the third year	18,010,073	10,999,781	13,112,683				
After the fourth year	17,651,248	11,034,933					
After the fifth year	17,684,019						
Accumulated estimated claim amount	17,684,019	11,034,933	13,112,683	11,561,700	15,564,268	5,263,424	
Accumulated claim payment	(17,142,803)	(10,529,752)	(12,231,328)	(10,006,857)	(9,728,565)	(650,544)	
Subtotal	$ 541,216	$ 505,181	$ 881,355	$ 1,554,843	$ 5,835,703	$ 4,612,880	$ 13,931,178
Effect of discount							(246,714)
Effect of the risk adjustment for non-financial risk							2,138,631
Other liability for incurred claims							15,447
Total amount of liability for incurred claims of inward business							$ 15,838,542

Unit: NTD thousands (unless otherwise stated)

(2) Retention business

March 31,2026	Accident year						
Development Year	Before 2021	2022	2023	2024	2025	January 1 to March 31,2026	Total
At the end of the year	$ 15,961,464	$ 11,636,878	$ 11,609,120	$ 10,131,131	$ 10,362,079	$ 1,733,678	
After the first year	14,377,262	11,426,526	9,462,821	9,795,636	10,211,221		
After the second year	13,089,326	10,057,351	9,366,575	10,266,934			
After the third year	12,579,970	9,995,341	9,363,728				
After the fourth year	12,442,249	9,996,402					
After the fifth year	12,474,199						
Accumulated estimated claim amount	12,474,199	9,996,402	9,363,728	10,266,934	10,211,221	1,733,678	
Accumulated claim payment	(12,172,975)	(9,897,342)	(8,846,915)	(8,561,501)	(6,446,070)	(521,749)	
Subtotal	$ 301,224	$ 99,060	$ 516,813	$ 1,705,433	$ 3,765,151	$ 1,211,929	$ 7,599,610
Effect of discount							(62,047)
Effect of the risk adjustment for non-financial risk							1,251,498
Other liability for incurred claims							(1,282,970)
Total amount of liability for incurred claims of retention business							$ 7,506,091

December 31,2025	Accident year						
Development Year	Before 2020	2021	2022	2023	2024	2025	Total
At the end of the year	$ 13,542,914	$ 10,400,444	$ 11,636,878	$ 11,609,120	$ 10,131,131	$ 10,362,079	
After the first year	13,801,474	10,081,576	11,426,526	9,462,821	9,795,636		
After the second year	12,536,140	9,048,512	10,057,351	9,366,575			
After the third year	12,281,268	8,684,527	9,995,341				
After the fourth year	12,135,897	8,615,030					
After the fifth year	12,067,674						
Accumulated estimated claim amount	12,067,674	8,615,030	9,995,341	9,366,575	9,795,636	10,362,079	
Accumulated claim payment	(11,938,445)	(8,471,008)	(9,861,580)	(8,807,965)	(8,368,576)	(5,390,573)	
Subtotal	$ 129,229	$ 144,022	$ 133,761	$ 558,610	$ 1,427,060	$ 4,971,506	$ 7,364,188
Effect of discount							(96,759)
Effect of the risk adjustment for non-financial risk							1,402,538
Other liability for incurred claims							(593,678)
Total amount of liability for incurred claims of retention business							$ 8,076,289

Unit: NTD thousands (unless otherwise stated)

March 31,2025	Accident year						
Development Year	Before 2020	2021	2022	2023	2024	2025	Total
At the end of the year	$ 13,542,914	$ 10,400,444	$ 11,636,878	$ 11,609,120	$ 10,131,131	$ 2,103,812	
After the first year	13,801,474	10,081,576	11,426,526	9,462,821	10,463,879		
After the second year	12,536,140	9,048,512	10,057,351	9,635,324			
After the third year	12,281,268	8,684,527	10,057,561				
After the fourth year	12,135,897	8,714,575					
After the fifth year	12,141,693						
Accumulated estimated claim amount	12,141,693	8,714,575	10,057,561	9,635,324	10,463,879	2,103,812	
Accumulated claim payment	(11,859,845)	(8,396,515)	(9,723,361)	(8,498,077)	(7,031,655)	(537,284)	
Subtotal	$ 281,848	$ 318,060	$ 334,200	$ 1,137,247	$ 3,432,224	$ 1,566,528	$ 7,070,107
Effect of discount							(62,766)
Effect of the risk adjustment for non-financial risk							1,268,469
Other liability for incurred claims							(1,525,254)
Total amount of liability for incurred claims of retention business							$ 6,750,556

According to the table above, the estimated cumulative claim amount for each accident year is based on currently available information. However, the final result may deviate from the original estimate due to subsequent developments in the claim

Unit: NTD thousands (unless otherwise stated)

7. Credit risk, liquidity risk and market risk of insurance contracts

Please refer to Note 7 for details regarding the credit and liquidity risks of insurance contracts and financial assets. Furthermore, the Company's insurance contracts are short-term policies, primarily because the claims payment period may exceed one year; however, the duration is approximately 1.11 to 4.36 years, therefore, there is no significant market interest rate risk.

(1) The maximum credit risk exposure amounts for the insurance contracts issued as of March 31, 2026, December 31, 2025, and March 31, 2025, were $3,159,374, $3,797,176, and $1,991,482, respectively.

(2) The maximum credit risk exposure amounts for the reinsurance contracts held by the company as of March 31, 2026, December 31, 2025, and March 31, 2025 were $7,864,993, $7,692,209, and $7,915,377, respectively.

8. Types of financial instruments

Financial instruments	March 31, 2026	December 31, 2025	March 31, 2025
Financial assets			
Financial assets at fair value through profit or loss:			
Mandatorily measured at fair value through profit or loss	$3,697,959	$11,311,545	$8,487,070
Financial assets at fair value through other comprehensive income			
Financial assets at amortized cost:	10,177,899	1,259,691	1,326,859
Cash and cash equivalents (excluding cash on hand and working capital)	14,716,538	12,819,598	14,058,374
Financial assets at amortized cost	13,166,264	15,581,212	13,641,032
Other financial assets	-	299,949	299,761
Accounts receivable	816,561	664,881	682,892
Refundable deposits	685,209	823,832	805,562
Subtotal	29,384,572	30,189,472	29,487,621
Total	$43,260,430	$42,760,708	$39,301,550
Financial liabilities			
Financial liabilities at fair value through profit or loss:			
Mandatorily measured at fair value through profit or loss	$129,879	$80,758	$157,013
Financial liabilities at amortized cost:			
Accounts Payables	1,371,232	1,357,766	1,000,960
Lease liabilitie	304,083	25,763	33,378
Subtotal	1,675,315	1,383,529	1,034,338
Total	$1,805,194	$1,464,287	$1,191,351

9. Financial risk management objectives and policies

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

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

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

(1) Market risk

A. Exchange rate risk

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

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

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

B. Interest rate risk

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

C. Equity price risk

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

(2) Credit risk

A. Credit risk management policy

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

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

a. The issuer credit risk refers to the risk of financial losses incurred by the Company due to the holding of financial debt instruments or deposits in banks for which payments or compensation obligations are not performed because of default, bankruptcy or liquidation of the issuer, guarantor or bank, in accordance with the agreed terms.

b. The counterparty credit risk refers to the risk of financial losses incurred by the Company due to the transactions of financial instruments, with which the counterparty fails to perform the delivery or payment obligations on the agreed date.
c. The underlying asset credit risk refers to the risk of losses due to the weakened credit quality, increased credit discounts, downgraded credit ratings, or breach of contract concerning the underlying asset linked to financial instruments.

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

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

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

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

a. The financial instruments are assessed for impairment based on IFRS 9 on every reporting date, to judge whether the credit risk has significantly increased since the initial recognition. This assessment considers reasonable and supportive information (including forward-looking one) that shows a significant increase in the credit risk since the initial recognition, and the main indicators include external credit ratings, credit spreads, and other market information related to the borrowers or issuers showing a significant increase of the credit risk.

b. Low credit risk: If a financial instrument is judged as having low credit risk on the reporting date, it can be assumed that the credit risk of the financial instrument has not significantly increased since initial recognition.

C. Defaulted and credit impaired financial assets

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

a. Quantitative indicator: When the contract payment is overdue for more than 90 days, the financial asset is judged as defaulted and credit impaired.

b. Qualitative indicator: When evidence shows that the issuer or borrower is unable to fulfill the contract payment, or that the issuer or borrower has major financial difficulties, such as:

(A) The issuer or borrower is bankrupt or may apply for bankruptcy or financial restructuring; or
(B) Failure to pay the principal or interest in accordance with the agreed terms; or
(C) The borrower's collateral is under provisional attachment or compulsory collection; or
(D) The borrower applies for changing the credit terms due to financial difficulties.

c. The above definitions of default and credit impairment apply to all financial assets held by the Company, and are consistent with the definitions used for financial assets at stake for internal credit risk management, and are also used in the relevant impairment assessment models.

D. Measurement of expected credit losses

a. The approach and assumption

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

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

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

Unit: NTD thousands (unless otherwise stated)

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

E. Analysis of risk concentration

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

March 31, 2026

Financial assets	Taiwan	America	Emerging market and others	Total
Cash and cash equivalents (Note 1)	14,716,538	-	-	14,716,538
Financial assets at fair value through profit or loss	527,780	1,423,874	438,471	2,390,125
Financial assets at fair value through other comprehensive income	-	294,888	-	294,888
Financial assets at amortized cost (Note 2)	12,897,004	782,111	-	13,679,115
Other financial assets	-	-	-	-
Total	28,141,322	2,500,873	438,471	31,080,666
Regional proportion to overall	90%	8%	2%	100%

Unit: NTD thousands (unless otherwise stated)

December 31, 2025

Financial assets	Taiwan	America	Emerging market and others	Total
Cash and cash equivalents (Note 1)	12,819,598	-	-	12,819,598
Financial assets at fair value through profit or loss	50,114	-	-	50,114
Financial assets at fair value through other comprehensive income	-	298,772	-	298,772
Financial assets at amortized cost (Note 2)	13,136,892	2,501,077	457,045	16,095,014
Other financial assets	299,949	-	-	299,949
Total	26,306,553	2,799,849	457,045	29,563,447
Regional proportion to overall	89%	9%	2%	100%

March 31, 2025

Financial assets	Taiwan	America	Emerging market and others	Total
Cash and cash equivalents (Note 1)	14,058,374	-	-	14,058,374
Financial assets at fair value through profit or loss	50,101	-	-	50,101
Financial assets at fair value through other comprehensive income	-	334,859	-	334,859
Financial assets at amortized cost (Note 2)	11,024,768	2,649,258	483,704	14,157,730
Other financial assets	299,761	-	-	299,761
Total	25,433,004	2,984,117	483,704	28,900,825
Regional proportion to overall	88%	10%	2%	100%

Note 1: Cash and cash equivalents exclude cash on hand and working capital.
Note 2: Including security deposits

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

Unit: NTD thousands (unless otherwise stated)

March 31, 2026

Financial assets	Finance	Communication & technology	Others	Total
Cash and cash equivalents (Note 1)	14,716,538	-	-	14,716,538
Financial assets at fair value through profit or loss	50,106	1,021,272	1,318,747	2,390,125
Financial assets at fair value through other comprehensive income	-	-	294,888	294,888
Financial assets at amortized cost (Note 2)	10,684,987	299,875	2,694,253	13,679,115
Other financial assets	-	-	-	-
Total	25,451,631	1,321,147	4,307,888	31,080,666
Regional proportion to overall	82%	4%	14%	100%

December 31, 2025

Financial assets	Finance	Communication & technology	Others	Total
Cash and cash equivalents (Note 1)	12,819,598	-	-	12,819,598
Financial assets at fair value through profit or loss	50,114	-	-	50,114
Financial assets at fair value through other comprehensive income	-	-	298,772	298,772
Financial assets at amortized cost (Note 2)	10,284,306	1,593,037	4,217,671	16,095,014
Total	299,949	-	-	299,949
Other financial assets	23,453,967	1,593,037	4,516,443	29,563,447
Regional proportion to overall	79%	6%	15%	100%

March 31, 2025

Financial assets	Finance	Communication & technology	Others	Total
Cash and cash equivalents (Note 1)	14,058,374	-	-	14,058,374
Financial assets at fair value through profit or loss	50,101	-	-	50,101
Financial assets at fair value through other comprehensive income	-	-	334,859	334,859
Financial assets at amortized cost (Note 2)	8,132,620	2,067,505	3,957,605	14,157,730
Other financial assets	299,761	-	-	299,761
Total	22,540,856	2,067,505	4,292,464	28,900,825
Regional proportion to overall	78%	7%	15%	100%

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

Unit: NTD thousands (unless otherwise stated)

Note 2: Including security deposits

F. Analysis of credit risk quality

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

March 31, 2026

Financial assets	Normal assets		Total
	Investment grade	Non-investment grade	
Cash and cash equivalents (Note 1)	14,716,538	-	14,716,538
Financial assets at fair value through profit or loss	2,390,125	-	2,390,125
Financial assets at fair value through other comprehensive income	294,888	-	294,888
Financial assets at amortized cost (Note 2)	13,679,115	-	13,679,115
Other financial assets	-	-	-
Total	31,080,666	-	31,080,666

December 31, 2025

Financial assets	Normal assets		Total
	Investment grade	Non-investment grade	
Cash and cash equivalents (Note 1)	12,819,598	-	12,819,598
Financial assets at fair value through profit or loss	50,114	-	50,114
Financial assets at fair value through other comprehensive income	298,772	-	298,772
Financial assets at amortized cost (Note 2)	16,095,014	-	16,095,014
Other financial assets	299,949	-	299,949
Total	29,563,447	-	29,563,447

March 31, 2025

Financial assets	Normal assets		Total
	Investment grade	Non-investment grade	
Cash and cash equivalents (Note 1)	14,058,374	-	14,058,374
Financial assets at fair value through profit or loss	50,101	-	50,101
Financial assets at fair value through other comprehensive income	334,859	-	334,859
Financial assets at amortized cost (Note 2)	14,157,730	-	14,157,730
Other financial assets	299,761	-	299,761
Total	28,900,825	-	28,900,825

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

Unit: NTD thousands (unless otherwise stated)

Note 2: Including security deposits

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

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

	March 31, 2026				
	Stage 1	Stage 2	Stage 3		
	12-month expected credit loss	Lifetime expected credit loss	Lifetime Expected credit loss	Purchased or credit-impaired financial assets	Total book value
Financial assets at amortized cost	$13,809,437	$-	$-	$-	$13,809,437
Financial assets at fair value through other comprehensive income	375,695	-	-	-	375,695
Other financial assets	-	-	-	-	-

	December 31, 2025				
	Stage 1	Stage 2	Stage 3		
	12-month expected credit loss	Lifetime expected credit loss	Lifetime Expected credit loss	Purchased or credit-impaired financial assets	Total book value
Financial assets at amortized cost	$16,086,914	$-	$-	$-	$16,086,914
Financial assets at fair value through other comprehensive income	371,992	-	-	-	371,992
Other financial assets	312,358	-	-	-	312,358

	March 31, 2025				
	Stage 1	Stage 2	Stage 3		
	12-month expected credit loss	Lifetime expected credit loss	Lifetime Expected credit loss	Purchased or credit-impaired financial assets	Total book value
Financial assets at amortized cost	$13,937,747	$-	$-	$-	$13,937,747
Financial assets at fair value through other comprehensive income	377,442	-	-	-	377,442
Other financial assets	309,035	-	-	-	309,035

Note: Including security deposits and interests receivable of financial assets.

Unit: NTD thousands (unless otherwise stated)

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

	12-month expected credit loss		Lifetime expected credit loss
	Measured at fair value through other comprehensive income	Measured at amortized cost	Measured at amortized cost
January 1, 2026	$242	$8,167	$-
Effect of redesignation	-	(1,399)	-
Derecognition	-	(50)	-
Originated or purchased	-	130	-
Change of model/risk parameters	3	15	-
March 31, 2026	$245	$6,863	$-
January 1, 2025	$232	$7,231	$5,780
Derecognition	-	-	-
Originated or purchased	-	168	-
Change of model/risk parameters	3	(105)	1
March 31, 2025	$235	$7,294	$5,781

I. Credit risk of reinsurance

The credit quality of our reinsurance counterparties is well, and the Company diversify credit risk by dealing with multiple counterparties, making the likelihood of default extremely low. Furthermore, the reinsurers are reviewed and approved by the Company, and the reinsurance department periodically checks the latest approved list. The credit quality information for reinsurance contracts held by the reinsurer's assets as of March 31, 2026, December 31, 2025, and March 31, 2025 is as follows:

March 31, 2026

S&P	Portfolio of reinsurance contracts held by assets	Percentage
AA+	$96,682	0.92%
AA	268,443	2.57%
AA-	779,981	7.46%
A++	5,148,683	49.24%
A+	3,233,180	30.92%
A	730,529	6.99%
A-	198,721	1.90%
BBB+	-	0.00%
BBB	-	0.00%
BBB-	-	0.00%
BB+	-	0.00%
BB	-	0.00%
BB-	-	0.00%
B+	-	0.00%
B	-	0.00%
B-	-	0.00%
CCC+	100	0.00%
Below CCC	-	0.00%
No rating	199	0.00%
Total	$10,456,518	100.00%

Unit: NTD thousands (unless otherwise stated)

December 31, 2025

S&P	Portfolio of reinsurance contracts held by assets	Percentage
AA+	$96,721	0.94%
AA	275,230	2.68%
AA-	648,326	6.30%
A++	5,130,496	49.88%
A+	3,201,379	31.12%
A	728,260	7.08%
A-	206,131	2.00%
BBB+	-	0.00%
BBB	-	0.00%
BBB-	-	0.00%
BB+	-	0.00%
BB	-	0.00%
BB-	-	0.00%
B+	-	0.00%
B	-	0.00%
B-	-	0.00%
CCC+	-	0.00%
Below CCC	-	0.00%
No rating	-	0.00%
Total	$10,286,543	100.00%

March 31, 2025

S&P	Portfolio of reinsurance contracts held by assets	Percentage
AA+	$120,557	1.09%
AA	328,418	2.98%
AA-	501,997	4.56%
A++	6,246,332	56.69%
A+	2,827,275	25.66%
A	756,152	6.86%
A-	237,394	2.15%
BBB+	-	0.00%
BBB	-	0.00%
BBB-	-	0.00%
BB+	-	0.00%
BB	-	0.00%
BB-	-	0.00%
B+	-	0.00%
B	-	0.00%
B-	-	0.00%
CCC+	287	0.00%
Below CCC	-	0.00%
No rating	575	0.01%
Total	$11,018,987	100.00%

Unit: NTD thousands (unless otherwise stated)

J. The notes receivable and other receivables are grouped based on the counterparty's credit rating, region and industry, and the allowances for losses measured with the provision matrix are as follows:

	March 31, 2026				
	0–90 days	91–180 days	181–365 days	over 366 days	Total
Expected credit loss	0%-1%	1%-100%	2%-100%	50%-100%	
Total book value	$818,824	$3	$1,223	$-	$820,050
Allowance for loss (expected credit loss)	(2,263)	(3)	(1,223)	-	(3,489)
Total	$816,561	$-	$-	$-	$816,561

	December 31, 2025				
	0–90 days	91–180 days	181–365 days	over 366 days	Total
Expected credit loss	0%-1%	1%-100%	2%-100%	50%-100%	
Total book value	$668,758	$704	$692	$-	$670,154
Allowance for loss (expected credit loss)	(3,877)	(704)	(692)	-	(5,273)
Total	$664,881	$-	$-	$-	$664,881

	March 31, 2025				
	0–90 days	91–180 days	181–365 days	over 366 days	Total
Expected credit loss	0%-1%	1%-100%	2%-100%	50%-100%	
Total book value	$686,595	$224	$113	$-	$686,932
Allowance for loss (expected credit loss)	(3,703)	(224)	(113)	-	(4,040)
Total	$682,892	$-	$-	$-	$682,892

(3) Operational risk

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

(4) Liquidity risk

A. Definition and source of liquidity risk

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

Unit: NTD thousands (unless otherwise stated)

B. Liquidity risk management

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

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

C. The table below shows the Company's insurance liabilities and non-derivative financial liabilities, analyzed based on the remaining period from the end of the reporting period to the contract maturity date:

a. Insurance liabilities

	Subsequent years after the balance sheet date						
March 31, 2026	Less than 1 year	1 to 2 years	2 to 3 years	3 to 4 years	4 to 5 years	Above 5 years	Total
The portfolio of insurance contracts issued as liability	18,071,422	5,294,810	2,024,988	1,294,995	888,985	1,308,598	28,883,798

	Subsequent years after the balance sheet date						
December 31, 2025	Less than 1 year	1 to 2 years	2 to 3 years	3 to 4 years	4 to 5 years	Above 5 years	Total
The portfolio of insurance contracts issued as liability	17,108,186	6,244,652	1,762,364	1,083,894	727,022	1,039,471	27,965,589

Unit: NTD thousands (unless otherwise stated)

	Subsequent years after the balance sheet date						
March 31, 2025	Less than 1 year	1 to 2 years	2 to 3 years	3 to 4 years	4 to 5 years	Above 5 years	Total
The portfolio of insurance contracts issued as liability	17,438,639	5,064,507	2,242,706	1,313,446	873,357	1,475,442	28,408,097

b. Non-derivative financial liabilities

	Undiscounted contract cash flows			
March 31, 2026	Less than 1 year	1 to 5 years	5 to 10 years	Above 10 years
deposits received (listed in Other liabilities)	$3,450	$8,671	$64	$-
December 31, 2025	Less than 1 year	1 to 5 years	5 to 10 years	Above 10 years
deposits received (listed in Other liabilities)	$5,019	$9,151	$64	$-
March 31, 2025	Less than 1 year	1 to 5 years	5 to 10 years	Above 10 years
deposits received (listed in Other liabilities)	$6,712	$8,286	$-	$-

(5) Market risk analysis

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

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

A. Value at risk (VaR)

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

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

March 31, 2026

	Equity	Bond	Domestic Assets	Foreign Assets	Total VaR
Component VaR	$812,448	$139,907	$812,442	$142,307	$841,390

December 31, 2025

	Equity	Bond	Domestic Assets	Foreign Assets	Total VaR
Component VaR	$650,748	$18,263	$651,562	$20,519	$657,092

Unit: NTD thousands (unless otherwise stated)

March 31, 2025

	Equity	Bond	Domestic Assets	Foreign Assets	Total VaR
Component VaR	$641,288	$20,766	$639,819	$24,548	$646,122

B. Stress testing

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

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

(A) Simple sensitivity analysis

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

(B) Scenario Analysis

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

a. Historical scenarios:

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

b. Hypothetical scenarios:

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

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

March 31, 2026

Risk factors	Changed value (+/-)	Position profit and loss (P/L)
Equity risk (stock price index)	-10%	($867,279)
Interest rate risk (yield rate curve)	+100bp	(352,077)
Exchange rate risk (exchange rate)	-5%	(16,229)

December 31, 2025

Risk factors	Changed value (+/-)	Position profit and loss (P/L)
Equity risk (stock price index)	-10%	($805,668)
Interest rate risk (yield rate curve)	+100bp	(51,441)
Exchange rate risk (exchange rate)	-5%	(45,188)

March 31, 2025

Risk factors	Changed value (+/-)	Position profit and loss (P/L)
Equity risk (stock price index)	-10%	($687,519)
Interest rate risk (yield rate curve)	+100bp	(61,737)
Exchange rate risk (exchange rate)	-5%	(43,394)

(6) Climate-related risk

With the increasing risk of climate change, the Company has established a climate change committee under the Risk Management Committee the Project Working Group on Risk-related Issues (the TCFD Working Group) is responsible for discussions on climate change risks and assist in the development of decarbonisation and adaptation measures to reduce risks. The Board of Directors oversees climate change The Risk Management Committee and the Corporate Sustainability Committee, the functional committees of the Board of Directors, are responsible for overseeing the implementation of risks and opportunities related to climate change, respectively line situation. In addition, a climate change risk management mechanism has been put in place to incorporate the identified climate-related risks into an important consideration in the Company's operations, to strengthen climate-related risk management to mitigate the impact of climate change, and to conduct stress tests on businesses affected by climate change in the self-risk and solvency assessment report, and to strengthen climate change risk management during underwriting, as well as to arrange reinsurance risk diversification. In the future, the Company will continue to review climate risk changes, assess the opportunities brought by climate changes, and adjust the Company's insurance products and business strategies.

10. <u>Fair value information of financial instruments</u>

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

A. The fair values of cash and cash equivalents, receivables and payables are estimated based on their book values on the balance sheet, because such items will become mature shortly and thus their book values are a reasonable basis for measuring the fair values.

B. The fair values of financial assets and financial liabilities that have standard terms and conditions and are traded in active markets are determined by reference to market quotes (including beneficiary certificates, listed stocks and bonds).

C. The fair values of derivatives are based on public quotes. When public quotes are not available, the fair values of non-option derivatives are calculated with the applicable lifetime yield curve by discounted cash flow analysis, while the fair values of option derivatives are calculated by the option pricing model.

D. The fair values of other financial assets and financial liabilities are determined based on the discounted cash flow analysis, where the assumptions such as interest rates and discount rates are mainly based on the information of similar instruments and applicable lifetime yield curves.

(2) Fair value by financial assets measured at amortized cost

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

Unit: NTD thousands (unless otherwise stated)

	Book value		
	March 31, 2026	December 31, 2025	March 31, 2025
Financial assets			
Financial assets at amortized cost	$13,166,264	$15,581,212	$13,641,032
Refundable deposits – by government bonds	512,851	513,802	516,698

	Fair value		
	March 31, 2026	December 31, 2025	March 31, 2025
Financial assets			
Financial assets at amortized cost	$13,449,833	$15,346,656	$12,976,529
Refundable deposits – by government bonds	499,398	502,228	497,120

(3) Fair value recognized on balance sheet

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

Level 1: Public quotes (unadjusted) of the same assets or liabilities in the active market.

Level 2: Except for the Level 1 public quotes, the fair value is derived from the direct observable input values (i.e. prices) and indirect ones (i.e. derivatives from prices) of the assets or liabilities.

Level 3: The fair value is derived with the appraisal technology that is not based on input values of the assets or liabilities from the observable market data.

Financial instruments measured at fair value	March 31, 2026			
	Total	Level 1	Level 2	Level 3
Financial assets				
Financial assets at fair value through profit or loss				
Stock	$503,177	$503,177	$-	$-
Bonds	2,390,125	2,340,019	50,106	-
Fund	804,657	804,657	-	-
Financial assets at fair value through other comprehensive income				
Stock	9,883,011	9,292,960	-	590,051
Bonds	294,888	294,888	-	-
Financial liabilities				
Financial liabilities at fair value through profit or loss				
Forward exchange contracts	129,879	-	129,879	-

Unit: NTD thousands (unless otherwise stated)

Financial instruments measured at fair value	December 31, 2025			
	Total	Level 1	Level 2	Level 3
Financial assets				
Financial assets at fair value through profit or loss				
Stock	$8,512,803	$8,127,230	$-	$385,573
Bonds	50,114	-	50,114	-
Fund	2,728,083	2,728,083	-	-
Forward exchange contracts	20,545	-	20,545	-
Financial assets at fair value through other comprehensive income				
Stock	960,919	747,717	-	213,202
Bonds	298,772	298,772	-	-
Financial liabilities				
Financial liabilities at fair value through profit or loss				
Forward exchange contracts	80,758	-	80,758	-

Financial instruments measured at fair value	March 31, 2025			
	Total	Level 1	Level 2	Level 3
Financial assets				
Financial assets at fair value through profit or loss				
Stock	$6,968,877	$6,580,641	$-	$388,236
Bonds	50,101	-	50,101	-
Fund	1,468,092	1,468,092	-	-
Financial assets at fair value through other comprehensive income				
Stock	992,000	755,604	-	236,396
Bonds	334,859	334,859	-	-
Financial liabilities				
Financial liabilities at fair value through profit or loss				
Forward exchange contracts	157,013	-	157,013	-

The assets and liabilities measured at repetitive fair value during January 1 to March 31, 2026 and 2025, had no transfer between the Level 1 and Level 2 fair values.

Unit: NTD thousands (unless otherwise stated)

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

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

	Assets		
	Measured at fair value through profit or loss	Measured at fair value through other comprehensive income	Total
January 1, 2026	$385,573	$213,202	$598,775
Recognized total profits (losses):			
Recognized as other comprehensive income (under "Unrealized valuation profit or loss on equity instruments measured at fair value through other comprehensive income")	-	(8,724)	(8,724)
Financial asset reclassification	(385,573)	385,573	-
March 31, 2026	$-	$590,051	$590,051

	Assets		
	Measured at fair value through profit or loss	Measured at fair value through other comprehensive income	Total
January 1, 2025	$380,153	$233,969	$614,122
Recognized total profits (losses):			
Recognized as other comprehensive income (under "Unrealized valuation profit or loss on equity instruments measured at fair value through other comprehensive income")	-	3,562	3,562
Recognized as gains and losses (under "Profit or loss on Financial Assets and Liabilities at Fair Value through profit or loss")	8,083	-	8,083
Disposal/settlement	-	(1,135)	(1,135)
March 31, 2025	$388,236	$236,396	$624,632

Among the above recognized total profits (losses), those related to the assets held during January 1 to March 31, 2026 and 2025, respectively, are as follows:

	From January 1 to March 31, 2026	From January 1 to March 31, 2025
Total profits (losses)		
Recognized in the profit or loss	$-	$-
Recognized in the other comprehensive income	(8,724)	11,369

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

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

March 31, 2026

	Appraisal technology	Significant unobservable input values	Quantitative information	Relation between input value and fair value
Financial assets:				
Financial assets at fair value through other comprehensive income				
Unlisted stocks	Market approach, income approach, asset approach	Liquidity and minority share discount	0-30%	The higher liquidity and minority equity discount, the lower fair value estimate

December 31, 2025

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

Unit: NTD thousands (unless otherwise stated)

March 31, 2025

	Appraisal technology	Significant unobservable input values	Quantitative information	Relation between input value and fair value
Financial assets:				
Financial assets at fair value through profit or loss				
Unlisted stocks	Market approach	Liquidity discount	0-30%	The higher liquidity discount, the lower fair value estimate
Financial assets at fair value through other comprehensive income				
Unlisted stocks	Market approach, income approach, asset approach	Liquidity discount	0-30%	The higher liquidity discount, the lower fair value estimate

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

	March 31, 2026			
	Total	Level 1	Level 2	Level 3
Assets with fair value disclosed only:				
Financial assets at amortized cost	$13,449,833	$554,354	$12,895,479	$-
Refundable deposits – by government bonds	499,398	-	499,398	-
Investment property (see Note 6.8)	3,356,203	-	-	3,356,203

	December 31, 2025			
	Total	Level 1	Level 2	Level 3
Assets with fair value disclosed only:				
Financial assets at amortized cost	$15,346,656	$2,900,389	$12,446,267	$-
Refundable deposits – by government bonds	502,228	-	502,228	-
Investment property (see Note 6.8)	3,356,203	-	-	3,356,203

	March 31, 2025			
	Total	Level 1	Level 2	Level 3
Assets with fair value disclosed only:				
Financial assets at amortized cost	$12,976,529	$3,026,406	$9,950,123	$-
Refundable deposits – by government bonds	497,120	-	497,120	-
Investment property (see Note 6.8)	3,184,509	-	-	3,184,509

Unit: NTD thousands (unless otherwise stated)

8. Related party transactions

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

1. Name and affiliation of the parties:

Name	Affiliation
Taiwan Shin Kong Security Co., Ltd.	Other related parities
Waibel Enterprise Inc.	Other related parities
Shin Kong Life Insurance Co., Ltd.	Other related parities
Shin Kong Mitsukoshi Department Store CO., LTD.	Other related parities
Shin Kong Synthetic Fibers Corporation	Other related parities
Shin Kong Textile Co., Ltd.	Other related parities
Shin-Kong Life Real Estate Service Co.,Ltd	Other related parities
Taoyuan Entertainment Co., Ltd.	Other related parities
Others	Directors, supervisors, chairman,president, managers, their spouses, and the relatives within 2nd degree of kinship

2. Major transactions with related parties:

(1) Premium revenues

	From January 1 to March 31, 2026	From January 1 to March 31, 2025
Name	Amount	Amount
Other related parities	$33,276	$39,981

The insurance business for related parties listed above is subject to the same underwriting conditions as for non-related parties.

(2) Insurance claims and benefits

	From January 1 to March 31, 2026	From January 1 to March 31, 2025
Name	Amount	Amount
Other related parities	$3,436	$4,715

The insurance business for related parties listed above is subject to the same underwriting conditions as for non-related parties.

Unit: NTD thousands (unless otherwise stated)

(3) Operating expenses

	From January 1 to March 31, 2026	From January 1 to March 31, 2025
Name	Amount	Amount
Other related parities	$2,127	$4,338

(4) Lease

Property investment gains and losses – rental income

	From January 1 to March 31, 2026	From January 1 to March 31, 2025
Name	Amount	Amount
Other related parities	$79	$79

Right-of-use assets

	March 31, 2026	December 31, 2025	March 31, 2025
Name	Amount	Amount	Amount
Shin Kong Life Insurance	$4,334	$4,807	$6,108

Lease liabilities

	March 31, 2026	December 31, 2025	March 31, 2025
Name	Amount	Amount	Amount
Shin Kong Life Insurance	$4,438	$4,904	$6,189

Interest expenses

	From January 1 to March 31, 2026	From January 1 to March 31, 2025
Name	Amount	Amount
Other related parities	$23	$29

(5) Remunerations of key management staff:

	From January 1 to March 31, 2026	From January 1 to March 31, 2025
Short-term employee benefits	$85,913	$90,939
Retirement benefits	25,911	33,661
Total	$111,824	$124,600

Unit: NTD thousands (unless otherwise stated)

9. Pledged assets

As of March 31, 2026, December 31, 2025 and March 31, 2025, respectively, the details of pledged and guarantee assets are as follows:

Item	March 31, 2026	December 31, 2025	March 31, 2025
Government bonds – insurance deposits	$512,851	$513,802	$516,698
Time deposit – performance bond	60,000	206,000	197,000

10. Major contingent liabilities and unrecognized contractual commitments

No such items

11. Major events after the reporting period

No such items

12. Major disaster losses

No such items

13. Proceeding or termination of major litigation cases

No such items

14. Execution, completion, cancellation or invalidation of major contracts

No such items

15. Employee pension information

See Note 6.13.

16. Discontinued operations information

No such items

17. Receiving from or transferring to other insurance companies the main part of the business, assets and liabilities

No such items

18. Allocation of profits and losses from incomes, costs and expenses due to business transactions, collaborative promotions, information exchange, and shared business equipment or premises made with Shin Kong Financial Holdings and its subsidiaries.

No such items

Unit: NTD thousands (unless otherwise stated)

19. Fund entrusted operations

The funds were fully entrusted to the securities investment trust companies for operations, and the details as of March 31, 2026, December 31, 2025 and March 31, 2025, respectively, are as follows:

Item	March 31, 2026	December 31, 2025	March 31, 2025
Cash and cash equivalents	$9,827	$134,509	$109,055
TWSE (Taiwan Stock Exchange) listed/OTC stocks	503,177	406,905	325,246
Total	$513,004	$541,414	$434,301
Discretionary contract limit:			
New Taiwan Dollars (NTD)	$300,000	$300,000	$300,000

20. Private equity information

No such items

21. Major organizational restructuring and management system reforms

No such items

22. Major impact due to changes in laws and regulations

No such items

Unit: NTD thousands (unless otherwise stated)

23. Others

1. The total amount of assets and liabilities that are expected to be recovered or settled within 12 months after the balance sheet date, and the total amount to be recovered or settled more than 12 months

	March 31, 2026		
Item	Recovery or settlement within 12 months	Recovery or settlement more than 12 months	Total
Cash and cash equivalents	$14,722,947	$-	$14,722,947
Accounts receivable	816,561	-	816,561
Investment	3,907,959	25,607,994	29,515,953
Reinsurance contract assets	5,119,588	5,336,930	10,456,518
Property and equipment (net)	-	1,048,598	1,048,598
Right-of-use assets	-	297,538	297,538
Intangible assets	-	45,120	45,120
Deferred income tax assets	-	283,926	283,926
Other assets	120,762	791,360	912,122
Total assets	$24,687,817	$33,411,466	$58,099,283
Accounts Payables	$1,371,232	$-	$1,371,232
Current income tax liabilities	753,940	-	753,940
Financial liabilities	129,879	-	129,879
Insurance contract liabilities	18,071,422	10,538,903	28,610,325
Lease liabilitie	75,851	228,232	304,083
Deferred tax liabilities	-	41,871	41,871
Others	522,273	4,526,522	5,048,795
Total liabilities	$20,924,597	$15,335,528	$36,260,125

Unit: NTD thousands (unless otherwise stated)

	December 31, 2025		
Item	Recovery or settlement within 12 months	Recovery or settlement more than 12 months	Total
Cash and cash equivalents	$12,826,413	$-	$12,826,413
Accounts receivable	664,881	-	664,881
Investment	11,421,545	19,508,836	30,930,381
Reinsurance contract assets	6,378,866	3,907,677	10,286,543
Property and equipment (net)	-	1,064,203	1,064,203
Right-of-use assets	-	25,194	25,194
Intangible assets	-	48,358	48,358
Deferred income tax assets	-	171,735	171,735
Other assets	86,603	925,101	1,011,704
Total assets	$31,378,308	$25,651,104	$57,029,412
Accounts Payables	$1,357,766	$-	$1,357,766
Current income tax liabilities	487,940	-	487,940
Financial liabilities	80,758	-	80,758
Insurance contract liabilities	17,438,639	10,730,957	28,169,596
Lease liabilitie	10,350	15,413	25,763
Deferred tax liabilities	-	516,196	516,196
Others	1,587,064	2,278,147	3,865,211
Total liabilities	$20,962,517	$13,540,713	$34,503,230

Item	March 31, 2025 Recovery or settlement within 12 months	Recovery or settlement more than 12 months	Total
Cash and cash equivalents	$14,065,282	$-	$14,065,282
Accounts receivable	682,892	-	682,892
Investment	9,437,070	16,832,415	26,269,485
Reinsurance contract assets	3,850,059	7,168,928	11,018,987
Property and equipment (net)	-	1,138,817	1,138,817
Right-of-use assets	-	32,829	32,829
Intangible assets	-	55,181	55,181
Deferred income tax assets	-	188,276	188,276
Other assets	39,144	880,862	920,006
Total assets	$28,074,447	$26,297,308	$54,371,755
Accounts Payables	$1,000,960	$-	$1,000,960
Current income tax liabilities	519,237	-	519,237
Financial liabilities	157,013	-	157,013
Insurance contract liabilities	17,108,186	10,398,274	27,506,460
Lease liabilities	11,955	21,423	33,378
Deferred tax liabilities	-	627,024	627,024
Others	793,880	2,059,807	2,853,687
Total liabilities	$19,591,231	$13,106,528	$32,697,759

2. As of March 31, 2026, December 31, 2025 and March 31, 2025, the financial assets and liabilities in foreign currencies with major impacts are as follows:

	March 31, 2026 Foreign currencies (in dollars)	Exchange rate	NTD (in thousands)
Financial assets			
Monetary items			
USD	$131,836,172	31.945	$4,211,507

	December 31, 2025 Foreign currencies (in dollars)	Exchange rate	NTD (in thousands)
Financial assets			
Monetary items			
USD	$130,843,530	31.380	$4,105,870

	March 31, 2025		
	Foreign currencies (in dollars)	Exchange rate	NTD (in thousands)
Financial assets			
Monetary items			
USD	$132,089,453	33.155	$4,379,426

The above information is disclosed based on foreign currency carrying amounts (after converted into the functional currency).

The foreign currency exchange profits during January 1 to March 31, 2026 and 2025,were NT$25,849 thousand and NT$57,935 thousand, respectively.

3. Capital management policy

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

As of March 31, 2026, December 31, 2025 and March 31, 2025, the net worth ratios from equity divided by total assets excluding investment-linked insurance accounts were 37.59%, 39.50% and 39.86%, respectively.

4. Operations information

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

5. Reserve for unqualified reinsurance

(1) 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.

Reinsurer/Reinsurance broker	Types of ceded reinsurance contract established
Trust International Insurance and Reinsurance CO. B.S.C. (C) Trust Re	cargo transportation insurance
Asia Capital Reinsurance Group Pte Ltd	cargo transportation insurance
Milli Reasurans T.A.S. Singapore Branch	cargo transportation insurance

(2) The reinsured parties of the Company’s valid policies up to March 31, 2026 and 2025 were unqualified, and the assessment results did not have a material effect on the Company’s overall financial condition.

Unit: NTD thousands (unless otherwise stated)

6. Retention earned gross premiums of Compulsory Automobiles Liability Insurance

From January 1 to March 31, 2026

Category of insurance	insurance revenue of direct underwriting	insurance revenue of inward reinsurance	outward reinsurance allocation of the premiums paid	insurance finance income or expenses of direct underwriting – excluding any loss component	insurance finance income or expenses of inward reinsurance– excluding any loss component	finance income or expenses of reinsurance contracts held – excluding any loss component recovery	retention earned gross premiums
Compulsory insurance	$316,412	$133,053	($190,502)	($820)	($346)	$466	$258,263

From January 1 to March 31, 2025

Category of insurance	insurance revenue of direct underwriting	insurance revenue of inward reinsurance	outward reinsurance allocation of the premiums paid	insurance finance income or expenses of direct underwriting – excluding any loss component	insurance finance income or expenses of inward reinsurance– excluding any loss component	finance income or expenses of reinsurance contracts held – excluding any loss component recovery	retention earned gross premiums
Compulsory insurance	$322,512	$136,091	($194,060)	($800)	($328)	$452	$263,867

Unit: NTD thousands (unless otherwise stated)

7. Retention claims of Compulsory Automobiles Liability Insurance

From January 1 to March 31, 2026

Category of insurance	incurred claims paid and other insurance service expenses paid for direct underwriting	incurred claims paid and other insurance service expenses paid for inward reinsurance	the amounts charged for outward reinsurance (recovered under reinsurance contracts held)	beginning balance of the liability for incurred retention claims	ending balance of the liability for incurred retention claims	retention claims
Compulsory insurance	$187,792	$127,077	$185,099	$761,073	$792,595	$161,292

From January 1 to March 31, 2025

Category of insurance	incurred claims paid and other insurance service expenses paid for direct underwriting	incurred claims paid and other insurance service expenses paid for inward reinsurance	the amounts charged for outward reinsurance (recovered under reinsurance contracts held)	beginning balance of the liability for incurred retention claims	ending balance of the liability for incurred retention claims	retention claims
Compulsory insurance	$164,830	$134,520	$168,708	$774,223	$859,979	$216,398

Unit: NTD thousands (unless otherwise stated)

8. Compulsory Automobiles Liability Insurance financial information

The Company operates compulsory automobiles liability insurance business and, in accordance with the "Compulsory Automobiles Liability Insurance Act," has established an independent accounting to record the business and financial status of this insurance.

(1) The balance sheets for compulsory automobiles liability insurance as of March 31, 2026, December 31, 2025, and March 31, 2025 are as follows:

Assets	March 31, 2026	December 31, 2025	March 31, 2025
Cash and cash equivalents	$2,227,893	$2,105,650	$2,142,158
Reinsurance contract assets	816,636	758,608	792,445
Temporary debit and amount to be carried down	363	316	897
Total	$3,044,892	$2,864,574	$2,935,500
Liabilities			
Insurance contract liabilities	$2,235,285	$2,168,818	$2,332,147
Temporary credit and amount to be carried down	286	748	-
Special reserve	809,321	695,008	603,353
Total	$3,044,892	$2,864,574	$2,935,500

(2) The revenue and cost statements for compulsory automobiles liability insurance from January 1 to March 31, 2026 and 2025 are as follows:

	From January 1 to March 31, 2026	From January 1 to March 31, 2025
Insurance service result		
Insurance revenue	$449,465	$458,602
Insurance service expenses	(377,010)	(417,993)
Income or expenses from reinsurance contracts held	34,420	(15,931)
Total insurance service result	$106,875	$24,678
Financial result		
Insurance finance income or expenses	($4,171)	($5,830)
Finance income or expenses of reinsurance contracts held	1,780	2,081
Total financial result	($2,391)	($3,749)
Other operating result		
Other operating costs－interest revenue	$2,954	$2,436
Other operating costs – special reserve net change	(114,313)	(30,171)
Total other operating result	($111,359)	($27,735)

9. Effect of applying IFRS 17

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. For accounting policies related to insurance contracts/reinsurance contracts, please refer to Note 4.13.

(1) Method of the transition date

The transition date is the commencement date of the reporting period one year prior to the date of initial application. According to the regulations under the standards, 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, and should be handled in accordance with the Financial Supervisory Commission Order No. 11404901651.

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

B. 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.

According to the transitional regulations, the Company should apply the full retrospective approach for measurement. However, if it is impracticable, the modified retrospective approach or the fair value approach shall be applied. 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, except for long-term fire insurance policies that have been discontinued and are subject to the fair value approach, for policies that remain valid during the transition period, except for some general liability insurance, professional liability insurance, and engineering insurance policies with contract years prior to 2021 (inclusive) which will be subject to the modified retrospective approach, all others will be subject to the full retroactive approach.

Unit: NTD thousands (unless otherwise stated)

(2) The Company has retrospectively applied IFRS 17 for all reporting periods in this financial report and adopted the transitional regulation of IFRS 17, exempting it from disclosing the effect of the application of IFRS 17 on various financial statement items and earnings per share.

The effect of the initial application of IFRS 17 on the Company's equity as of January 1, 2025 is presented in the table below:

	December 31,2024	Effect of Initial application of IFRS 17	January 1, 2025 (Restatement)
Capital stock	$3,159,633	$-	$3,159,633
Capital reserves	64,839	-	64,839
Retained earnings	15,235,095	2,971,118	18,206,213
Other equity	776,506	(858,078)	(81,572)
Total equity	$19,236,073	$2,113,040	$21,349,113

(3) Effect of financial assets redesignation

As of January 1, 2026, the first application date of IFRS 17, the Company has redesignate financial assets. The Company has not restated previous periods (including comparative periods) to reflect changes in such designations or classifications, nor apply the "overlay approach".

	December 31,2025 before redesignation Amounts	financial assets redesignation recognition and measurement difference	January 1, 2026 after redesignation Amounts
Financial assets at fair value through profit or loss	$11,311,545	$(5,764,095)	$ 5,547,451
Financial assets at fair value through other comprehensive income	1,259,691	8,105,896	9,365,588
Financial assets at amortized cost	15,581,212	(2,828,313)	12,752,900
Deferred income tax assets	171,735	103,477	275,212

Unit: NTD thousands (unless otherwise stated)

The effect of the redesignation of the aforementioned financial assets on the Company's equity as of January 1, 2026 is shown in the table below:

	December 31,2025 (before redesignation)	Effect of financial assets redesignation	January 1, 2026 (after redesignation)
Capital stock	$3,159,633	$-	$3,159,633
Capital reserves	64,839	-	64,839
Retained earnings	19,394,958	(982,405)	18,412,553
Other equity	(93,248)	599,370	506,122
Total equity	$22,526,182	$(383,035)	$22,143,147

24. Note disclosure

1. Major transactions

   (1) The property acquisition that amounts to NT$100 million or more than 20% of the paid-in capital: No such transactions.
   (2) The property disposal that amounts NT$100 million or more than 20% of the paid-in capital: No such transactions.
   (3) The transaction of core business items engaged with related parties that amounts NT$100 million or more than 20% of the paid-in capital: No such transactions.
   (4) The receivable from a related party that amounts NT$100 million or more than 20% of the paid-in capital: No such transactions.
   (5) Derivative transactions: See Note 6.3.
   (6) Others: For business relationship and major transactions between parent and subsidiary companies, and for different accounting policies adopted by the parent company and subsidiary companies, the accounting policies should be disclosed and the amounts should be separately disclosed on the financial statements: Not applicable.

2. Reinvestment business: no such transactions

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

(The following is blank)