

**UNION INSURANCE CO., LTD.****Financial Statements****With Independent Auditors' Report  
For the Years Ended December 31, 2025 and 2024**

Address: No. 219, Sec. 4, Zhongxiao E. Road, Taipei, Taiwan  
Telephone: (02)27765567

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

## Table of contents

Contents	Page
1. Cover Page	1
2. Table of Contents	2
3. Independent Auditors' Report	3
4. Balance Sheets	4
5. Statements of Comprehensive Income	5
6. Statements of Changes in Equity	6
7. Statements of Cash Flows	7
8. Notes to the Financial Statements	
(1) Company history	8
(2) Approval date and procedures of the financial statements	8
(3) New standards, amendments and interpretations adopted	8~12
(4) Summary of material accounting policies	12~30
(5) Significant accounting assumptions and judgments, and major sources of estimation uncertainty	30
(6) Explanation of significant accounts	31~91
(7) Related-party transactions	91~93
(8) Pledged assets	93
(9) Commitments and contingencies	94
(10) Losses Due to Major Disasters	94
(11) Subsequent Events	94
(12) Other	94~101
(13) Other disclosures	
(a) Information on significant transactions	101
(b) Information on investees	101
(c) Information on investment in mainland China	101
(14) Segment information	102
9. List of major account titles	103~144
10. Review Report of Other Disclosures in Financial Reports	145
11. Other Disclosures in Financial Reports	
(1) Information on business conditions	146~157
(2) Market price of securities, dividend and dispersion of ownership	158~159
(3) Financial information	160~162
(4) Financial position and financial performance analysis	162~163
(5) CPA information	163~164



安侯建業聯合會計師事務所  
KPMG

台北市110615信義路5段7號68樓(台北101大樓)  
68F., TAIPEI 101 TOWER, No. 7, Sec. 5,  
Xinyi Road, Taipei City 110615, Taiwan (R.O.C.)

電話 Tel + 886 2 8101 6666  
傳真 Fax + 886 2 8101 6667  
網址 Web kpmg.com/tw

## Independent Auditors' Report

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

### Opinion

We have audited the financial statements of Union Insurance Co., LTD. (“the Company”), which comprise the balance sheets as of December 31, 2025 and 2024, the statements of comprehensive income, changes in equity and cash flows for the years then ended, and notes to the financial statements, including a summary of material accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2025 and 2024, and its financial performance and its cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Insurance Enterprises and with the International Financial Reporting Standards (“IFRSs”), International Accounting Standards (“IASs”), Interpretations developed by the International Financial Reporting Interpretations Committee (“IFRIC”) or the former Standing Interpretations Committee (“SIC”) endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

### Basis for Opinion

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

### Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report.

#### Assessment of insurance liability

Please refer to Note 4(o) “Insurance liabilities”, Note 5 “Significant accounting assumptions and judgments, and major sources of estimation uncertainty” relating to insurance liabilities, and Note 6(n) for details of the assessment of insurance liabilities in the financial statements.

#### Description of key audit matter:

The Company measures insurance liabilities in accordance with “Regulations Governing the Provision of Various Reserves” and relevant administrative rules, of which the judgment of future uncertainty and related hypothetical parameters include claim development factor and expected claim rate used in estimating the claim reserve, as well as the reserve of unearned premium is based on the calculated factors according to characteristics of each insurance type. Above mentioned assessment is involved the exercise of significant professional judgments. Therefore, the valuation of insurance liabilities has been identified as a key audit matter in our audit.

#### How the matter was addressed in our audit:

Our principal audit procedures included: engaging our internal actuarial specialists to perform relevant audit procedures over insurance liability, inspecting whether the methods and parameters of insurance liabilities are in accordance with insurance related regulations and administrative rules and relevant practical principles set by the Actuarial Institute of the Republic of China; independently establishing models to recalculate the amount of reserves and further comparing the result of recalculation with the one provided by the management; the appropriateness of actuarial assumptions based on internal data or industry experiences with the characteristics of insurance products, including understanding of industry and market, and evaluating the rationality of actuarial assumption adopted by the management.

#### **Responsibilities of Management and Those Charged with Governance for the Financial Statements**

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Insurance Enterprises and with the IFRSs, IASs, IFRIC, SIC endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Those charged with governance (including the Audit Committee) are responsible for overseeing the Company’s financial reporting process.

#### **Auditors’ Responsibilities for the Audit of the Financial Statements**

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

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

1. Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

#### **Notes to Readers**

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

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



The engagement partners on the audit resulting in this independent auditors' report are Wu, Cheng-Yen and Tsai, Pei-Ju.

KPMG

Taipei, Taiwan (Republic of China)

March 12, 2026

**Notes to Readers**

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

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

(English Translation of Financial Statements Originally Issued in Chinese)

## UNION INSURANCE CO., LTD.

## Balance Sheets

December 31, 2025 and 2024

(Expressed in Thousands of New Taiwan Dollars)

Assets		December 31, 2025		December 31, 2024		Liabilities and Equity		December 31, 2025		December 31, 2024	
		Amount	%	Amount	%			Amount	%	Amount	%
11000	Cash and cash equivalents (note 6(a))	\$ 3,316,260	13	3,132,839	14	21000	Accounts payable (note 6(b) and (c))	\$ 1,487,952	6	1,463,821	7
12000	Receivables (note 6(b))	742,188	3	653,103	3	21700	Current tax liabilities	135,859	1	180,909	1
12600	Current tax assets	-	-	11,911	-	24000	Insurance liabilities (note 6(n))	15,640,017	61	14,097,745	61
14110	Financial assets at fair value through profit or loss (note 6(f))	1,451,789	6	2,541,497	11	27000	Provisions (note 6(l))	42,069	-	69,727	-
14190	Financial assets at fair value through other comprehensive income (note 6(f))	2,820,019	11	2,878,010	12	23800	Lease liabilities (note 6(j))	20,455	-	13,351	-
14145	Financial assets at amortized cost (note 6(f))	3,920,810	15	3,063,738	13	28000	Deferred tax liabilities (note 6(o))	62,700	-	63,920	-
14180	Other financial assets, net (note 6(f))	3,471,900	14	2,515,758	11	25000	Other liabilities	18,432	-	26,148	-
16700	Right-of-use assets (note 6(i))	20,271	-	13,211	-		<b>Total liabilities</b>	<u>17,407,484</u>	<u>68</u>	<u>15,915,621</u>	<u>69</u>
14200	Investment property (note 6(g))	857,539	3	862,333	4		<b>Equity</b>				
15000	Reinsurance assets (note 6(c))	6,737,972	26	5,327,368	23	31100	Ordinary share (note 6(p))	2,236,080	9	2,236,080	10
16000	Property and equipment (note 6(h))	1,492,418	6	1,486,826	6	33100	Legal reserve (note 6(p))	1,224,828	5	1,022,451	4
17000	Intangible assets	174,478	1	213,969	1	33200	Special reserve (note 6(n) and (p))	3,846,859	15	3,378,295	14
18000	Other assets	451,179	2	530,034	2	33300	Unappropriated retained earnings (note 6(p))	783,177	3	726,574	3
						34000	Other equity(note 6(p))	(41,605)	-	(48,424)	-
							<b>Total equity</b>	<u>8,049,339</u>	<u>32</u>	<u>7,314,976</u>	<u>31</u>
	<b>Total assets</b>	<u>\$ 25,456,823</u>	<u>100</u>	<u>23,230,597</u>	<u>100</u>		<b>Total liabilities and equity</b>	<u>\$ 25,456,823</u>	<u>100</u>	<u>23,230,597</u>	<u>100</u>

See accompanying notes to financial statements.

(English Translation of Financial Statements Originally Issued in Chinese)

## UNION INSURANCE CO., LTD.

## Statements of Comprehensive Income

For the years ended December 31, 2025 and 2024

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

	2025		2024		Change %
	Amount	%	Amount	%	
41000 <b>Operating revenue:</b>					
41110 Written premium	\$ 13,980,925	126	13,656,072	124	2
41120 Reinsurance premium	395,170	4	461,415	4	(14)
41100 Premium	14,376,095	130	14,117,487	128	
51100 Less: Reinsurance expense	4,199,489	38	4,187,538	38	-
51310 Net change in unearned premiums reserve	197,890	2	336,440	3	(41)
41130 Retained earned premium	9,978,716	90	9,593,509	87	
41300 Reinsurance commission received	712,408	6	721,427	7	(1)
41500 Net income (loss) from investments					
41510 Interest income	212,381	2	161,485	2	32
41521 Gains (losses) on financial assets at fair value through profit or loss	71,877	1	367,014	3	(80)
41527 Realized gains (losses) on financial assets at fair value through other comprehensive income	131,204	1	97,480	1	35
41550 Foreign exchange gains (losses), investments	(107,874)	-	22,808	-	(573)
41570 Gains (losses) on investment property	45,259	-	44,229	-	2
41585 Expected credit losses or reversal of expected credit losses of investments (note 6(f))	764	-	1,096	-	(30)
41595 Impairment losses or reversal of impairment losses on other investments (note 6(g))	-	-	(10,350)	-	100
41800 Other operating income	32,100	-	17,649	-	82
<b>Total operating revenue</b>	<b>11,076,835</b>	<b>100</b>	<b>11,016,347</b>	<b>100</b>	
51000 <b>Operating costs:</b>					
51200 Insurance claim payment	7,121,852	64	6,018,441	54	18
41200 Less: Claims recovered from reinsurers	2,586,881	23	1,373,402	12	88
51260 Retained claim payment	4,534,971	41	4,645,039	42	
51300 Net change in other insurance liability (note 6(n))					
51320 Net change in claim reserve	614,664	5	546,362	5	13
51340 Net change in special claim reserve	45,903	-	(68,807)	-	167
51350 Net change in premium deficiency reserve	85	-	(1,465)	-	106
51500 Commission expense	2,080,092	19	2,062,850	19	1
51800 Other operating costs	76,478	1	25,650	-	198
51700 Finance costs	8,392	-	9,488	-	(12)
<b>Total operating costs</b>	<b>7,360,585</b>	<b>66</b>	<b>7,219,117</b>	<b>66</b>	
58000 <b>Operating expenses:</b>					
58100 General expenses	1,936,555	17	1,874,857	17	3
58200 Administrative expenses	508,708	5	466,125	4	9
58300 Staff training expenses	1,845	-	1,837	-	-
58400 Expected credit losses or reversal of expected credit losses of non-investments (note 6(b))	(16,457)	-	15,701	-	(205)
<b>Total operating expenses</b>	<b>2,430,651</b>	<b>22</b>	<b>2,358,520</b>	<b>21</b>	
<b>Operating income</b>	<b>1,285,599</b>	<b>12</b>	<b>1,438,710</b>	<b>13</b>	(11)
<b>Non-operating income and expenses:</b>					
59100 Gains (losses) on disposals of property and equipment	8,385	-	7,455	-	12
59900 Other non-operating income and expenses, net	24,158	-	19,294	-	25
<b>Total non-operating income and expenses</b>	<b>32,543</b>	<b>-</b>	<b>26,749</b>	<b>-</b>	
62000 <b>Net income before income tax</b>	<b>1,318,142</b>	<b>12</b>	<b>1,465,459</b>	<b>13</b>	(10)
63000 Less: Income tax expenses (note 6(o))	276,146	3	243,936	2	13
<b>Net Income</b>	<b>1,041,996</b>	<b>9</b>	<b>1,221,523</b>	<b>11</b>	(15)
83000 <b>Other comprehensive income:</b>					
83100 <b>Components of other comprehensive income that will not be reclassified to profit or loss</b>					
83110 Gains (losses) on remeasurements of defined benefit plans (note 6(l))	27,186	-	28,903	-	(6)
83190 Revaluation gains (losses) on investments in equity instruments measured at fair value through other comprehensive income	147	-	(35,651)	-	100
<b>Components of other comprehensive income that will not be reclassified to profit or loss</b>	<b>27,333</b>	<b>-</b>	<b>(6,748)</b>	<b>-</b>	<b>505</b>
83200 <b>Components of other comprehensive income that will be reclassified to profit or loss</b>					
83290 Gains (losses) from investments in debt instruments measured at fair value through other comprehensive income	446	-	(446)	-	200
<b>Components of other comprehensive income that will be reclassified to profit or loss</b>	<b>446</b>	<b>-</b>	<b>(446)</b>	<b>-</b>	<b>200</b>
83000 <b>Other comprehensive income (after tax)</b>	<b>27,779</b>	<b>-</b>	<b>(7,194)</b>	<b>-</b>	<b>486</b>
<b>Total comprehensive income</b>	<b>\$ 1,069,775</b>	<b>9</b>	<b>1,214,329</b>	<b>11</b>	<b>(12)</b>
97500 <b>Basic earnings per share (NT dollars) (note 6(q))</b>	<b>\$ 4.66</b>		<b>5.46</b>		
98500 <b>Diluted earnings per share (NT dollars) (note 6(q))</b>	<b>\$ 4.64</b>		<b>5.44</b>		

See accompanying notes to financial statements.

(English Translation of Financial Statements Originally Issued in Chinese)

**UNION INSURANCE CO., LTD.****Statements of Changes in Equity****For the years ended December 31, 2025 and 2024****(Expressed in Thousands of New Taiwan Dollars)**

	Share capital		Retained earnings		Other equity	Total equity
	Ordinary shares	Legal reserve	Special reserve	Unappropriated retained earnings	Unrealized gains (losses) on financial assets measured at fair value through other comprehensive income	
<b>Balance at January 1, 2024</b>	\$ 2,236,080	1,004,854	3,094,152	(256,606)	22,167	6,100,647
Net Income	-	-	-	1,221,523	-	1,221,523
Other comprehensive income	-	-	-	28,903	(36,097)	(7,194)
Total comprehensive income	-	-	-	1,250,426	(36,097)	1,214,329
Appropriation and distribution of retained earnings:						
Legal reserve appropriated	-	17,597	-	(17,597)	-	-
Special reserve on appropriated-net change in special claim reserve	-	-	285,315	(285,315)	-	-
Special reserve on reversal-employee training and transferring plan	-	-	(1,172)	1,172	-	-
Disposal of investments in equity instruments designated at fair value through other comprehensive income	-	-	-	34,494	(34,494)	-
Balance at December 31, 2024	2,236,080	1,022,451	3,378,295	726,574	(48,424)	7,314,976
Net Income	-	-	-	1,041,996	-	1,041,996
Other comprehensive income	-	-	-	27,186	593	27,779
Total comprehensive income	-	-	-	1,069,182	593	1,069,775
Appropriation and distribution of retained earnings:						
Legal reserve appropriated	-	202,377	-	(202,377)	-	-
Special reserve on appropriated-net change in special claim reserve	-	-	420,140	(420,140)	-	-
Special reserve appropriated - other equity reductions	-	-	48,424	(48,424)	-	-
Cash dividends of ordinary share	-	-	-	(335,412)	-	(335,412)
Disposal of investments in equity instruments designated at fair value through other comprehensive income	-	-	-	(6,226)	6,226	-
<b>Balance at December 31, 2025</b>	\$ 2,236,080	1,224,828	3,846,859	783,177	(41,605)	8,049,339

See accompanying notes to financial statements.

(English Translation of Financial Statements Originally Issued in Chinese)

## UNION INSURANCE CO., LTD.

## Statements of Cash Flows

For the years ended December 31, 2025 and 2024

(Expressed in Thousands of New Taiwan Dollars)

	2025	2024
<b>Cash flows from (used in) operating activities:</b>		
Net income before income tax	\$ 1,318,142	1,465,459
<b>Adjustments:</b>		
<b>Adjustments to reconcile profit (loss):</b>		
Depreciation expense	62,519	52,050
Amortization expense	42,644	35,151
Net gain on financial assets or liabilities at fair value through profit or loss	(77,561)	(363,255)
Net gain on financial assets or liabilities at fair value through other comprehensive income	(7,341)	-
Interest expense	8,392	9,488
Interest income	(212,381)	(161,485)
Dividend income	(140,020)	(129,322)
Net change in insurance liabilities	1,544,344	1,802,142
Net change in other provisions	(472)	(186)
Reversal of expected credit losses of investments	(764)	(1,096)
(Reversal of expected credit losses) expected credit losses of non-investments	(16,457)	15,701
Gain on disposal of property and equipment	(8,385)	(7,455)
Gain on disposal of intangible assets	-	(2,698)
Impairment loss on non-financial assets	-	10,350
Others	(5)	-
<b>Total adjustments to reconcile profit (loss)</b>	<u>1,194,513</u>	<u>1,259,385</u>
<b>Changes in operating assets and liabilities:</b>		
<b>Changes in operating assets:</b>		
(Increase) decrease in notes receivable	(39,348)	16,138
Increase in premiums receivable	(50,769)	(67,233)
Decrease (increase) in other receivables	4,543	(42,531)
Decrease (increase) in financial assets at fair value through profit or loss	1,167,269	(456,723)
Decrease (increase) in financial assets at fair value through other comprehensive income	66,052	(563,159)
Increase in financial assets at amortized cost	(800,000)	(500,000)
Increase in other financial assets	(956,142)	(643,058)
Increase in reinsurance assets	(1,392,271)	(1,134,891)
Decrease in other assets	25,400	60,835
<b>Total changes in operating assets</b>	<u>(1,975,266)</u>	<u>(3,330,622)</u>
<b>Changes in operating liabilities:</b>		
Increase in other payable	24,131	229,230
(Decrease) increase in other liabilities	(7,716)	6,479
<b>Total changes in operating liabilities</b>	<u>16,415</u>	<u>235,709</u>
Cash inflow (outflow) generated from operations	553,804	(370,069)
Interest received	206,370	153,560
Dividends received	141,111	128,453
Interest paid	(8,392)	(9,488)
Income taxes paid	(310,505)	(162,589)
<b>Net Cash flows from (used in) operating activities</b>	<u>582,388</u>	<u>(260,133)</u>
<b>Cash flows from (used in) investing activities:</b>		
Increase in prepayments	(4,569)	(1,433)
Acquisition of property and equipment	(52,779)	(47,392)
Proceeds from disposal of property and equipment	13,750	11,140
Acquisition of intangible assets	(4,103)	(36,021)
Proceeds from disposal of intangible assets	-	4,137
<b>Net cash flows used in investing activities</b>	<u>(47,701)</u>	<u>(69,569)</u>
<b>Cash flows from (used in) financing activities:</b>		
Payment of lease liabilities	(15,854)	(16,645)
Cash dividends paid	(335,412)	-
<b>Net cash flows used in financing activities</b>	<u>(351,266)</u>	<u>(16,645)</u>
<b>Net increase (decrease) in cash and cash equivalents</b>	183,421	(346,347)
<b>Cash and cash equivalents at beginning of period</b>	<u>3,132,839</u>	<u>3,479,186</u>
<b>Cash and cash equivalents at end of period</b>	<u>\$ 3,316,260</u>	<u>3,132,839</u>

See accompanying notes to financial statements.

(English Translation of Financial Statements Originally Issued in Chinese)

**UNION INSURANCE CO., LTD.**

**Notes to the Financial Statements**

**For the years ended December 31, 2025 and 2024**

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

**(1) Company history**

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

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

These financial reports were approved and announced by the Board of Directors on March 12, 2026.

**(3) New standards, amendments and interpretations adopted:**

- (a) The impact of the IFRS Accounting Standards endorsed by the Financial Supervisory Commission, R.O.C. which have already been adopted.

The Company has initially adopted the following new amendments, which do not have a significant impact on its financial statements, from January 1, 2025:

- Amendments to IAS21 “Lack of Exchangeability”

- (b) The impact of IFRS Accounting Standards endorsed by the FSC but not yet effective

The Company’s anticipated adoption of the new amendments beginning on January 1, 2026, are expected to have the following impacts:

- (i) IFRS 17 “Insurance Contracts”

- 1) The Recognition, Measurement, Presentation and Disclosure of Insurance Contracts

IFRS 17 replaces IFRS 4 with a new measurement model and establishes the principles for the recognition, measurement, presentation, and disclosure of insurance contracts, reinsurance contracts, and investment contracts with discretionary participation features. Insurance contracts are aggregated into portfolios of contracts subject to similar risks and managed together. Each portfolio is further divided into annual cohorts, and each annual cohort is then grouped based on the contracts’ profitability. Portfolios of reinsurance contracts and portfolios of insurance contracts are assessed separately at the aggregation level. Groups of insurance contracts are measured at initial recognition based on the following:

- Fulfilment cash flows: comprising the present value of future cash flows that are expected to arise within the contract boundary, determined on a best-estimate basis, together with a risk adjustment for non-financial risk; and

(Continued)

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

- Contractual service margin: the unearned profit that arises at the initial recognition of the group of contracts.

Losses arising from onerous groups of insurance contracts are recognized immediately in profit or loss for the period. For groups of reinsurance contracts held, any net gain or loss at initial recognition is recognized as the contractual service margin.

Groups of insurance contracts are measured applying the General Measurement Model, the Variable Fee Approach, or the Premium Allocation Approach. The Company applies the Premium Allocation Approach to short-term contracts with coverage periods of one year or less, as well as to groups of insurance contracts for which the measurement of the liability for remaining coverage is reasonably expected not to differ materially from that under the General Measurement Model, the General Measurement Model is applied to all other groups. For groups of reinsurance contracts held, except for those with coverage periods of one year or less and those reasonably expected to have no material measurement difference compared with the General Measurement Model, which are measured under the Premium Allocation Approach, the General Measurement Model is applied.

Fulfilment cash flows are updated at each reporting date and measured using current discount rates to reflect current conditions. For groups of insurance contracts without direct participation features that are measured under the General Measurement Model, the interest accreted on the contractual service margin is determined using the discount rates applicable at the date of initial recognition of the group.

Unless impracticable, IFRS 17 shall be applied retrospectively on first-time adoption. The effects of retrospective application are adjusted in equity as of January 1, 2025 (the transition date), and a statement of financial position as of the transition date is prepared. For the methods applied by the Company in transitioning to IFRS 17, refer to the explanation provided in paragraph (2) below.

2) Transition

The transition date is the beginning of the comparative reporting period immediately preceding the date of initial application. The future cash flows and the risk adjustment are measured using current assumptions, consistent with the methodology applied in subsequent measurement. Accordingly, the determination of the contractual service margin is a key element in the transition to the new standard.

The Company applies IFRS 17 retrospectively in accordance with the requirements of the standard (the full retrospective approach), except where such application is impracticable. If the full retrospective approach is impracticable, the Company may elect to apply either the modified retrospective approach or the fair value approach. If the Company, upon assessment, is unable to obtain reasonable and supportable information necessary to apply the modified retrospective approach, the fair value approach is applied.

(Continued)

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

**Full Retrospective Approach**

Under the full retrospective approach, the Company identifies, recognizes, and measures each group of insurance contracts as of January 1, 2025 (the transition date) as if IFRS 17 had always been applied, and derecognizes any existing balances that would not have arisen had the standard been applied from inception. Any resulting net difference is recognized in equity. Accordingly, the contractual service margin for each group of insurance contracts is determined based on the facts and circumstances that existed at the date of initial recognition of the group and is subsequently rolled forward to the transition date in accordance with the requirements of the standard.

**Modified Retrospective Approach**

If the Company assesses that it is impracticable to obtain adequate historical information to apply the full retrospective approach, the Company may obtain reasonable and supportable information without undue cost or effort to achieve the closest possible outcome to a fully retrospective application. Under this transition method, the assessments for the insurance contracts or groups of insurance contracts, the amounts relating to the contractual service margin or loss component, and the related insurance finance income or expenses are determined based on information available as of January 1, 2025.

**Fair Value Approach**

If the Company assesses that it is impracticable to obtain adequate historical information to apply the full retrospective approach or the modified retrospective approach, the fair value approach is applied to measure the carrying amounts of those groups of insurance contracts at the transition date. Under the fair value approach, the contractual service margin at the transition date is determined as the difference between the fair value of the insurance contracts measured in accordance with IFRS 13 “Fair Value Measurement” and the fulfilment cash flows measured at that date.

Fair value is defined in IFRS 13 as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Accordingly, the fair value of a group of insurance contracts is regarded as the compensation that a market participant would require for assuming the related insurance obligations.

Fair value is determined using an income approach, which takes into account the amount of capital that would be required to fulfil the contracts and the return that a market participant would require on that capital. Expected cash flows and the required locked?in capital are projected over the coverage period of the group of insurance contracts and discounted using the required rate of return.

As of the date of issuance of the financial statements, management preliminarily assessed that, the adoption of IFRS17 is expected to result in a change in equity attributable to owners of no more than 15% as of the transition date (i.e., January 1, 2025). In addition, the Company has assessed the impact of IFRS 17 on its financial position as at the date of initial application (i.e., January 1, 2026) and on its financial performance for the year 2025. However, due to remaining uncertainties regarding the effects on the financial statements, such impacts have not yet been disclosed.

(Continued)

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

(ii) Other amendments

The following amendments are not expected to have a significant impact on the Company's financial statements.

- Amendments to IFRS 9 and IFRS 7 “Amendments to the Classification and Measurement of Financial Instruments”
- Annual Improvements to IFRS Accounting Standards—Volume 11
- Amendments to IFRS 9 and IFRS 7 “Contracts Referencing Nature-dependent Electricity”

(c) The impact of IFRS Accounting Standards issued by IASB but not yet endorsed by the FSC

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

<b>Standards or Interpretations</b>	<b>Content of amendment</b>	<b>Effective date per IASB</b>
IFRS 18 “Presentation and Disclosure in Financial Statements”	<p>The new standard introduces three categories of income and expenses, two income statement subtotals and one single note on management performance measures. The three amendments, combined with enhanced guidance on how to disaggregate information, set the stage for better and more consistent information for users, and will affect all the entities.</p> <ul style="list-style-type: none"> <li>● A more structured income statement: under current standards, companies use different formats to present their results, making it difficult for investors to compare financial performance across companies. The new standard promotes a more structured income statement, introducing a newly defined ‘operating profit’ subtotal and a requirement for all income and expenses to be allocated between three new distinct categories based on a company’s main business activities.</li> </ul>	January 1, 2027 note: On September 25, 2025, the FSC issued a press release announcing that Taiwan will adopt IFRS 18 beginning in 2028. Entities that need to adopt the new standard earlier may do with the endorsement of the FSC.

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

<b>Standards or Interpretations</b>	<b>Content of amendment</b>	<b>Effective date per IASB</b>
	<ul style="list-style-type: none"> <li>● Management performance measures (MPMs): the new standard introduces a definition for management performance measures, and requires companies to explain in a single note to the financial statements why the measure provides useful information, how it is calculated and reconcile it to an amount determined under IFRS Accounting Standards.</li> <li>● Greater disaggregation of information: the new standard includes enhanced guidance on how companies group information in the financial statements. This includes guidance on whether information is included in the primary financial statements or is further disaggregated in the notes.</li> </ul>	

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

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

- Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets Between an Investor and Its Associate or Joint Venture”
- IFRS 19 “Subsidiaries without Public Accountability: Disclosures” and amendments to IFRS 19 “Subsidiaries without Public Accountability: Disclosures”
- Amendments to IAS 21 “Translation to a Hyperinflationary Presentation Currency”

**(4) Summary of material accounting policies:**

(a) Statement of compliance

These financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Insurance Companies and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations and SIC Interpretations endorsed and issued into effect by the FSC (hereinafter referred to IFRS endorsed by the FSC).

(b) Basis of preparation

(i) Basis of measure

Except for the following significant accounts, the financial statements have been prepared on a historical cost basis:

(Continued)

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

- 1) FVTPL are measured at fair value.
- 2) FVOCI are measured at fair value.
- 3) Net defined benefit liability is recognized as the fair value of the plan assets less the present value of the defined benefit obligation and the effect of the asset ceiling.
- 4) Part of investment properties are measured at fair value as their recognized cost.
- 5) Reinsurance reserve assets and insurance liability are measured in accordance with the “Regulations Governing the Provision of Various Reserves”.

(ii) Functional currency and Presentation Currency

The functional currency of the Company is determined based on the primary economic environment in which the entities operate. The financial statements are presented in New Taiwan Dollar, which is the Company’s functional currency. All financial information presented in New Taiwan Dollar has been rounded to the nearest thousand.

(c) Foreign currency

Transactions in foreign currencies are translated into the respective functional currencies of the Company at the exchange rates at the dates of the transactions. At the end of each subsequent reporting period, monetary items denominated in foreign currencies are translated into the functional currencies using the exchange rate at that date. Non-monetary items denominated in foreign currencies that are measured at fair value are translated into the functional currencies using the exchange rate at the date that the fair value was determined. Non-monetary items denominated in foreign currencies that are measured based on historical cost are translated using the exchange rate at the date of the transaction.

Exchange differences are generally recognized in profit or loss, except for the differences relating to an investment in equity securities designated as at fair value through other comprehensive income.

(d) Principle of classifying assets and liabilities as current and non-current

Due to the specific business feature of insurance business, the operating cycle is more difficult to establish, and therefore assets and liabilities are not classified as current or non-current. Nonetheless, the items are classified per their properties and are arranged per their liquidity.

(e) Cash and cash equivalents

Cash comprises cash on hand and demand deposits. Cash equivalents comprise time deposits due within three months and bonds purchased under resale agreements which are held for the purpose of meeting short term cash commitments, readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value. Those time deposits exceed three months are recognized as other financial assets—net.

(Continued)

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

(f) Bills and bonds purchased/sold under agreements to resell

Bills and bonds purchased/sold under agreements to resell, they are accounted at the transaction price and are included in assets on the delivery date if it's compliance with financing conditions. When selling back, they are regarded as the realization of the assets, and the difference between the trading and the selling is classified as interest income.

(g) Financial instruments

Trade receivables and debt securities issued are initially recognized when they are originated. All other financial assets and financial liabilities are initially recognized when the Company becomes a party to the contractual provisions of the instrument. A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at fair value through profit or loss (FVTPL), transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

(i) Financial assets

All regular way purchases or sales of financial assets are recognized and derecognized on a trade date basis.

On initial recognition, a financial asset is classified as measured at: amortized cost; Fair value through other comprehensive income (FVOCI) – debt investment; FVOCI – equity investment; or FVTPL. Financial assets are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

1) Financial assets measured at amortized cost

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

These assets are subsequently measured at amortized cost, which is the amount at which the financial asset is measured at initial recognition, plus/minus, the cumulative amortization using the effective interest method, adjusted for any loss allowance. Interest income, foreign exchange gains and losses, as well as impairment, are recognized in profit or loss. Any gain or loss on derecognition is recognized in profit or loss.

2) Fair value through other comprehensive income (FVOCI)

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

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

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

On initial recognition of an equity investment that is not held for trading, the Company may irrevocably elect to present subsequent changes in the investment's fair value in other comprehensive income. This election is made on an instrument-by-instrument basis.

Debt investments at FVOCI are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognized in profit or loss. Other net gains and losses are recognized in other comprehensive income. On derecognition, gains and losses accumulated in other comprehensive income are reclassified to profit or loss.

Equity investments at FVOCI are subsequently measured at fair value. Dividends are recognized as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognized in other comprehensive income and are never reclassified to profit or loss.

Dividend income is recognized in profit or loss on the date on which the Company's right to receive payment is established.

3) Fair value through profit or loss (FVTPL)

All financial assets not classified as amortized cost or FVOCI described as above are measured at FVTPL, including derivative financial assets. On initial recognition, the Company may irrevocably designate a financial asset, which meets the requirements to be measured at amortized cost or at FVOCI, as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognized in profit or loss.

4) Assessment whether contractual cash flows are solely payments of principal and interest

For the purposes of this assessment, 'principal' is defined as the fair value of the financial assets on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs, as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Company considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Company considers:

- contingent events that would change the amount or timing of cash flows;

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

- terms that may adjust the contractual coupon rate, including variable rate features;
- prepayment and extension features; and
- terms that limit the Company's claim to cash flows from specified assets (e.g. non-recourse features)

5) Impairment of financial assets

The Company recognizes loss allowances for expected credit losses on financial assets measured at amortized cost (including cash and cash equivalents, amortized costs, receivables, guarantee deposit paid and other financial assets), debt investments measured at FVOCI, accounts receivable and contract assets.

The Company measures loss allowances at an amount equal to lifetime expected credit loss (ECL), except for the following which are measured as 12-month ECL:

- debt securities that are determined to have low credit risk at the reporting date; and
- other debt securities and bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

Loss allowance for trade receivables and contract assets are always measured at an amount equal to lifetime ECL.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis based on the Company's historical experience and informed credit assessment as well as forward-looking information.

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument.

12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 month after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

The maximum period considered when estimating ECLs is the maximum contractual period over which the Company is exposed to credit risk.

At each reporting date, the Company assesses whether financial assets carried at amortized cost and debt securities at FVOCI are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Evidence that a financial assets is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or being more than 90 days past due;

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

Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets. For debt securities at FVOCI, the loss allowance is charge to profit or loss and is recognized in other comprehensive income instead of reducing the carrying amount of the asset.

The gross carrying amount of a financial asset is written off when the Company has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. For corporate customers, the Company individually makes an assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery. The Company expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Company's procedures for recovery of amounts due.

6) Derecognition of financial assets

The Company derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Company enters into transactions whereby it transfers assets recognized in its statement of balance sheet, but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognized.

(ii) Financial liabilities

1) Other financial liabilities

Financial liabilities not classified as held for trading or designated as at fair value through profit or loss are measured at fair value (including payables and other liabilities), plus any directly attributable transaction costs at the time of initial recognition. Subsequent to initial recognition, they are measured at amortized cost calculated using the effective interest method.

2) Derecognition of financial liabilities

The Company derecognizes a financial liability when its contractual obligations are discharged or cancelled, or expire. The Company also derecognizes a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value.

On derecognition of a financial liability, the difference between the carrying amount of a financial liability extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognized in profit or loss.

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

3) Offsetting of financial assets and liabilities

Financial assets and financial liabilities are offset and the net amount presented in the statement of balance sheet when, and only when, the Company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realize the asset and settle the liability simultaneously.

(h) Investment property

Investment property is property held either to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods or services, or for administrative purposes. Investment property is measured at cost on initial recognition and subsequently at cost less accumulated depreciation and accumulated impairment losses. Depreciation expense is calculated based on the depreciation method, useful life, and residual value which are the same as those adopted for property, plant and equipment.

Any gain or loss on disposal of an investment property (calculated as the difference between the net proceeds from disposal and the carrying amount) is recognized in profit or loss.

Rental income from investment property is recognized as other revenue on a straight-line basis over the term of the lease. Lease incentives granted are recognized as an integral part of the total rental income, over the term of the lease.

When the use of an investment property changes such that it is reclassified as property, plant and equipment, its book value at the date of reclassification becomes its cost for subsequent accounting.

(i) Insurance contracts

An insurance contract is a “contract under which one party (the insurer) accepts significant insurance risk from another party (the policyholder) by agreeing to compensate the policyholder if a specified uncertain future event (the insured event) adversely affects the policyholder”. The Company defines significant insurance risk as the event which might lead to additional significant payment.

Once a contract has qualified as an insurance contract, it remains an insurance contract until all rights and obligations are extinguished or expired, even if insurance risk becomes insignificant or not existent. However, some contracts do not transfer any insurance risk to the Company at inception, although they do transfer insurance risk at a later time. In those cases, the contract is not considered an insurance contract until the risk transfer happens.

(j) Reinsurance contract assets

The Company’s rights to the reinsurer include ceded unearned premium reserve, ceded claim reserve, ceded premium deficiency reserve, claims recoverable from reinsurers, and net reinsurance receivables. The way to estimate claims and payments recoverable from reinsurers is consistent with the way to estimate claims of policies. Receivables and payables of reinsurance are not offset and present by net amounts unless both parties to the contract have statutory offsetting rights and intend to deliver on a net basis or at the same time.

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

The Company periodically assesses the impairment of the reinsurance assets described above, reinsurance reserve assets, claims recoverable from reinsurers, reinsurance receivables, and reinsurance liabilities reserve deposit. A reinsurance asset is impaired if, and only if (a) there is objective evidence, as a result of an event that occurred after initial recognition of the reinsurance asset, that the Company may not receive all amounts due to it under the terms of the contract; and (b) that event has a reliably measurable impact on the amounts that the Company will receive from the reinsurer. If the Company's reinsurance reserve assets are impaired, the Company shall reduce its carrying amount accordingly and recognize that impairment loss in profit or loss, and recognize proper allowance for claims recoverable from reinsurers, reinsurance receivables, and reinsurance liabilities reserve deposit.

The Company assesses whether significant insurance risks have been transferred to the reinsurer. If significant insurance risks of the insurance contract have not been transferred, the contract is recognized via deposit accounting. The premium minus the company retained reinsurance premium (or fee) is recognized as deposit asset or liability, not profit or loss.

Compliance with the "Regulations Governing the Provision of Unauthorized Reinsurance Reserves for Insurance Company", the Company deposits reserve for those unauthorized reinsurance ceded businesses according to "Regulations Governing Insurance Enterprises Engaging in Operating Reinsurance and Other Risk Spreading Mechanisms" on ceded date or balance sheet date and discloses in notes of financial statements.

(k) Property, plant and equipment

(i) Recognition and measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses.

If significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Any gain or loss on disposal of an item of property, plant and equipment is recognized in profit or loss.

(ii) Reclassifies the property to investment property

When the use of a property changes to investment property, the Company reclassifies the property to investment property based on the carrying amount when the use is changed.

(iii) Subsequent cost

Subsequent expenditure is capitalized only if it is probable that the future economic benefits associated with the expenditure will flow to the Company.

(iv) Depreciation

Depreciation is calculated on the cost of an asset less its residual value and is recognized in profit or loss on a straight line basis over the estimated useful lives of each component of an item of property, plant and equipment.

Land is not depreciated.

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

The estimated useful lives for the current and comparative years of significant items of property, plant and equipment are as follows:

- 1) Buildings 20-61 years
- 2) Office and other equipment 3-9 years

Depreciation methods, useful lives, and residual values are reviewed at each reporting date and adjusted if appropriate.

(l) Leases

(i) Identifying a lease

At inception of a contract, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

(ii) As a lessee

The Company recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be reliably determined, the Company's incremental borrowing rate. Generally, the Company uses its incremental borrowing rate as the discount rate.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- payments for purchase or termination options that are reasonably certain to be exercised.

The lease liability is measured at amortized cost using the effective interest method. It is remeasured when:

- there is a change in future lease payments arising from the change in an index or rate; or

(Continued)

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

- there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee; or
- there is a change in the lease term resulting from a change of its assessment on whether it will exercise an option to purchase the underlying asset, or
- there is a change of its assessment on whether it will exercise a extension or termination option; or
- there is any lease modifications such as lease subject, scope or other lease terms.

When the lease liability is remeasured, other than lease modifications, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or in profit and loss if the carrying amount of the right-of-use asset has been reduced to zero.

When the lease liability is remeasured to reflect the partial or full termination of the lease for lease modifications that decrease the scope of the lease, the Company accounts for the remeasurement of the lease liability by decreasing the carrying amount of the right-of-use asset to reflect the partial or full termination of the lease, and recognize in profit or loss any gain or loss relating to the partial or full termination of the lease.

The Company presents right-of-use assets that do not meet the definition of investment and lease liabilities as a separate line item respectively in the statement of financial position.

The Company has elected not to recognize right-of-use assets and lease liabilities for short-term leases of IT equipment and leases of low-value assets. The Company recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

(iii) As a lessor

When the Company acts as a lessor, it determines at lease commencement whether each lease is a finance lease or an operating lease. To classify each lease, the Company makes an overall assessment of whether the lease transfers to the lessee substantially all of the risks and rewards of ownership incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then the lease is an operating lease. As part of this assessment, the Company considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

The Company recognizes lease payments received under operating leases as income on a straight-line basis over the lease term as part of lease income.

(m) Intangible assets

(i) Recognition and measurement

Intangible assets, including computer software and golf membership, that are acquired by the Company are measured at cost less accumulated amortization and any accumulated impairment losses.

(Continued)

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

(ii) Subsequent Expenditure

Subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is recognized in profit or loss as incurred.

(iii) Amortization

The amortizable amount is the cost of an asset less its residual value. Amortization is recognized in profit or loss on a straight line basis over the estimated useful lives of intangible assets from the date that they are available for use.

The estimated useful lives for current and comparative periods are as follows:

1) Computer software	3-12 years
2) Golf membership	10-12 years

Amortization methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

(n) Impairment of non-financial assets

At each reporting date, the Company reviews the carrying amounts of its non-financial assets (other than deferred tax assets) to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. An impairment loss is recognized if the carrying amount of an asset or CGU exceeds its recoverable amount. Impairment losses are recognized in profit or loss. They are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets in the CGU on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. For other assets, an impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

(o) Insurance liability

The Company determines reserves for insurance contracts in accordance with the "Regulations Governing the Provision of Various Reserves", "Regulations for Management of the Various Reserve of Compulsory Automobile Liability Insurance", "Enforcement Rules for the Risk Spreading Mechanism of Residential Earthquake Insurance", and "Regulations for the Reserve of Nuclear Insurance", methodologies used to determine the reserve are certified by the appointed actuary who is authorized by the Financial Supervisory Commission, Executive Yuan.

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

The methodologies used to determine the reserves are described as follows:

(i) Unearned premiums reserve:

Unearned premium reserve is determined based on the exposure of the unexpired period for the unexpired policies and the policies that have been not terminated.

(ii) Claim reserve:

The Company shall determine claim reserve, including case reserve and IBNR, using actuarial approaches, based on the historical experiences for each line of business. The case reserve shall be estimated case by case, based on actual relevant information.

(iii) Special reserve:

Special reserve comprises three parts, catastrophe reserve, risk volatility reserve and travel insurance reserve.

1) Special reserve - catastrophe special reserve

Catastrophe special reserve for each line of business shall be determined based on ratios regulated by the Authority. The portion of the losses over NT\$ 30 million shall be recovered from catastrophe special reserve. Catastrophe special reserve can be released after 15 years based on the mechanism decided by the appointed actuary and filed to the Authority.

From July 1, 2011, reserve of Commercial Earthquake Insurance and Typhoon and Flood Insurance can be released after 30 years and recognized in accordance with the “Regulations for Insurance Companies Determining Various Reserves of Commercial Earthquake Insurance and Typhoon and Flood Insurance”

2) Special reserve - risk volatility special reserve

If the actual loss, after deducting catastrophe special reserve, is less than the expected loss, an equalization special reserve shall be recognized at 15% of that difference. From July 1, 2011, according to “Regulations for Insurance Companies Determining Various Reserves of Commercial Earthquake Insurance and Typhoon and Flood Insurance”, for commercial earthquake insurance and typhoon and flood insurance, if the actual claim of the retention, deducted by the balance of the insurance written off by catastrophe special reserve, is lower than the expected claim, then an equalization special reserve shall be provided based on 75% of the difference. The expected claim shall not be less than 60% of the expected rate of loss.

If the actual loss, after deducting the catastrophe special reserve recovered for the line of business, exceeds the expected loss, the amount of that difference shall be recovered from the equalization special reserve. If the equalization special reserve is insufficient to deduct for a specific line of business, it can be released from other line of business. The amount released and the line of business from which shall follow the related regulations. If the cumulative equalization special reserve exceeds 60% of the net earned premium, the equalization special reserve shall be released by that difference. Although accident insurance and health insurance shall be released in accordance with the “Regulations Governing the Provision of Various Reserves” Art. 20.1.(3).

(Continued)

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

From July 1, 2011, according to “Regulations for Insurance Companies Determining Various Reserves of Commercial Earthquake Insurance and Typhoon and Flood Insurance”, if the equalization special reserve of commercial earthquake insurance exceeds 18 times of the net earned premium, or the equalization special reserve of typhoon and flood insurance exceeds 8 times of the net earned premium, the equalization special reserve shall be released by that difference.

In addition, according to “Directions Concerning Enhanced Catastrophe Disaster Reserve of Property Insurance” under Jin Guan Bao Cai Zi No. 11101405951, from January 1, 2013, “Enforcement Rules for the Risk Spreading Mechanism of Residential Earthquake Insurance” under Jin Guan Bao Cai Zi No. 10102531691, and “Regulations for Insurance Companies Determining Various Reserves of Nuclear Insurance” under Jin Guan Bao Cai Zi No. 10102517091, the Company should first fill the special catastrophe reserve and risk volatility reserve for commercial earthquake insurance and typhoon and flood insurance to maximum amount with the special catastrophe reserve and risk volatility reserve, which was in liability account and was provided before December 31, 2012, in the equity account. The calculation of the maximum amount of the special catastrophe reserve and risk volatility reserve for Commercial Earthquake Insurance, Typhoon Insurance, and Flood Insurance is to take the net earned premium of 2012 and the average amount of net earned premium from 2008 to 2012, which is higher, as the base. The catastrophe special reserve is calculated by the base amount described above multiply the catastrophe special reserve rate (7%) and cumulative age (30 years), and the maximum amount of risk volatility reserve is calculated by the base amount described above multiply the cumulative multiples (Commercial Earthquake Insurance multiply 18; Typhoon Insurance and Flood Insurance multiply 8).

The deficiency between the amount which was in liability and equity accounts on December 31, 2012 and the maximum amount of the special catastrophe reserve shall be first filled by special reserves of other insurances and then scaled to the risk volatility special reserve of Commercial Earthquake Insurance, Typhoon Insurance, and Flood Insurance. If there is any reserve left, the amount deducted by income tax calculated based on IAS 12 shall be reclassified to special reserve in equity account.

The amount that is transferred from special reserves of other insurances to catastrophe special reserve under liability accounts shall be released by one thirtieth of the ending balance of liability on January 1, 2013. The recoverable amount described above shall first deduct the amount of losses caused by the event exceed over NT\$ 30 million dollars for the individual company. If the cumulative amount of catastrophe special reserve is lower than the recoverable amount described above before deduction, the excess amount can only be released after the deficiency being filled. In addition, the recoverable amount described above shall be reviewed annually before 2025. If the recoverable amount described above is greater than the released amount of other types of accidents before the implementation of the precautions, the after tax difference shall be transferred to equity account. The difference described above shall be allocated in proportion to the retained premiums of other insurances of current period.

(Continued)

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

The “ Regulations for Insurance Companies Determining Various Reserves of Commercial Earthquake Insurance and Typhoon and Flood Insurance” shall be followed when determining risk volatility special reserve of Commercial Earthquake Insurance and Typhoon and Flood Insurance.

3) Special reserve – travel insurance special reserve

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

4) Compulsory automobile liability insurance

The special reserve of compulsory automobile liability insurance is determined in accordance with the Regulations for Management of the Various Reserve of Compulsory Automobile Liability Insurance. The amount calculated by sum of retention of earned premium, withdrawal of claims reserve and special reserve of prior period plus interests deducts retained claim payment and deposit claim reserve, shall be deposited as special reserve. If the former amount is less than the latter amount, the deficiency shall be recovered by the special reserve cumulated in previous periods. If the deficiency still exists, it shall be recorded by memo entries and recovered by the special reserve cumulated in future periods.

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

Except for the special reserve of compulsory automobile liability insurance, the provision each year is recognized in special reserve under equity account with the amount deducted by income tax. The amount is calculated based on IAS 12. For the amount which should be written off or reclaimed, the Company writes off and reclaims it via special reserve under equity account with the amount deducted by income tax.

(iv) Premium deficiency reserve

The company shall evaluate the future losses and expenses for the unexpired policies and the policies that have been not terminated. If the expected future losses and expenses exceed the sum of the recognized unearned premium reserve and the expected future premium income, a premium deficiency reserve shall be recognized at the amount of that difference.

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

(v) Liability adequacy reserve

In accordance with IFRS 4, the Company should assess whether its recognized insurance liabilities are adequate, using current estimates of future cash flows at the end of each reporting period. If that assessment shows that the carrying amount of its insurance liabilities (less related intangible assets) is inadequate, the entire deficiency shall be recognized as a liability adequacy reserve.

(p) Provisions

A provision is recognized if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects the current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognized as finance cost.

(q) Premium income and acquisition costs

Premium income direct business is recognized based on the written policies and endorsement. Since January 1, 2015, sales that are attributable to car insurance recognize revenue. Assumed reinsurance premiums for reinsurance assumed business is recognized when the reinsurance statement arrived. For those statements have not been received, assumed reinsurance premium shall be estimated by a reasonable and systematic method on the balance sheet date. The related acquisition costs (such as: commissions, brokerages, fees, reinsurance commissions and etc.) is recognized in the same period without deferring.

Unearned premium reserve is determined based on the exposure of the unexpired period for the unexpired policies and the policies that have been not terminated.

Unearned premium reserve for the compulsory auto liability is determined in accordance with the Regulations for Management of the Various Reserve of Compulsory Automobile Liability Insurance.

Unearned premium reserve for the Residential earthquake insurance is determined in accordance with the Enforcement Rules for the Risk Spreading Mechanism of Residential Earthquake Insurance.

Unearned premiums reserve for the nuclear insurance is determined in accordance with the Regulations for the Reserve of Nuclear Insurance.

The approaches to determine unearned premiums reserves selected based on the characteristics of the line of business and decided by the actuary (The approaches are not allowed to change without the permission of the Authority.) Unearned premium reserve shall be certified by the appointed actuary.

Income tax, based on Value added and Non value added Business Tax Act, the Stamp Tax Act, and other relevant laws and regulations, related to the premium income shall be recognized on accrual basis.

(Continued)

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

(r) The cost of insurance claims

Loss for direct business is recognized based on the paid losses for the reported claims. Loss shall be estimated case by case, based on the actual relevant information, and recognized as the net change in reported but unpaid reserve for the claims which have been not yet paid, either have been determined or not been determined by the claim department.

Assumed reinsurance loss for reinsurance assumed business is recognized when the statement is arrival. For those statements have not been received, assumed reinsurance, loss shall be estimated in a reasonable and systematic way and recognized as the net change in loss reserve.

Unreported loss for direct written business and reinsurance assumed business shall be estimated using actuarial methodologies, based on the historical experience, and recognized as net change in the IBNR.

The loss receivable from the reinsurance companies according to the reinsurance ceded contract shall be recognized as claims recovered from reinsurers if the loss has been paid and recognized as net change in loss reserve if the loss has not been paid.

The loss reserve is not discounted.

The loss reserve for compulsory automobile liability insurance is determined in accordance with the Regulations for Management of the Various Reserve of Compulsory Automobile Liability Insurance.

The loss reserve for residential earthquake insurance is determined in accordance with the Enforcement Rules for the Risk Spreading Mechanism of Residential Earthquake Insurance.

The loss reserve for nuclear insurance is determined based on the Regulations for the Reserve of Nuclear Insurance.

(s) Coinsurance organization, coinsurance business and guarantee fund agreement.

The Company signed coinsurance contract of the compulsory automobile liability insurance with all the member companies which approved by the government to operate the compulsory automobile liability coinsurance. It was agreed that all business of compulsory automobile liability insurance should be covered by the coinsurance institution or the Company should pay the penalty and be audited by the auditor of the coinsurance organization. The business of the coinsurance was calculated based on pure premium, and distribute by coinsurance percentage.

(t) Employee benefits

(i) Defined contribution plans

Obligations for contributions to defined contribution pension plans are recognized as an employee benefit expense in profit or loss in the periods during which services are rendered by employees.

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

(ii) Defined benefit plans

The Company's net obligation in respect of defined benefit plans is calculated separately for each the plan by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of any plan assets.

The calculation of defined benefit obligations is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a potential asset for the Company, the recognized asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. To calculate the present value of economic benefits, consideration is given to any applicable minimum funding requirements.

Remeasurements of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognized immediately in other comprehensive income, and accumulated in retained earnings within equity. The Company determines the net interest expense (income) on the net defined benefit liability (asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then-net defined benefit liability (asset). Net interest expense and other expenses related to defined benefit plans are recognized in profit or loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognized immediately in profit or loss. The Company recognizes gains and losses on the settlement of a defined benefit plan when the settlement occurs.

(iii) Termination benefits

Termination benefits are expensed at the earlier of when the Company can no longer withdraw the offer of those benefits and when the Company recognizes costs for a restructuring. If benefits are not expected to be settled wholly within 12 months of the reporting date, then they are discounted.

(iv) Short-term employee benefits

Short-term employee benefits are expensed as the related service is provided. A liability is recognized for the amount expected to be paid if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

(u) Income taxes

Income taxes comprise current taxes and deferred taxes. Except for expenses related to business combinations or recognized directly in equity or other comprehensive income, all current and deferred taxes are recognized in profit or loss.

(Continued)

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

Current taxes comprise the expected tax payables or receivables on the taxable profits (losses) for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax payables or receivables are the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any. It is measured using tax rates enacted or substantively enacted at the reporting date.

Deferred taxes arise due to temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and their respective tax bases. Deferred taxes are recognized except for the following:

- (i) Assets and liabilities that are initially recognized but are not related to the business combination and have no effect on net income or taxable gains (losses) arising from the transaction.
- (ii) Temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the Company is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and
- (iii) Taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax assets are recognized to the extent that it is probable that future taxable profits will be available against which deductible temporary differences can be utilized.

Deferred taxes are measured at tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date.

Deferred tax assets and liabilities are offset if the following criteria are met:

- (i) the Company has a legally enforceable right to set off current tax assets against current tax liabilities; and
- (ii) the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority on either:
  - 1) the same taxable entity; or
  - 2) Different taxable entities which intend to settle current tax assets and liabilities on a net basis, or to realize the assets and liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.
- (v) Earnings per share

The Company discloses the Company's basic and diluted earnings per share attributable to ordinary shareholders of the Company. Basic earnings per share is calculated as the profit attributable to ordinary shareholders of the Company divided by the weighted average number of ordinary shares outstanding. Diluted earnings per share is calculated as the profit attributable to ordinary shareholders of the Company divided by the weighted average number of ordinary shares outstanding after adjustment for the effects of all potentially dilutive ordinary shares.

(Continued)

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

(w) Operating segments

Operating segments are units of the Company that engage in operating activities that may earn revenue and incur expenses, including revenue and expenses related to transactions with other units within the Company. The operating results of all operating divisions are reviewed regularly by the Company's chief operating decision maker to make decisions about the allocation of resources to those divisions and to evaluate their performance. Separate financial information is available for each operating segment.

(x) Salvage and subrogation

Salvage legally acquired from the claim procedure for direct written business shall be valued and recognized at its fair value. Subrogation legally acquired shall be recognized when the actual recovery is definite (the inflow of the economic benefits in the future is more likely than not), and its amount can be reliably measured.

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

In preparing these financial statements, management has made judgments and estimates about the future, including climaterelated risks and opportunities, that affect the application of the accounting policies and the reported amount of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis and are consistent with the Company's risk management and climate related commitments where appropriate. Revisions to estimates are recognised prospectively in the period of the change and future periods.

The carrying amount of the liabilities as mentioned below may be affected by accounting estimates and judgment that have the most significant effects on the amounts recognized in the financial statements. The actual results may be influenced by the change of taken accounting estimates and professional judgments with the content has an existing significant difference as follows

Insurance liability

The Company measures insurance liabilities in accordance with “ Regulations Governing the Provision of Various Reserves”.

- (i) Unearned premium reserve is estimated based on the exposure of the unexpired period of each business line. The provision of reserves is determined by actuarial specialists in accordance with of characteristics each business line.
- (ii) Claim reserve is estimated in accordance with the method of a loss triangle. The final claim cost is calculated based on the primary assumptions that are loss development factors and expected claim ratio. The loss development factors and expected claim ratio of each business line are calculated based on historical claim experience and adjusted by Company's policies such as insurance rate and claim management.

The professional judgment used in the above process will affect the amount recognized, including net change in insurance liability and the provision of insurance liability.

(Continued)

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

**(6) Explanation of significant accounts:**

(a) Cash and cash equivalents

	<b>December 31, 2025</b>	<b>December 31, 2024</b>
Cash on hand	\$ 500	473
Petty cash	13,210	13,210
Cash in bank	2,304,691	2,146,564
Bonds purchased under resale agreements	997,859	972,592
Total	<u>\$ 3,316,260</u>	<u>3,132,839</u>

(b) Receivables and Payables

(i) Receivables

<b>Item</b>	<b>December 31, 2025</b>	<b>December 31, 2024</b>
Notes receivable	\$ 282,647	243,248
Premiums receivable	272,200	223,808
Other receivables	187,341	186,047
Total	<u>\$ 742,188</u>	<u>653,103</u>

(ii) Payables

<b>Item</b>	<b>December 31, 2025</b>	<b>December 31, 2024</b>
Commission payable	\$ 239,547	231,513
Due to ceding companies	78,461	129,732
Reinsurance premium payable	644,022	610,796
Reinsurance commission payable	297	1,639
Insurance claims payable	11,087	10,446
Other payables	514,538	479,695
Total	<u>\$ 1,487,952</u>	<u>1,463,821</u>

(iii) Receivables of insurance contracts

<b>Item</b>	<b>December 31, 2025</b>	<b>December 31, 2024</b>
Notes receivable	\$ 282,723	243,375
Less: Loss allowance	(76)	(127)
Total	<u>\$ 282,647</u>	<u>243,248</u>

(Continued)

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

Item	December 31, 2025	December 31, 2024
Premiums receivable		
Fire insurance	\$ 44,635	25,750
Marine insurance	51,518	37,491
Hull and fishing vessel insurance	2,216	3,878
Other accident insurance	116,349	9,488
Compulsory pure premium	6,854	6,735
Voluntary automobile insurance	11,071	8,552
Compulsory automobile liability insurance	3,385	3,323
Overdue receivables	<u>47,467</u>	<u>137,509</u>
Subtotal	283,495	232,726
Less: Loss allowance	<u>(11,295)</u>	<u>(8,918)</u>
Total	<u>\$ 272,200</u>	<u>223,808</u>

## (iv) Other receivables

Item	December 31, 2025	December 31, 2024
Other receivables	\$ 232,316	231,472
Less: Loss allowance	<u>(44,975)</u>	<u>(45,425)</u>
Total	<u>\$ 187,341</u>	<u>186,047</u>

As of December 31, 2025 and 2024, the overdue receivables in notes receivable, premiums receivable and other receivables were \$97,179 and \$182,542, which provisioned the loss allowance \$56,346 and \$54,470, respectively. The movements of the loss allowance for receivables were as follows:

	<b>For the years ended December 31,</b>	
	<u>2025</u>	<u>2024</u>
Beginning balance	\$ 54,470	48,698
Loss recognized	<u>1,876</u>	<u>5,772</u>
Ending balance	<u>\$ 56,346</u>	<u>54,470</u>

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

	December 31, 2025	December 31, 2024
Under 90 days	\$ 719,973	617,677
91~270 days	35,800	48,778
More than 271 days	42,761	41,118

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

(Continued)

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

(v) Payables of insurance contracts

<u>Item</u>	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Commission payable	\$ <u>239,547</u>	<u>231,513</u>

(c) Reinsurance assets

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Claims recoverable from reinsurers (Note 6(d))	\$ 188,680	231,448
Due from reinsurers and ceding companies – net (Note 6(e))	1,198,423	430,853
Reinsurance reserve assets (Note 6(n))		
Ceded unearned premiums reserve	2,084,897	2,069,609
Ceded claim reserve	3,261,104	2,587,434
Ceded premium deficiency reserve	<u>4,868</u>	<u>8,024</u>
Total	<u>\$ 6,737,972</u>	<u>5,327,368</u>

(d) Claims recoverable from reinsurers

<u>Item</u>	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Fire insurance	\$ 26,319	21,863
Marine insurance	495	188
Land and air insurance	363	26
Liability insurance	44,002	47,612
Surety insurance	(122)	173
Other property insurance	79,687	85,540
Accident insurance	6,023	6,664
Health insurance	113	273
Compulsory automobile liability insurance	31,627	67,526
Overdue receivables	173	1,583
Less : Loss allowance	<u>-</u>	<u>-</u>
Total	<u>\$ 188,680</u>	<u>231,448</u>

(Continued)

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

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

## (i) Receivables of insurance contracts

<u>Item</u>	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Due from ceding companies	\$ 934,948	160,892
Reinsurance premium receivable	57,923	61,652
Reinsurance commission receivable	204,416	202,012
Overdue receivables	<u>1,136</u>	<u>30,702</u>
Subtotal	1,198,423	455,258
Less: Loss allowance	<u>-</u>	<u>(24,405)</u>
Total	<u><u>\$ 1,198,423</u></u>	<u><u>430,853</u></u>

The movements of the loss allowance for receivables of insurance contracts were as follows:

	<u>For the years ended December 31,</u>	
	<u>2025</u>	<u>2024</u>
Beginning balance	\$ 24,405	14,451
Loss recognized (reversal)	(18,333)	9,954
Write-off	<u>(6,072)</u>	<u>-</u>
Ending balance	<u><u>\$ -</u></u>	<u><u>24,405</u></u>

The Company's Board of Directors decided to write off overdue receivables from reinsurers and ceding companies which were impossible to recoverable on November 27, 2025. Total amount was \$6,072.

## (ii) Payables of insurance contracts

<u>Item</u>	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Due to ceding companies	\$ 78,461	129,732
Reinsurance premium payable	644,022	610,796
Reinsurance commission payable	<u>297</u>	<u>1,639</u>
Total	<u><u>\$ 722,780</u></u>	<u><u>742,167</u></u>

(Continued)

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

## (f) Financial assets

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

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Financial assets mandatorily measured at fair value through profit or loss:		
Beneficiary certificate	\$ 118,972	687,181
Real estate investment trust beneficiary certificate	272,318	290,284
Domestic listed stocks and OTC stocks	1,060,499	1,383,750
Foreign stock	-	180,282
Total	<u>\$ 1,451,789</u>	<u>2,541,497</u>

## Sensitivity analysis - the risk of equity price:

If there is an increase in the securities' price of 1% on the reporting date (assume that all other variables remain the same), the impact on net income before income tax for the years ended December 31, 2025 and 2024 will increase \$14,518 and \$25,415, respectively. Conversely, if there is a decrease in the securities' price of 1% on the reporting date based on all other variables remaining the same, there will be the same amount but opposite direction of influence.

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

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Debt investments at fair value through other comprehensive income:		
Financial bonds	\$ -	164,773
Corporate bonds	-	510,343
Subtotal	-	675,116
Equity investments at fair value through other comprehensive income:		
Domestic listed stocks and OTC stocks	\$ 2,806,579	2,188,572
Domestic unlisted stocks	13,440	14,322
Subtotal	<u>2,820,019</u>	<u>2,202,894</u>
Total	<u>\$ 2,820,019</u>	<u>2,878,010</u>

(Continued)

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

1) Debt investments at fair value through other comprehensive income

The Company has assessed that the securities are held within a business model whose objective is achieved by both collecting the contractual cash flows and selling securities. Therefore, the investment was classified as financial assets measured at fair value through other comprehensive income.

2) Equity investments at fair value through other comprehensive income

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

During the years ended December 31, 2025 and 2024, the dividends of \$111,409 and \$82,133, respectively, related to equity investments at fair value through other comprehensive income held on the periods then ended, were recognized; the dividend of \$13,710 and \$16,451, respectively, related to the investments derecognized during the years ended December 31, 2025 and 2024 were recognized.

The Company disposed shares designated as measured at fair value through other comprehensive income due to assets allocation, managing and rearranging portfolio. The disposed shares, during the years ended December 31, 2025 and 2024, were as follows:

	<b><u>For the years ended December 31,</u></b>	
	<b><u>2025</u></b>	<b><u>2024</u></b>
Fair value	<b><u>\$ 402,195</u></b>	<b><u>312,841</u></b>
Accumulated gains (losses) by disposing	<b><u>\$ (6,226)</u></b>	<b><u>34,494</u></b>

The accumulated gains (losses) by disposing above have been transferred from other equity to retained earnings.

Sensitivity analysis - the risk of equity price:

If there is an increase in the securities' price of 1% on the reporting date (assume that all other variables remain the same), the impact on other comprehensive income before taxes for the years ended December 31, 2025 and 2024 will increase \$28,200 and \$22,029, respectively. Conversely, if there is a decrease in the securities' price of 1% on the reporting date based on all other variables remaining the same, there will be the same amount but opposite direction of influence.

3) Please refer to Note 6(u) for further information of credit risk.

4) Please refer to Note 6(u) for further information of the movement in loss allowance of debt investments at fair value through other comprehensive income.

(Continued)

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

(iii) Financial assets at amortized cost

	<b>December 31, 2025</b>	<b>December 31, 2024</b>
Government bonds	\$ 613,767	614,233
Financial bonds	2,200,000	1,700,000
Corporate bonds	<u>1,450,000</u>	<u>1,150,000</u>
Subtotal	4,263,767	3,464,233
Less: Security deposits	(340,235)	(397,136)
Loss allowance	<u>(2,722)</u>	<u>(3,359)</u>
Total	<b><u>\$ 3,920,810</u></b>	<b><u>3,063,738</u></b>

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

(iv) Other financial assets, net:

	<b>December 31, 2025</b>	<b>December 31, 2024</b>
Time deposits – initial maturity date over than three months	\$ 3,471,900	2,515,758
Less: Security deposits	<u>-</u>	<u>-</u>
Total	<b><u>\$ 3,471,900</u></b>	<b><u>2,515,758</u></b>

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

(Continued)

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

(v) Capital outsourcing information

As of December 31, 2025 and 2024, the Company had outsourced to Securities Investment Trust to manage investment project and capital amount. Further information was as follows:

<b>Investment</b>	<b>December 31, 2025</b>	<b>December 31, 2024</b>
	<b>Amount</b>	<b>Amount</b>
Domestic listed stocks and OTC stocks, bonds, bonds purchased under resale agreements, short term bills, deposits in financial institutions, etc.	<u>\$ 1,200,000</u>	<u>1,900,000</u>

The investment project was mentioned above, and the carrying amount as of December 31, 2025 and 2024 were as follows:

	<b>December 31, 2025</b>	<b>December 31, 2024</b>
Cash and cash equivalents	\$ 286,953	321,148
Financial assets at fair value through profit or loss - stocks	1,060,499	886,896
Financial assets at fair value through other comprehensive income - bonds	-	675,116
Total	<u>\$ 1,347,452</u>	<u>1,883,160</u>

(g) Investment property

The cost, accumulated depreciation, and accumulated impairment loss of the investment property of the Company for the years ended December 31, 2025 and 2024, were as follows:

	<b>Land and improvement</b>	<b>Buildings and construction</b>	<b>Total</b>
<b>Cost or deemed cost:</b>			
<b>Balance at December 31, 2025 (Same as January 1, 2025)</b>	<u>\$ 754,383</u>	<u>226,645</u>	<u>981,028</u>
<b>Balance at January 1, 2024</b>	\$ 920,829	224,477	1,145,306
Reclassification from property, plant and equipment	41,440	20,778	62,218
Reclassification to property, plant and equipment	(207,886)	(18,610)	(226,496)
<b>Balance at December 31, 2024</b>	<u>\$ 754,383</u>	<u>226,645</u>	<u>981,028</u>

(Continued)

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

	<u>Land and improvement</u>	<u>Buildings and construction</u>	<u>Total</u>
<b>Accumulated depreciation and impairment loss</b>			
<b>Balance at January 1, 2025</b>	\$ 12,709	105,986	118,695
Depreciation	<u>-</u>	<u>4,794</u>	<u>4,794</u>
<b>Balance at December 31, 2025</b>	<u>\$ 12,709</u>	<u>110,780</u>	<u>123,489</u>
<b>Balance at January 1, 2024</b>	\$ 2,359	95,438	97,797
Depreciation	-	4,904	4,904
Reclassification from property, plant and equipment	-	10,973	10,973
Reclassification to property, plant and equipment	-	(5,329)	(5,329)
Impairment loss	10,350	-	10,350
<b>Balance at December 31, 2024</b>	<u>\$ 12,709</u>	<u>105,986</u>	<u>118,695</u>
<b>Carrying amount:</b>			
December 31, 2025	<u>\$ 741,674</u>	<u>115,865</u>	<u>857,539</u>
December 31, 2024	<u>\$ 741,674</u>	<u>120,659</u>	<u>862,333</u>
<b>Fair value:</b>			
December 31, 2025			<u>\$ 2,005,871</u>
December 31, 2024			<u>\$ 1,938,755</u>

On December 31, 2025 and 2024, the assessment of fair value of investment property mainly referred to the market trade.

As of December 31, 2025 and 2024, the Company's investment property had not been pledged as collateral.

(Continued)

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

(h) Property, plant and equipment

The cost, accumulated depreciation, and accumulated impairment loss of the property, plant and equipment of the Company for the years ended December 31, 2025 and 2024, were as follows:

	<u>Land</u>	<u>Buildings and construction</u>	<u>Computer equipment</u>	<u>Transportation equipment</u>	<u>Other equipment</u>	<u>Leasehold improvement</u>	<u>Total</u>
<b>Cost:</b>							
<b>Balance at January 1, 2025</b>	\$ 1,116,493	539,357	215,117	579	58,918	8,091	1,938,555
Additions	-	8,201	37,067	-	5,970	1,541	52,779
Disposal	(5,351)	(36)	-	-	-	-	(5,387)
Scrap	-	-	(6,847)	-	(1,970)	-	(8,817)
<b>Balance at December 31, 2025</b>	<u>1,111,142</u>	<u>547,522</u>	<u>245,337</u>	<u>579</u>	<u>62,918</u>	<u>9,632</u>	<u>1,977,130</u>
<b>Balance at January 1, 2024</b>	951,838	529,263	191,948	579	56,092	2,930	1,732,650
Additions	-	15,661	20,362	-	6,208	5,161	47,392
Reclassification from prepayments for equipment	-	-	16,390	-	-	-	16,390
Reclassification from investment property	207,886	18,610	-	-	-	-	226,496
Reclassification to investment property	(41,440)	(20,778)	-	-	-	-	(62,218)
Disposal	(1,791)	(3,399)	-	-	-	-	(5,190)
Scrap	-	-	(13,583)	-	(3,382)	-	(16,965)
<b>Balance at December 31, 2024</b>	<u>1,116,493</u>	<u>539,357</u>	<u>215,117</u>	<u>579</u>	<u>58,918</u>	<u>8,091</u>	<u>1,938,555</u>
<b>Accumulated depreciation and impairment loss:</b>							
<b>Balance at January 1, 2025</b>	15,196	209,527	174,867	579	49,179	2,381	451,729
Depreciation	-	17,559	18,135	-	4,292	1,836	41,822
Disposal	-	(22)	-	-	-	-	(22)
Scrap	-	-	(6,847)	-	(1,970)	-	(8,817)
<b>Balance at December 31, 2025</b>	<u>15,196</u>	<u>227,064</u>	<u>186,155</u>	<u>579</u>	<u>51,501</u>	<u>4,217</u>	<u>484,712</u>
<b>Balance at January 1, 2024</b>	15,196	201,268	176,952	579	49,169	2,122	445,286
Depreciation	-	15,408	11,498	-	3,392	259	30,557
Reclassification from investment property	-	5,329	-	-	-	-	5,329
Reclassification to investment property	-	(10,973)	-	-	-	-	(10,973)
Disposal	-	(1,505)	-	-	-	-	(1,505)
Scrap	-	-	(13,583)	-	(3,382)	-	(16,965)
<b>Balance at December 31, 2024</b>	<u>15,196</u>	<u>209,527</u>	<u>174,867</u>	<u>579</u>	<u>49,179</u>	<u>2,381</u>	<u>451,729</u>
<b>Carrying amount:</b>							
December 31, 2025	<u>\$ 1,095,946</u>	<u>320,458</u>	<u>59,182</u>	<u>-</u>	<u>11,417</u>	<u>5,415</u>	<u>1,492,418</u>
December 31, 2024	<u>\$ 1,101,297</u>	<u>329,830</u>	<u>40,250</u>	<u>-</u>	<u>9,739</u>	<u>5,710</u>	<u>1,486,826</u>

As of December 31, 2025 and 2024, the Company's property, plant and equipment had not been pledged as collateral, and there are no restrictions on the ownership of overseas real estate.

(Continued)

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

## (i) Right-of-use assets

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

	<u>Buildings and construction</u>	<u>Transportation equipment</u>	<u>Total</u>
Cost of right-of-use assets:			
January 1, 2025	\$ 26,427	11,634	38,061
Additions	20,134	3,359	23,493
Derecognition	(19,506)	(4,652)	(24,158)
December 31, 2025	<u>\$ 27,055</u>	<u>10,341</u>	<u>37,396</u>
January 1, 2024	\$ 26,197	9,902	36,099
Additions	5,931	6,168	12,099
Derecognition	(5,701)	(4,436)	(10,137)
December 31, 2024	<u>\$ 26,427</u>	<u>11,634</u>	<u>38,061</u>
Depreciation of right-of-use assets:			
January 1, 2025	\$ 19,009	5,841	24,850
Depreciation	12,339	3,564	15,903
Derecognition	(18,976)	(4,652)	(23,628)
December 31, 2025	<u>\$ 12,372</u>	<u>4,753</u>	<u>17,125</u>
January 1, 2024	\$ 11,767	6,599	18,366
Depreciation	12,911	3,678	16,589
Derecognition	(5,669)	(4,436)	(10,105)
December 31, 2024	<u>\$ 19,009</u>	<u>5,841</u>	<u>24,850</u>
Carrying amount:			
December 31, 2025	<u>\$ 14,683</u>	<u>5,588</u>	<u>20,271</u>
December 31, 2024	<u>\$ 7,418</u>	<u>5,793</u>	<u>13,211</u>

## (j) Lease liabilities

The Company's lease liabilities were as follows:

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Less than one year	\$ 14,789	7,617
Between one and five years	5,666	5,734
Total	<u>\$ 20,455</u>	<u>13,351</u>

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

(Continued)

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

The amounts recognized in profit or loss were as follows:

	<b>For the years ended December 31,</b>	
	<b>2025</b>	<b>2024</b>
Interest on lease liabilities	\$ <u>644</u>	<u>397</u>

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

	<b>For the years ended December 31,</b>	
	<b>2025</b>	<b>2024</b>
Total cash outflow for leases	\$ <u>16,498</u>	<u>17,042</u>

(i) Leases of buildings and construction

The Company leases buildings and construction as offices with usual lease terms of 1 to 5 years.

(ii) Other leases

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

(k) Operating lease

Leases as lessor

The Company leases out its investment properties (please refer to Note 6(g)). The future minimum lease payments under non-cancellable leases are as follows:

	<b>December 31, 2025</b>	<b>December 31, 2024</b>
Within a year	\$ 49,758	49,285
One to five years	181,706	140,213
More than five years	<u>126,890</u>	<u>89,348</u>
	<b>\$ <u>358,354</u></b>	<b><u>278,846</u></b>

Rental incomes from investment properties were \$50,053 and \$49,133 for 2025 and 2024, respectively.

(l) Employee benefits

(i) Defined benefit plans

Reconciliation of defined benefit obligation at present value and plan asset at fair value for the Company are as follows:

	<b>December 31, 2025</b>	<b>December 31, 2024</b>
Present value of the defined benefit obligations	\$ (458,211)	(468,466)
Fair value of plan assets	<u>416,142</u>	<u>398,739</u>
Net defined benefit (liabilities) assets	<b>\$ <u>(42,069)</u></b>	<b><u>(69,727)</u></b>

(Continued)

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

The Company makes defined benefit plan contributions to the pension fund account with Bank of Taiwan that provides pensions for employees upon retirement. Plans (covered by the Labor Standards Law) entitle a retired employee to receive retirement benefits based on years of service and average monthly salary for the six months prior to retirement.

1) Composition of plan assets

The Company allocates pension funds in accordance with the Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund, and such funds are managed by the Bureau of Labor Funds, Ministry of Labor. With regard to the utilization of the funds, minimum earnings shall be no less than the earnings attainable from two year time deposits with interest rates offered by local banks.

The Company's Bank of Taiwan labor pension reserve account balance amounted to \$416,142 and \$398,739 as of December 31, 2025 and 2024, respectively. For information on the utilization of the labor pension fund assets, including the asset allocation and yield of the fund, please refer to the website of the Bureau of Labor Funds, Ministry of Labor.

2) Movements in present value of the defined benefit obligations

The movement in present value of the defined benefit obligations for Company were as follows:

	<b>For the years ended December 31,</b>	
	<b>2025</b>	<b>2024</b>
Defined benefit obligation at January 1	\$ 468,466	473,553
Current serviced costs and interest cost	12,389	11,558
Remeasurements of net defined benefit liabilities		
– Actuarial gains or losses arising from changes of financial assumptions	440	(1,142)
– Actuarial gains or losses arising from experience adjustments	966	6,766
Benefits paid by the plan	(24,050)	(22,269)
Defined benefit obligation at December 31	<b><u>\$ 458,211</u></b>	<b><u>468,466</u></b>

(Continued)

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

3) Movements of defined benefit plan assets

The movements in the present value of the defined benefit plan assets for the Company were as follows:

	<b>For the years ended December 31,</b>	
	<b>2025</b>	<b>2024</b>
Fair value of plan assets at January 1	\$ 398,739	374,737
Interest income	5,742	4,497
Remeasurements of net defined benefit liabilities		
— Expected return on plan assets (excluding current interest)	28,592	34,527
Contribution made to the plan	7,119	7,247
Benefit paid by the plan	(24,050)	(22,269)
Fair value of plan assets at December 31	<b>\$ 416,142</b>	<b>398,739</b>

4) Expenses recognized in profit or loss

The expenses recognized in profit or loss for the Company were as follows:

	<b>For the years ended December 31,</b>	
	<b>2025</b>	<b>2024</b>
Current service cost	\$ 5,643	5,876
Net interest of net liabilities (assets) for defined benefit obligations	1,004	1,185
	<b>\$ 6,647</b>	<b>7,061</b>

5) Remeasurement of net defined benefit liability (asset) recognized in other comprehensive income

The Company's remeasurement of the net defined benefit liability (asset) recognized in other comprehensive income for the years ended December 31, 2025 and 2024, was as follows:

	<b>For the years ended December 31,</b>	
	<b>2025</b>	<b>2024</b>
Accumulated amount at January 1	\$ 115,299	144,202
Recognized during the period	(27,186)	(28,903)
Accumulated amount at December 31	<b>\$ 88,113</b>	<b>115,299</b>

(Continued)

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

6) Actuarial assumptions

The principal actuarial assumptions at the reporting date were as follows:

	<b>For the years ended December 31,</b>	
	<b>2025</b>	<b>2024</b>
Discount rate	1.25 %	1.44 %
Expected return on planned assets	1.25 %	1.44 %
Future salary increases	1.50 %	1.50 %

The expected allocation payment to be made by the Company to the defined benefit plans for the one year period after the reporting date is \$7,119. The weighted average lifetime of the defined benefits plans is 3 years.

7) Sensitivity Analysis

When calculating the present value of the defined benefit obligations, the Company uses judgments and estimations to determine the actuarial assumptions, including discount rate and future salary increases. Any changes in the actuarial assumptions may significantly impact the amount of the defined benefit obligations.

As of December 31, 2025 and 2024, if the actuarial assumptions had changed, the impact on the present value of the defined benefit obligation shall be as follows

	<b>Effects to Defined Benefit Obligations</b>	
	<b>Increase</b>	<b>Decrease</b>
December 31, 2025		
Discount rate (change 0.5%)	\$ 14,452	1,128
Future salary increases(change 0.5%)	14,313	1,131
December 31, 2024		
Discount rate (change 0.5%)	9,759	2,193
Future salary increases (change 0.5%)	9,642	2,202

The sensitivity analysis presented above is based on the condition that other variables are unchanged. In practice, the changes of many assumptions are correlated. The method that the sensitivity analysis adopted is in accordance with the method of calculating net pension liability.

There is no change in the method and assumptions used in the preparation of sensitivity analysis for 2025 and 2024.

(Continued)

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

(ii) Defined contribution plan

The Company allocates 6% of each employee's monthly wages to the labor pension personal account at the Bureau of Labor Insurance in accordance with the provisions of the Labor Pension Act. Under these defined contribution plans, the Company allocates a fixed amount to the Bureau of Labor Insurance without additional legal or constructive obligation.

The pension costs of the Company incurred from the contributions to the Bureau of the Labor Insurance amounted to \$37,923 and \$34,707 for the years ended December 31, 2025 and 2024, respectively.

(m) Remunerations to employees and directors

On May 27, 2025, the Company resolved at the shareholders' meeting to amend its Articles of Incorporation. According to the amended Articles, if the Company has profit in a given fiscal year, the profit shall be used to offset against any accumulated losses incurred by the Company. The remainder, if any, at least 1% shall be allocated as employee remuneration (including a minimum of 0.5% to those base-level employees) and a maximum of 3% as remunerations for directors. Prior to the amendment, the Articles of Incorporation stipulated that, if the Company has annual profit, it should appropriate 1%~5% of the profit to its employees and no more than 5% to its directors as remunerations. However, if the Company has accumulated deficits, the profit should be reserved to offset the deficit.

For the years ended December 31, 2025 and 2024, the Company estimated its employees remuneration all amounting to \$27,000, and remunerations to directors were \$5,400 and \$6,000, respectively. The estimated amounts mentioned above were calculated based on the net profit before tax, excluding the remunerations to employees and directors of each period, and after deducting accumulated losses, then multiplied by the percentage of remunerations to employees and directors as specified in the Company's articles. These remunerations were expensed under operating costs or expenses for each period. If the actual amounts were subsequently decided after the approval and the issuance date of the financial statements in the following year differ from the estimated amount, the differences are accounted for as changes in accounting estimates and recognized in profit or loss in the following year. If the Board of Directors resolved to distribute the employees' remuneration in the form of shares, the number of shares of the distribution is based on the closing price of the day before the Board of Directors' meeting date.

The amounts of remunerations to employees of the Company in 2024 and 2023 were \$27,000, \$2,000 and remunerations to directors were \$6,000 and \$0, respectively. There is no difference in the actual distribution situation. Relevant information can be obtained from the Market Observation Post System.

(Continued)

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

## (n) Insurance liability

	<b>December 31, 2025</b>	<b>December 31, 2024</b>
Unearned premium reserve	\$ 7,137,669	6,926,563
Claims reserve	7,546,198	6,257,864
Special reserve	951,110	905,207
Premium deficiency reserve	5,040	8,111
Total	<b>\$ 15,640,017</b>	<b>14,097,745</b>

## (i) Unearned premium reserve

## 1) Unearned premium reserve and ceded unearned premium reserves

<b>Item</b>	<b>December 31, 2025</b>				
	<b>Unearned premium reserve</b>		<b>Ceded unearned premium reserve</b>		<b>Retained business</b>
	<b>Direct business</b>	<b>Reinsurance ceded in</b>	<b>Reinsurance ceded out</b>		
Fire insurance	\$ 1,016,115	26,428	618,910	423,633	
Marine insurance	108,736	1,325	85,491	24,570	
Land and air insurance	38,158	-	28,241	9,917	
Liability insurance	1,955,699	5,457	214,613	1,746,543	
Surety insurance	18,173	1,162	11,835	7,500	
Other property insurance	3,047,982	28,680	893,548	2,183,114	
Accident insurance	372,575	3,350	28,366	347,559	
Health insurance	11,716	-	6	11,710	
Compulsory automobile liability insurance	339,775	162,338	203,887	298,226	
Total	<b>\$ 6,908,929</b>	<b>228,740</b>	<b>2,084,897</b>	<b>5,052,772</b>	

(Continued)

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

December 31, 2024				
Item	Unearned premium reserve		Ceded unearned premium reserve	
	Direct business	Reinsurance ceded in	Reinsurance ceded out	Retained business
Fire insurance	\$ 1,051,045	27,916	665,538	413,423
Marine insurance	96,826	524	83,143	14,207
Land and air insurance	33,251	-	31,916	1,335
Liability insurance	1,857,279	14,800	246,792	1,625,287
Surety insurance	11,815	584	6,311	6,088
Other property insurance	2,878,702	63,034	799,343	2,142,393
Accident insurance	364,085	3,284	28,165	339,204
Health insurance	10,895	-	4	10,891
Compulsory automobile liability insurance	347,302	165,221	208,397	304,126
Total	<b>\$ 6,651,200</b>	<b>275,363</b>	<b>2,069,609</b>	<b>4,856,954</b>

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

For the year ended December 31, 2025													
Items	Premium revenue	Reinsurance premium	Reinsurance expense	Retained Premium	Direct business Unearned premium reserve		Reinsurance ceded in Unearned premium reserve		Net change in unearned premium reserve	Reinsurance ceded out Unearned premium reserve		Net change in ceded unearned premium reserve	Retained earned premium
					Provision	Recovery	Provision	Recovery		Provision	Recovery		
Compulsory insurance	\$ 915,807	293,686	383,130	826,363	339,775	347,302	162,338	165,221	(10,410)	203,887	208,397	(4,510)	832,263
Non-compulsory insurance	13,065,118	101,484	3,816,359	9,350,243	6,569,154	6,301,826	66,402	110,142	223,588	1,881,010	1,861,212	19,798	9,146,453
Total	<b>\$ 13,980,925</b>	<b>395,170</b>	<b>4,199,489</b>	<b>10,176,606</b>	<b>6,908,929</b>	<b>6,649,128</b>	<b>228,740</b>	<b>275,363</b>	<b>213,178</b>	<b>2,084,897</b>	<b>2,069,609</b>	<b>15,288</b>	<b>9,978,716</b>

  

For the year ended December 31, 2024													
Items	Premium revenue	Reinsurance premium	Reinsurance expense	Retained Premium	Direct business Unearned premium reserve		Reinsurance ceded in Unearned premium reserve		Net change in unearned premium reserve	Reinsurance ceded out Unearned premium reserve		Net change in ceded unearned premium reserve	Retained earned premium
					Provision	Recovery	Provision	Recovery		Provision	Recovery		
Compulsory insurance	\$ 934,506	299,880	390,757	843,629	347,302	353,893	165,221	165,127	(6,497)	208,397	212,351	(3,954)	846,172
Non-compulsory insurance	12,721,566	161,535	3,796,781	9,086,320	6,303,898	5,664,649	110,142	114,676	634,715	1,861,212	1,565,480	295,732	8,747,337
Total	<b>\$ 13,656,072</b>	<b>461,415</b>	<b>4,187,538</b>	<b>9,929,949</b>	<b>6,651,200</b>	<b>6,018,542</b>	<b>275,363</b>	<b>279,803</b>	<b>628,218</b>	<b>2,069,609</b>	<b>1,777,831</b>	<b>291,778</b>	<b>9,593,509</b>

(Continued)

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

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

<u>Item</u>	<u>For the year ended December 31, 2025</u>	
	<u>Unearned premium reserve</u>	<u>Ceded unearned premium reserve</u>
Beginning balance	\$ 6,926,563	2,069,609
Provision	7,137,669	2,084,897
Recovery	<u>(6,926,563)</u>	<u>(2,069,609)</u>
Ending balance	<u>\$ 7,137,669</u>	<u>2,084,897</u>

<u>Item</u>	<u>For the year ended December 31, 2024</u>	
	<u>Unearned premium reserve</u>	<u>Ceded unearned premium reserve</u>
Beginning balance	\$ 6,300,340	1,777,831
Provision	6,926,563	2,069,609
Recovery	<u>(6,300,340)</u>	<u>(1,777,831)</u>
Ending balance	<u>\$ 6,926,563</u>	<u>2,069,609</u>

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

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

(Continued)

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

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

As of December 31, 2025 and 2024, the relevant unearned premium reserve from the business transfer and intangible assets were \$7,080 and \$4,980 and \$10,055 and \$7,052, respectively.

(ii) Special reserve

1) Segmentation of specific assets

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

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

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

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

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

(Continued)

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

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

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

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

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

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

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

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

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

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

Special reserve – Compulsory Automobile Liability Insurance

Item	For the years ended December 31,	
	2025	2024
Beginning balance	\$ 176,135	135,259
Provision	100,968	40,876
Ending balance	\$ 277,103	176,135

Special reserve – Non-Compulsory Automobile Liability Insurance

Item	For the year ended December 31, 2025						
	Liability			Special reserve			
	Catastrophic risk	Contingency risk	Total	Catastrophic risk	Contingency risk	Travel Insurance	Total
Beginning balance	\$ 91,348	633,568	724,916	1,106,799	2,223,234	36,119	3,366,152
Provision	-	-	-	121,954	312,165	19,985	454,104
Recovery	(5,065)	(50,000)	(55,065)	-	(33,964)	-	(33,964)
Ending balance	\$ 86,283	583,568	669,851	1,228,753	2,501,435	56,104	3,786,292

  

Item	For the year ended December 31, 2024						
	Liability			Special reserve			
	Catastrophic risk	Contingency risk	Total	Catastrophic risk	Contingency risk	Travel Insurance	Total
Beginning balance	\$ 96,414	738,185	834,599	992,188	2,066,074	22,575	3,080,837
Provision	-	-	-	114,611	214,480	13,544	342,635
Recovery	(5,066)	(104,617)	(109,683)	-	(57,320)	-	(57,320)
Ending balance	\$ 91,348	633,568	724,916	1,106,799	2,223,234	36,119	3,366,152

Note: The liability of special reserve mentioned above means non-compulsory automobile liability insurance reserve had been provisioned before January 1, 2011. In addition, Financial Supervisory Commission, R.O.C. (Taiwan) Jin Guan Bao Cai Zi No.11101405951, which is the base of recovered special reserve for the years ended December 31, 2025 and 2024.

(Continued)

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

2) Special reserve -Other

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

(iii) Claims reserve

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

Item	December 31, 2025			
	Insurance claims payable	Claims reserve		
	Reported to be paid	Reported but unpaid	IBNR	Total
Fire insurance	\$ 110	1,230,342	183,911	1,414,253
Marine insurance	-	51,315	61,796	113,111
Land and air insurance	-	6,954	18,855	25,809
Liability insurance	3,166	1,502,077	532,779	2,034,856
Surety insurance	-	28,431	11,032	39,463
Other property insurance	5,460	2,239,199	410,395	2,649,594
Accident insurance	663	38,641	415,975	454,616
Health insurance	130	1,070	41,192	42,262
Compulsory automobile liability insurance	1,558	206,369	565,865	772,234
<b>Total</b>	<b>\$ 11,087</b>	<b>5,304,398</b>	<b>2,241,800</b>	<b>7,546,198</b>

(Continued)

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

December 31, 2024				
Item	Insurance claims payable	Claims reserve		
	Reported to be paid	Reported but unpaid	IBNR	Total
Fire insurance	\$ -	1,581,989	159,851	1,741,840
Marine insurance	-	72,224	65,248	137,472
Land and air insurance	-	11,003	18,386	29,389
Liability insurance	2,264	1,340,287	491,327	1,831,614
Surety insurance	1	28,764	7,931	36,695
Other property insurance	4,462	1,114,409	199,286	1,313,695
Accident insurance	525	60,162	279,384	339,546
Health insurance	123	1,610	15,774	17,384
Compulsory automobile liability insurance	3,071	222,369	587,860	810,229
Total	<b>\$ 10,446</b>	<b>4,432,817</b>	<b>1,825,047</b>	<b>6,257,864</b>

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

December 31, 2025			
Item	Reported but unpaid	IBNR	Total
Fire insurance	\$ 863,996	49,751	913,747
Marine insurance	28,658	44,251	72,909
Land and air insurance	1,611	13,215	14,826
Liability insurance	179,827	72,225	252,052
Surety insurance	12,977	2,856	15,833
Other property insurance	1,432,214	168,949	1,601,163
Accident insurance	4,631	61,404	66,035
Health insurance	123	4,773	4,896
Compulsory automobile liability insurance	74,378	245,265	319,643
Total	<b>\$ 2,598,415</b>	<b>662,689</b>	<b>3,261,104</b>

(Continued)

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

December 31, 2024			
Item	Reported but unpaid	IBNR	Total
Fire insurance	\$ 1,237,853	45,372	1,283,225
Marine insurance	53,745	44,568	98,313
Land and air insurance	4,342	13,098	17,440
Liability insurance	177,773	69,057	246,830
Surety insurance	11,529	2,059	13,588
Other property insurance	475,123	48,176	523,299
Accident insurance	9,592	49,867	59,459
Health insurance	168	3,289	3,457
Compulsory automobile liability insurance	84,237	257,586	341,823
Total	<u>\$ 2,054,362</u>	<u>533,072</u>	<u>2,587,434</u>

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

For the year ended December 31, 2025								
Item	Direct underwrite business		Reinsurance ceded-in		The net change in claims reserve	Reinsurance ceded-out		The net change in ceded claims reserve
	Provision	Recovery	Provision	Recovery		Provision	Recovery	
Fire insurance	\$ 1,367,912	1,498,028	46,341	243,812	(327,587)	913,747	1,283,225	(369,478)
Marine insurance	108,413	132,356	4,698	5,116	(24,361)	72,909	98,313	(25,404)
Land and air insurance	24,477	27,925	1,332	1,464	(3,580)	14,826	17,440	(2,614)
Liability insurance	2,000,280	1,798,916	34,576	32,698	203,242	252,052	246,830	5,222
Surety insurance	36,604	34,500	2,859	2,195	2,768	15,833	13,588	2,245
Other property insurance	2,576,739	1,274,769	72,855	38,926	1,335,899	1,601,163	523,299	1,077,864
Accident insurance	424,012	320,834	30,604	18,712	115,070	66,035	59,459	6,576
Health insurance	40,559	14,929	1,703	2,455	24,878	4,896	3,457	1,439
Compulsory automobile liability insurance	534,908	571,816	237,326	238,413	(37,995)	319,643	341,823	(22,180)
Total	<u>\$ 7,113,904</u>	<u>5,674,073</u>	<u>432,294</u>	<u>583,791</u>	<u>1,288,334</u>	<u>3,261,104</u>	<u>2,587,434</u>	<u>673,670</u>

For the year ended December 31, 2024								
Item	Direct underwrite business		Reinsurance ceded-in		The net change in claims reserve	Reinsurance ceded-out		The net change in ceded claims reserve
	Provision	Recovery	Provision	Recovery		Provision	Recovery	
Fire insurance	\$ 1,498,028	963,732	243,812	34,219	743,889	1,283,225	638,337	644,888
Marine insurance	132,356	164,660	5,116	5,106	(32,294)	98,313	120,963	(22,650)
Land and air insurance	27,925	54,037	1,464	2,517	(27,165)	17,440	45,261	(27,821)
Liability insurance	1,798,916	1,621,996	32,698	27,508	182,110	246,830	241,717	5,113
Surety insurance	34,500	22,545	2,195	1,985	12,165	13,588	10,023	3,565
Other property insurance	1,274,769	995,445	38,926	20,533	297,717	523,299	436,972	86,327
Accident insurance	320,834	269,620	18,712	15,384	54,542	59,459	56,468	2,991
Health insurance	14,929	18,169	2,455	2,201	(2,986)	3,457	3,164	293
Compulsory automobile liability insurance	571,816	555,767	238,413	233,732	20,730	341,823	332,183	9,640
Total	<u>\$ 5,674,073</u>	<u>4,665,971</u>	<u>583,791</u>	<u>343,185</u>	<u>1,248,708</u>	<u>2,587,434</u>	<u>1,885,088</u>	<u>702,346</u>

(Continued)

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

4) The movements in claims reserve and ceded claims reserve

Item	For the years ended December 31,			
	2025		2024	
	Claims reserve	Ceded claims reserve	Claims reserve	Ceded claims reserve
Beginning balance	\$ 6,257,864	2,587,434	5,009,156	1,885,063
Provision	7,546,198	3,261,104	6,257,864	2,587,434
Recovery	(6,257,864)	(2,587,434)	(5,009,156)	(1,885,088)
Impairment loss reversed (recognized)	-	-	-	25
Ending balance	<u>\$ 7,546,198</u>	<u>3,261,104</u>	<u>6,257,864</u>	<u>2,587,434</u>

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

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

Item	December 31, 2025			
	Premium deficiency reserve		Ceded premium deficiency reserve	
	Direct business	Reinsurance ceded-in	Reinsurance ceded- out	Retained business
Marine insurance	\$ 172	-	-	172
Other property insurance	4,768	100	4,868	-
Total	<u>\$ 4,940</u>	<u>100</u>	<u>4,868</u>	<u>172</u>

(Continued)

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

December 31, 2024					
Item	Premium deficiency reserve		Ceded premium deficiency reserve		Retained business
	Direct business	Reinsurance ceded-in	Reinsurance ceded-out		
Fire insurance	\$ 7,972	52	8,024		-
Land and air insurance	87	-	-		87
<b>Total</b>	<b>\$ 8,059</b>	<b>52</b>	<b>8,024</b>		<b>87</b>

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

For the year ended December 31, 2025									
Item	Direct underwrite		Reinsurance ceded-in		The net change in premium deficiency	Reinsurance ceded-out		The net change in premium ceded deficiency	Net deposit of premium deficiency reserve
	Provision	Recover	Provision	Recover		Provision	Recover		
Fire insurance	\$ -	7,972	-	52	(8,024)	-	8,024	(8,024)	-
Marine insurance	172	-	-	-	172	-	-	-	172
Land and air insurance	-	87	-	-	(87)	-	-	-	(87)
Other property insurance	4,768	-	100	-	4,868	4,868	-	4,868	-
<b>Total</b>	<b>\$ 4,940</b>	<b>8,059</b>	<b>100</b>	<b>52</b>	<b>(3,071)</b>	<b>4,868</b>	<b>8,024</b>	<b>(3,156)</b>	<b>85</b>

  

For the year ended December 31, 2024									
Item	Direct underwrite		Reinsurance ceded-in		The net change in premium deficiency	Reinsurance ceded-out		The net change in premium ceded deficiency	Net deposit of premium deficiency reserve
	Provision	Recover	Provision	Recover		Provision	Recover		
Fire insurance	\$ 7,972	12,183	52	353	(4,512)	8,024	12,536	(4,512)	-
Marine insurance	-	1,552	-	-	(1,552)	-	-	-	(1,552)
Land and air insurance	87	-	-	-	87	-	-	-	87
<b>Total</b>	<b>\$ 8,059</b>	<b>13,735</b>	<b>52</b>	<b>353</b>	<b>(5,977)</b>	<b>8,024</b>	<b>12,536</b>	<b>(4,512)</b>	<b>(1,465)</b>

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

Item	For the year ended December 31, 2025	
	Premium deficiency reserve	Ceding premium deficiency reserve
Beginning balance	\$ 8,111	8,024
Provision	5,040	4,868
Recovery	(8,111)	(8,024)
<b>Ending balance</b>	<b>\$ 5,040</b>	<b>4,868</b>

(Continued)

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

<u>Item</u>	<b>For the year ended December 31, 2024</b>	
	<b>Premium deficiency reserve</b>	<b>Ceding premium deficiency reserve</b>
Beginning balance	\$ 14,088	12,536
Provision	8,111	8,024
Recovery	(14,088)	(12,536)
Ending balance	<b>\$ 8,111</b>	<b>8,024</b>

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

(o) Income tax

The components of the Company's income tax were as follows:

	<b>For the years ended December 31,</b>	
	<b>2025</b>	<b>2024</b>
Current income tax expenses	\$ 276,580	243,936
Deferred tax income	(434)	-
Total	<b>\$ 276,146</b>	<b>243,936</b>

Reconciliation of income tax and profit before tax for the years ended December 31, 2025 and 2024 were as follows:

	<b>For the years ended December 31,</b>	
	<b>2025</b>	<b>2024</b>
Profit excluding income tax	\$ 1,318,142	1,465,459
Income tax using the Company's domestic tax rate	263,628	293,092
Adjustment items:		
Tax-exempt income	(38,976)	(64,463)
Prior income tax (over) under estimated	(1,400)	(5,039)
Additional tax on undistributed earnings	7,018	-
Others	45,876	20,346
Income tax expenses (profits)	<b>\$ 276,146</b>	<b>243,936</b>

(i) Deferred tax assets and liabilities

1) Unrecognized deferred tax assets

	<b>December 31, 2025</b>	<b>December 31, 2024</b>
Actuarial losses of defined benefit plans	<b>\$ 17,623</b>	<b>23,060</b>

(Continued)

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

2) Recognized deferred tax liabilities

	<b>December 31, 2025</b>	<b>December 31, 2024</b>
Land value-added tax	<b>\$ 62,700</b>	<b>63,920</b>

The Company's tax returns for the year through 2023 were assessed by the Taipei National Tax Administration tax authorities.

(p) Capital and other equity

(i) Share capital

As of December 31, 2025 and 2024, the number of authorized ordinary shares were all \$6,236,320 with par value of \$10 per share, i.e. 623,632 thousand shares. The issued shares were both 223,608 thousand shares of common stock.

(ii) Retained earnings

1) Legal reserve

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

2) Special reserve

Based on Financial Supervisory Commission Jin Guan Bao Cai Zi No. 10102508861 on June 5, 2012, the Company distributes retained surplus that transferred from the special reserve of unrealized revaluation increment \$12,143, and appropriated the same amount to a special reserve.

Based on Financial Supervisory Commission Jin Guan Bao Cai Zi No. 11004920441 on June 11, 2021, a portion of earnings shall be appropriated as special reserve during the earnings distribution. For the current debit balance on other equity interest, an equivalent amount of special reserve shall be appropriated from the after-tax net profit in the period, plus items other than the after-tax net profit in the period, that are included in the undistributed current period earnings. If the special reserve is insufficient, the Company should appropriate it from undistributed prior-period earnings. For the debit balance on other equity interest pertaining to prior periods, an equivalent amount of special reserve is appropriated from the undistributed prior-period earnings. If the Company has already appropriated a portion of earnings to special reserve under the preceding subparagraph, the Company shall make supplemental appropriation of special reserve for any difference between the amount it has already allocated and the amount mentioned above. The special reserve can be reversed due to net reduction of the debit balance of other shareholders' equity. As of December 31, 2025 and 2024, the special reserve distributed by the Company in accordance with the regulations were \$48,424 and \$0, respectively.

(Continued)

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

According to the letter from the Financial Supervisory Commission Jin Guan Bao Cai Zi No. 10502066464 on July 13, 2016. The insurance industry should allocate a special surplus reserve from 0.5% to 1% of the net profit after tax when the 2016-2018 fiscal year surplus is distributed. Moreover, since 2017, the expense of employee transferring training, transferring occupation, and settle down during the development of financial technology should be reversal. As of December 31, 2025 and 2024, the special reserve distributed by the Company in accordance with the regulations were all \$0.

3) Undistributed retained earnings appropriated

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

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

The earnings distribution for 2024 had been approved during the shareholders' meeting on May 27, 2025 as follow:

	<b>For the year ended December 31, 2024</b>	
	<b>Allotment per share (NT dollars)</b>	<b>Total Amount</b>
Cash	\$ 1.50	<b>335,412</b>

The shareholder's meeting passed the profit and loss make-up proposal for 2023 on June 24, 2024.

(Continued)

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

The amount of cash dividends on the appropriations of earnings for 2025 had been proposed during the board meeting on March 12, 2026, as follow:

	<b>For the year ended December 31, 2025</b>	
	<b>Allotment per share (NT dollars)</b>	<b>Total Amount</b>
Dividends distributed to ordinary shareholders		
Cash	\$ 1.50	<b>335,412</b>

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

(iii) Other equity (after tax)

	<b>Unrealized gains (losses) on financial assets measured at fair value through other comprehensive income</b>
January 1, 2025	\$ (48,424)
Unrealized gains (losses) on financial assets measured at fair value through other comprehensive income	7,934
Cumulative gains (losses) reclassified to profit or loss on disposal of investments in debt instrument at fair value through other comprehensive income	(7,341)
Disposal of investments in equity instruments designated at fair value through other comprehensive income	6,226
December 31, 2025	<b>\$ (41,605)</b>
January 1, 2024	\$ 22,167
Unrealized gains (losses) on financial assets measured at fair value through other comprehensive income	(36,097)
Disposal of investments in equity instruments designated at fair value through other comprehensive income	(34,494)
December 31, 2024	<b>\$ (48,424)</b>

(Continued)

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

## (q) Earnings per share

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

	<b>For the years ended December 31,</b>	
	<b>2025</b>	<b>2024</b>
Net income attributable to ordinary shareholders of the Company	<b>\$ 1,041,996</b>	<b>1,221,523</b>
Weighted average number of ordinary shares (thousands shares)	<b>223,608</b>	<b>223,608</b>
<b>Basic earnings per share (NT dollars)</b>	<b>\$ 4.66</b>	<b>5.46</b>
<b>Diluted earnings per share</b>		
Net income attributable to ordinary shareholders of the Company	<b>\$ 1,041,996</b>	<b>1,221,523</b>
Weighted average number of ordinary shares (thousands shares)	223,608	223,608
Employee share options	1,088	874
Weighted average number of ordinary shares (Dilutive potential common shares) (thousands shares)	<b>224,696</b>	<b>224,482</b>
<b>Diluted earnings per share (NT dollars)</b>	<b>\$ 4.64</b>	<b>5.44</b>

## (r) Disclosure of acquisition cost of insurance contracts

Acquisition cost of insurance contracts

Item	<b>For the year ended December 31, 2025</b>					
	Commission expense	Agent fee	Charge	Reinsurance commission expense	Other cost	Total
Fire insurance	\$ 210,121	-	-	1,056	-	211,177
Marine insurance	27,224	-	-	307	-	27,531
Land and air insurance	8,452	-	-	-	-	8,452
Liability insurance	694,116	-	-	841	-	694,957
Surety insurance	6,268	-	-	-	-	6,268
Other property insurance	702,437	-	-	4,911	-	707,348
Accident insurance	257,888	-	-	-	-	257,888
Health insurance	45,479	-	-	-	-	45,479
Compulsory automobile liability insurance	120,992	-	-	-	-	120,992
Total	<b>\$ 2,072,977</b>	<b>-</b>	<b>-</b>	<b>7,115</b>	<b>-</b>	<b>2,080,092</b>

(Continued)

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

For the year ended December 31, 2024						
Item	Commission expense	Agent fee	Charge	Reinsurance commission expense	Other cost	Total
Fire insurance	\$ 195,284	-	-	2,070	-	197,354
Marine insurance	25,519	-	-	335	-	25,854
Land and air insurance	9,276	-	-	-	-	9,276
Liability insurance	689,490	-	-	4,274	-	693,764
Surety insurance	3,676	-	-	-	-	3,676
Other property insurance	722,827	-	-	16,346	-	739,173
Accident insurance	237,836	-	-	-	-	237,836
Health insurance	31,806	-	-	-	-	31,806
Compulsory automobile liability insurance	124,111	-	-	-	-	124,111
Total	<u>\$ 2,039,825</u>	<u>-</u>	<u>-</u>	<u>23,025</u>	<u>-</u>	<u>2,062,850</u>

## (s) Disclosure of insurance cost-benefit analysis

## (i) Direct written business cost-benefit analysis

For the year ended December 31, 2025						
Item	Written premium	The net change in unearned premium reserve	Insurance contract acquisition cost	Claims	The net change in claims reverse	Gain (Loss)
Fire insurance	\$ 2,516,763	(32,858)	210,121	1,611,856	(130,116)	857,760
Marine insurance	330,734	11,910	27,224	57,063	(23,943)	258,480
Land and air insurance	89,017	4,907	8,452	7,515	(3,448)	71,591
Liability insurance	3,916,152	98,420	694,116	1,823,270	201,364	1,098,982
Surety insurance	46,114	6,358	6,268	2,065	2,104	29,319
Other property insurance	4,767,275	169,280	702,437	2,181,953	1,301,970	411,635
Accident insurance	1,212,032	8,490	257,888	379,741	103,178	462,735
Health insurance	187,031	821	45,479	20,991	25,630	94,110
Compulsory automobile liability insurance	915,807	(7,527)	120,992	527,449	(36,908)	311,801
Total	<u>\$ 13,980,925</u>	<u>259,801</u>	<u>2,072,977</u>	<u>6,611,903</u>	<u>1,439,831</u>	<u>3,596,413</u>

(Continued)

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

For the year ended December 31, 2024

Item	Written premium	The net change in unearned premium reserve	Insurance contract acquisition cost	Claims	The net change in claims reverse	Gain (Loss)
Fire insurance	\$ 2,472,927	189,053	195,284	573,909	534,296	980,385
Marine insurance	337,450	18,746	25,519	28,328	(32,304)	297,161
Land and air insurance	99,360	(16,892)	9,276	5,250	(26,112)	127,838
Liability insurance	3,825,507	129,683	689,490	1,890,098	176,920	939,316
Surety insurance	24,783	594	3,676	5,746	11,955	2,812
Other property insurance	4,756,860	314,978	722,827	2,063,763	279,324	1,375,968
Accident insurance	1,081,548	3,319	237,836	407,853	51,214	381,326
Health insurance	123,131	(232)	31,806	28,859	(3,240)	65,938
Compulsory automobile liability insurance	934,506	(6,591)	124,111	609,799	16,049	191,138
Total	<u>\$ 13,656,072</u>	<u>632,658</u>	<u>2,039,825</u>	<u>5,613,605</u>	<u>1,008,102</u>	<u>4,361,882</u>

(ii) Reinsurance cost-benefit analysis

For the year ended December 31, 2025

Item	Reinsurance premium	The net change in unearned premium reserve	Reinsurance commission expense	Reinsurance Claims	The net change in claims reverse	Ceded in Gain (Loss)
Fire insurance	\$ 54,621	(1,488)	1,056	202,294	(197,471)	50,230
Marine insurance	4,053	801	307	(1)	(418)	3,364
Land and air insurance	-	-	-	(81)	(132)	213
Liability insurance	6,084	(9,343)	841	7,869	1,878	4,839
Surety insurance	3,170	578	-	(12)	664	1,940
Other property insurance	27,094	(34,354)	4,911	24,363	33,929	(1,755)
Accident insurance	6,462	66	-	2,579	11,892	(8,075)
Health insurance	-	-	-	-	(752)	752
Compulsory automobile liability insurance	293,686	(2,883)	-	272,938	(1,087)	24,718
Total	<u>\$ 395,170</u>	<u>(46,623)</u>	<u>7,115</u>	<u>509,949</u>	<u>(151,497)</u>	<u>76,226</u>

(Continued)

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

For the year ended December 31, 2024

Item	Reinsurance premium	The net change in unearned premium reserve	Reinsurance commission expense	Reinsurance Claims	The net change in claims reverse	Ceded in Gain (Loss)
Fire insurance	\$ 68,595	(7,415)	2,070	76,161	209,593	(211,814)
Marine insurance	5,798	(391)	335	(97)	10	5,941
Land and air insurance	-	-	-	(522)	(1,053)	1,575
Liability insurance	17,618	(14,190)	4,274	25,297	5,190	(2,953)
Surety insurance	1,265	29	-	714	210	312
Other property insurance	61,648	17,918	16,346	13,338	18,393	(4,347)
Accident insurance	6,611	(485)	-	2,973	3,328	795
Health insurance	-	-	-	-	254	(254)
Compulsory automobile liability insurance	299,880	94	-	286,972	4,681	8,133
<b>Total</b>	<b>\$ 461,415</b>	<b>(4,440)</b>	<b>23,025</b>	<b>404,836</b>	<b>240,606</b>	<b>(202,612)</b>

(iii) Gain/Loss on reinsurance contracts

For the year ended December 31, 2025

Item	Reinsurance expense	The net change in unearned premium reserve	Reinsurance commission received	Claims recovered from reinsurers	The net change in ceded claims reserve	Ceded out Gain (Loss)
Fire insurance	\$ (1,803,870)	(46,628)	213,622	1,617,001	(369,478)	(389,353)
Marine insurance	(217,690)	2,348	12,776	52,249	(25,404)	(175,721)
Land and air insurance	(65,032)	(3,675)	7,369	3,946	(2,614)	(60,006)
Liability insurance	(409,301)	(32,179)	166,477	197,382	5,222	(72,399)
Surety insurance	(22,895)	5,524	972	341	2,245	(13,813)
Other property insurance	(1,193,820)	94,205	285,079	363,533	1,077,864	626,861
Accident insurance	(102,510)	201	25,680	36,043	6,576	(34,010)
Health insurance	(1,241)	2	433	442	1,439	1,075
Compulsory automobile liability insurance	(383,130)	(4,510)	-	315,944	(22,180)	(93,876)
<b>Total</b>	<b>\$ (4,199,489)</b>	<b>15,288</b>	<b>712,408</b>	<b>2,586,881</b>	<b>673,670</b>	<b>(211,242)</b>

(Continued)

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

For the year ended December 31, 2024

Item	Reinsurance expense	The net change in unearned premium reserve	Reinsurance commission received	Claims recovered from reinsurers	The net change in ceded claims reserve	Ceded out Gain (Loss)
Fire insurance	\$ (1,834,255)	164,924	200,150	310,723	644,888	(513,570)
Marine insurance	(243,958)	18,019	15,099	18,516	(22,650)	(214,974)
Land and air insurance	(75,899)	(8,984)	8,775	3,790	(27,821)	(100,139)
Liability insurance	(468,908)	(2,841)	184,093	256,533	5,113	(26,010)
Surety insurance	(9,022)	258	1,006	3,583	3,565	(610)
Other property insurance	(1,089,597)	129,130	291,628	378,865	86,327	(203,647)
Accident insurance	(73,952)	(2,829)	20,269	35,190	2,991	(18,331)
Health insurance	(1,190)	(1,945)	407	3,078	293	643
Compulsory automobile liability insurance	(390,757)	(3,954)	-	363,124	9,640	(21,947)
Total	<u>\$ (4,187,538)</u>	<u>291,778</u>	<u>721,427</u>	<u>1,373,402</u>	<u>702,346</u>	<u>(1,098,585)</u>

(t) Disclosure of insurance contract risk

(i) The purpose, policy, procedure and the managing method of risk related to the risk management of control insurance contract

1) The range of risk management in framework, organizational, accountability

a) Risk management of framework and organization

The Company's risk managing organizational framework includes the Board of Directors, Risk Management Committee, Risk Management Department, operating segments and Audit department.

b) The responsibility of various unit are as follows:

i) The Board of Directors

The Board of Directors is the highest decision making unit of risk management in the Company, which is responsible for approving risk management policy and framework, establishing the risk management culture, ensuring the effectiveness of risk management, and bear the ultimate responsibility of risk management.

ii) Risk Management Committee

1. In charge of making the risk management policy, framework, organization function, in order to establish the managing quality and quantity standard. To submit regularly the report of the executing the risk management to the Board of Directors, in case providing the necessary improve suggestion.

(Continued)

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

2. To execute the Board of Directors' decision, and entirely and periodically oversee the development, establishment and executing performance.
  3. To assist and oversee various segments' risk management activities.
  4. To consider the environment to adjust the types of risk, risk limit allocating and the bearing method.
  5. To coordinate interaction and communication of the risk managing function between departments.
- iii) Risk Management Department
1. To be responsible for risk monitoring, measuring, evaluating executive layer of routine affairs, which should be independent to the executing right of operating segments.
  2. Should depend on the type of operating business to execute:
    - To assist and execute the Board setting risk management policies and strategies.
    - Accounting the Company risk appetite set risk tolerance
    - Summarize risk information, coordinated and communicated for carrying out policy and quota of each unit.
    - Risk management report is proposed regularly.
    - Monitor the risk of each operating segments regularly.
    - Assistance of pressure test.
    - Back testing.
    - Others
  3. To deal with the violation of other units by the authorization of the Board of Directors or Risk Management Committee
- iv) Operating segments
1. The responsibilities of operating segments supervisor to execute the risk management are as follows:
    - To be responsible for preparing daily risk report, taking actions.
    - To monitor related information of risk management and report to risk management department regularly.

(Continued)

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

2. The responsibilities of operating segments to execute the risk management are as follows:
- To recognize risk, and to report the information of risk exposure situation.
  - To measure the influence of degree of risk occurred (quality and quantity), and response the accurate solution with passing the risk information.
  - Reviewing the effectiveness of the setting risk tolerance.
  - Monitor risk exposure and measure the risk exceed the tolerance.
  - To assist the risk modelling development, ensuring that the uses and hypothesis of measuring, modeling are rational and consist of the basis.
  - Ensure the effectiveness of internal control.
  - Gather the information which is related to operational risk.

v) Audit department

Based on incumbent related legal regulation, to audit the implementation of risk management of each department in the Company.

2) Scope and nature of risk reporting or measure system

The Company's insurance risk monitoring included the entire or individual deal process of operating segments and various insurance goods, such as business volume, loss rate change, business structure, etc., should be in accordance with the standard, the limit, the process of over limit and the authorization. Then, through operating segments supervisors report daily or regularly to higher management level and Risk Management Department to summarize.

The Company holds Risk Management Committee periodically to report officially the insurance risk management monitor for decision making by the operating level.

3) Procedures for risk assuming, measurement, monitoring and control, as well as adequate risk classification and the underwriting policy

The Company set the underwriting policy which is following the Company's target, client demand and market competition environment. The unit of underwriting should process danger options in accordance with the underwriting policy. In addition the underwriting should cooperate with operating in term of assessment of danger and choice of business, policy due to the organization become more and more big and the market become more competitive. To achieve the goal of good quality, higher quantity, faster receivable rolling and faster claim procedure which is customer focus, the Company should enhance the method of thinking and innovation in underwriting, operating, claim and managing.

(Continued)

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

- 4) The range of entire basic evaluation assessment of the enterprise and risk management

The entire risk as a basic identify the Company's insurance risk, includes the design and price set risk, underwriting risk, insurance risk, claim risk, catastrophic risk and reserve risk, etc., in accordance with the various insurance risk of insurance risk management.

- 5) Limiting insurance risk exposure and avoiding the concentrations of insurance risk

The business of retained, ceded in reinsurance, ceded out reinsurance of the Company is under "Regulations Governing Insurance Enterprises Engaging in Operating Reinsurance and Other Risk Spreading Mechanisms" to establish the mechanism of risk management, and considering the risk bearing capacity, formulating a reinsurance risk management plan and implementing.

For the years ended December 31, 2025 and 2024, the amount of the retained risk limit per unit for each type of insurance is disclosed in the following table:

<u>Insurance by Type</u>	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Fire insurance	\$ 600,000	500,000
Hull insurance	100,000	100,000
Fishing vessel insurance	50,000	50,000
Aviation insurance	200,000	200,000
Marine cargo insurance	600,000	600,000
Accident insurance	200,000	200,000
Engineering insurance	500,000	500,000
Casualty insurance	500,000	500,000
Vehicle insurance	50,000	30,000
Automobile liability insurance	150,000	120,000
Other property insurance	300,000	300,000
Health insurance	5,000	5,000
Accident insurance - travel insurance	240,000	240,000

- 6) The method of assets and liabilities management

The Company's assets and liabilities are coordinate with the factor of risk, including market risk, liquidity risk and insurance risk, which depend on the various risk management mechanism of monitor assets and liabilities cash flows, and using such as ratio of debt to assets, net debt to assets, etc., to entirely evaluate and analyze the appropriateness of managing assets and liabilities.

- 7) The illustration of management, monitor and control procedure of taking extra liabilities and equities promise when obtaining or providing on special events.

Under the Insurance Act, the Company's risk based capital ratio (RBC) should be at least 200%. Otherwise, the Company would be required to raise additional capital within a certain period; in addition, the Company will be prohibited from appropriating its earnings. Moreover, the authorities will restrict the Company's operations and use of capital.

(Continued)

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

## (ii) Insurance risk information

## 1) Sensitivity analysis of insurance risk

Item	<b>For the year ended December 31, 2025</b>			
	<b>Written premium</b>	<b>Expected rate of loss</b>	<b>Effect of profit or loss on 1% movement of expected rate of loss</b>	
			<b>Before reinsurance</b>	<b>After reinsurance</b>
Fire insurance	\$ 2,571,384	63.43 %	26,078	7,573
Marine insurance	334,787	61.86 %	3,221	1,067
Land and air insurance	89,017	68.68 %	841	154
Liability insurance	3,922,236	67.05 %	38,332	33,917
Surety insurance	49,284	73.22 %	423	250
Other property insurance	4,794,369	64.50 %	46,594	35,598
Accident insurance	1,218,494	71.78 %	12,099	11,076
Health insurance	187,031	81.91 %	1,862	1,850
Compulsory automobile liability insurance	1,209,493	No applicable	No applicable	No applicable
Item	<b>For the year ended December 31, 2024</b>			
	<b>Written premium</b>	<b>Expected rate of loss</b>	<b>Effect of profit or loss on 1% movement of expected rate of loss</b>	
			<b>Before reinsurance</b>	<b>After reinsurance</b>
Fire insurance	\$ 2,541,522	63.55 %	23,619	6,925
Marine insurance	343,248	62.29 %	3,249	990
Land and air insurance	99,360	69.28 %	1,163	314
Liability insurance	3,843,125	67.01 %	37,276	32,559
Surety insurance	26,048	72.72 %	254	167
Other property insurance	4,818,508	64.34 %	44,856	35,251
Accident insurance	1,088,159	72.68 %	10,853	10,085
Health insurance	123,131	81.91 %	1,234	1,202
Compulsory automobile liability insurance	1,234,386	No applicable	No applicable	No applicable

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

(Continued)

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

2) Concentration of insurance risk

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

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

The insurance contracts which the Company underwrites are separated in various types of insurances, and not concentrated in any single type of insurance. In terms of proportion, the voluntary automobile insurance is the highest proportion accounts for 46.09% and 47.25% for the years ended December 31, 2025 and 2024, respectively. Although the proportion is slightly higher than other insurances, the loss experience of voluntary automobile insurance is stable and the risk variation is low. The remaining types of insurance are no risk concentration.

The premium proportion of underwriting insurance and ceded in reinsurance:

Type	<b>For the years ended December 31,</b>			
	<b>2025</b>		<b>2024</b>	
	<b>Amount</b>	<b>Percentage</b>	<b>Amount</b>	<b>Percentage</b>
Fire insurance	\$ 1,369,496	9.53 %	1,346,692	9.54 %
Marine cargo insurance	317,885	2.21 %	301,476	2.14 %
Hull, fishing vessel and aviation insurance	104,444	0.73 %	139,399	0.99 %
Voluntary automobile insurance	6,625,734	46.09 %	6,670,341	47.25 %
Compulsory automobile liability insurance	1,209,493	8.41 %	1,234,386	8.74 %
Liability insurance	826,428	5.75 %	785,099	5.56 %
Engineering and nuclear insurance	1,041,749	7.25 %	1,034,560	7.33 %
Surety and credit insurance	49,284	0.34 %	26,048	0.18 %
Other property insurance	60,239	0.42 %	50,800	0.36 %
Accident insurance	1,218,494	8.47 %	1,088,159	7.71 %
Typhoon, flood and earthquake insurance	1,198,665	8.34 %	1,192,300	8.45 %
Personal and commercial all-risk insurance	162,573	1.13 %	120,720	0.85 %
Health insurance	187,031	1.30 %	123,131	0.87 %
Overseas ceded-in reinsurance	4,580	0.03 %	4,376	0.03 %
<b>Total</b>	<b>\$ 14,376,095</b>	<b>100.00 %</b>	<b>14,117,487</b>	<b>100.00 %</b>

(Continued)

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

b) Percentage of retained premium

In term of retained business, the voluntary automobile insurance which is the highest proportion accounts for 57.56% and 59.01% for the years ended December 31, 2025 and 2024, respectively. The Company assesses the possibility of accumulated loss in order to arrange the contracts of reinsuring to diversify the risk. Therefore, there is no the situation of risk concentration.

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

The percentage of retained premium was as follows:

<u>Type</u>	<u>For the years ended December 31,</u>			
	<u>2025</u>		<u>2024</u>	
	<u>Amount</u>	<u>Percentage</u>	<u>Amount</u>	<u>Percentage</u>
Fire insurance	\$ 442,953	4.35 %	455,559	4.59 %
Marine cargo insurance	134,383	1.32 %	117,277	1.18 %
Hull, fishing vessel and aviation insurance	5,224	0.05 %	5,450	0.05 %
Voluntary automobile insurance	5,858,037	57.56 %	5,859,632	59.01 %
Compulsory automobile liability insurance	826,363	8.12 %	843,629	8.50 %
Liability insurance	662,319	6.51 %	628,260	6.33 %
Engineering and nuclear insurance	411,759	4.05 %	476,987	4.80 %
Surety and credit insurance	26,389	0.26 %	17,026	0.17 %
Other property insurance	44,870	0.44 %	40,789	0.41 %
Accident insurance	1,115,984	10.97 %	1,014,207	10.21 %
Typhoon, flood and earthquake insurance	321,354	3.16 %	249,178	2.51 %
Personal and commercial all-risk insurance	136,617	1.34 %	97,347	0.98 %
Health insurance	185,790	1.83 %	121,941	1.23 %
Overseas ceded-in reinsurance	4,564	0.04 %	2,667	0.03 %
<b>Total</b>	<b><u>\$ 10,176,606</u></b>	<b><u>100.00 %</u></b>	<b><u>9,929,949</u></b>	<b><u>100.00 %</u></b>

(Continued)

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

3) Claims trend

For the year ended December 31, 2025

Occurrence year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
1	47,810,138	4,231,875	3,846,573	4,548,623	4,201,280	4,120,597	4,742,416	6,043,107	5,311,099	5,639,134	7,218,748
2	47,801,397	4,483,260	4,058,010	4,804,267	4,901,074	4,890,228	5,292,664	6,640,880	5,527,739	5,743,687	
3	47,677,394	4,338,968	3,989,815	4,784,261	4,774,671	4,886,780	5,098,963	6,568,063	5,425,357		
4	47,626,471	4,331,187	3,997,617	4,714,228	4,775,424	4,899,446	5,094,772	6,527,022			
5	47,565,613	4,348,353	3,972,187	4,711,259	4,745,935	4,899,727	5,095,844				
6	47,933,629	4,300,980	3,971,299	4,695,182	4,750,543	4,894,567					
7	47,534,789	4,301,352	3,969,391	4,694,608	4,749,847						
8	47,532,482	4,305,090	3,947,881	4,693,267							
9	47,519,398	4,303,991	3,947,192								
10	47,482,445	4,303,521									
11	47,479,185										
Estimates	47,479,185	4,303,521	3,947,192	4,693,267	4,749,847	4,894,567	5,095,844	6,527,022	5,425,357	5,743,687	7,218,748
Actual	47,476,839	4,295,335	3,942,461	4,680,817	4,743,944	4,833,743	5,039,238	6,351,911	5,000,977	4,791,298	3,842,336
Subtotal	2,346	8,186	4,731	12,450	5,903	60,824	56,606	175,111	424,380	952,389	3,376,412
Reconciliations	-	-	-	-	-	-	-	-	-	-	-
Total amount recognized in balance sheet	2,346	8,186	4,731	12,450	5,903	60,824	56,606	175,111	424,380	952,389	3,376,412

For the year ended December 31, 2024

Occurrence year	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
1	44,182,975	3,505,019	4,231,875	3,846,573	4,548,623	4,201,280	4,120,597	4,742,416	6,043,107	5,311,099	5,639,134
2	44,305,119	3,615,016	4,483,260	4,058,010	4,804,267	4,901,074	4,890,228	5,292,664	6,640,880	5,527,739	
3	44,186,381	3,557,644	4,338,968	3,989,815	4,784,261	4,774,671	4,886,780	5,098,963	6,568,063		
4	44,119,750	3,530,087	4,331,187	3,997,617	4,714,228	4,775,424	4,899,446	5,094,772			
5	44,096,384	3,505,206	4,348,353	3,972,187	4,711,259	4,745,935	4,899,727				
6	44,060,407	3,518,795	4,300,980	3,971,299	4,695,182	4,750,543					
7	44,414,834	3,501,489	4,301,352	3,969,391	4,694,608						
8	44,033,300	3,502,875	4,305,090	3,947,881							
9	44,029,607	3,500,708	4,303,991								
10	44,018,689	3,500,573									
11	43,981,872										
Estimates	43,981,872	3,500,573	4,303,991	3,947,881	4,694,608	4,750,543	4,899,727	5,094,772	6,568,063	5,527,739	5,639,134
Actual	43,980,044	3,498,256	4,290,546	3,943,151	4,677,578	4,736,154	4,827,707	5,023,846	6,199,181	4,691,330	3,046,653
Subtotal	1,828	2,317	13,445	4,730	17,030	14,389	72,020	70,926	368,882	836,409	2,592,481
Reconciliations	-	-	-	-	-	-	-	-	-	-	-
Total amount recognized in balance sheet	1,828	2,317	13,445	4,730	17,030	14,389	72,020	70,926	368,882	836,409	2,592,481

(Continued)

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

(iii) Credit risk of insurance contracts

1) Credit risk

- a) Compliance with the “Regulations Governing the Provision of Unauthorized Reinsurance Reserves for Insurance Company” No.5, the transaction with unauthorized reinsurers shall be represented in the notes of financial statements and the content shall include:

- i) The summary of unauthorized reinsurance contracts and types of reinsurance.  
 ii) The reinsurance premium expense of unauthorized reinsurance contracts.  
 iii) General description of the amount of unauthorized reserve and its components.

- b) The abstract and related insurance of unauthorized reinsurance contracts in the Company were as follows:

As of December 31, 2025

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

As of December 31, 2024

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

- c) For the years ended December 31, 2025 and 2024, the reinsurance premium expenses for unauthorized reinsurance in the Company were all \$0.

(Continued)

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

- d) The principal summary of amounts and component items of unauthorized reinsurance reserve in the Company were as follows:

	<b>December 31, 2025</b>	<b>December 31, 2024</b>
Claims recoverable from reinsurers reported but unpaid	\$ -	92
Total unauthorized reinsurance reserve	\$ -	92

2) Liquidity risk

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

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

3) Market risk

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

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

(u) Financial instruments

(i) Credit risk

1) Credit risk exposure

Maximum credit risk exposure was as follows:

	<b>December 31, 2025</b>	<b>December 31, 2024</b>
Cash and cash equivalents	\$ 3,316,260	3,132,839
Receivables	742,188	653,103
Financial assets at fair value through profit or loss	1,451,789	2,541,497
Financial assets at fair value through other comprehensive income	2,820,019	2,878,010
Financial assets at amortized cost	3,920,810	3,063,738
Other financial assets	3,471,900	2,515,758
Reinsurance contract assets	1,387,103	662,301
Other assets	<u>423,407</u>	<u>518,336</u>
Total	<b><u>\$ 17,533,476</u></b>	<b><u>15,965,582</u></b>

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

As of December 31, 2025 and 2024, the overdue refundable deposits accounted for under other assets were all \$20,000, which provisioned the loss allowance all \$20,000.

(Continued)



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

3) The movement in loss allowance

a) The movement in loss allowance of debt investments at fair value through other comprehensive income

	For the year ended December 31, 2025					Total
	12-month ECL stage 1	Lifetime ECL (assessed on collective) stage 2	Lifetime ECL (assessed on individual) stage 3	The provision of impairment in accordance with IFRS9 (subtotal)	The provision of impairment in accordance with Guidelines for Handling Assessment of Assets, Loans Overdue, Receivable on Demand and Bad Debts by Insurance Enterprises.	
Beginning balance	\$ 127	-	-	127	-	127
Changes due to financial instruments recognized as at beginning :						
— Financial assets that have been derecognized during the period	(127)	-	-	(127)	-	(127)
Ending balance	\$ -	-	-	-	-	-

  

	For the year ended December 31, 2024					Total
	12-month ECL stage 1	Lifetime ECL (assessed on collective) stage 2	Lifetime ECL (assessed on individual) stage 3	The provision of impairment in accordance with IFRS9 (subtotal)	The provision of impairment in accordance with Guidelines for Handling Assessment of Assets, Loans Overdue, Receivable on Demand and Bad Debts by Insurance Enterprises.	
Beginning balance	-	-	-	-	-	-
New financial assets originated or purchased	127	-	-	127	-	127
Ending balance	\$ 127	-	-	127	-	127

b) The movement in loss allowance of financial assets at amortized cost

	For the year ended December 31, 2025					Total
	12-month ECL stage 1	Lifetime ECL (assessed on collective) stage 2	Lifetime ECL (assessed on individual) stage 3	The provision of impairment in accordance with IFRS9 (subtotal)	The provision of impairment in accordance with Guidelines for Handling Assessment of Assets, Loans Overdue, Receivable on Demand and Bad Debts by Insurance Enterprises.	
Beginning balance	\$ 1,718	1,641	-	3,359	-	3,359
Changes	478	(1,115)	-	(637)	-	(637)
Ending balance	\$ 2,196	526	-	2,722	-	2,722

(Continued)

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

For the year ended December 31, 2024

	12-month ECL stage 1	Lifetime ECL (assessed on collective) stage 2	Lifetime ECL (assessed on individual) stage 3	The provision of impairment in accordance with IFRS9 (subtotal)	The provision of impairment in accordance with Guidelines for Handling Assessment of Assets, Loans Overdue, Receivable on Demand and Bad Debts by Insurance Enterprises.	Total
Beginning balance	\$ 1,723	2,859	-	4,582	-	4,582
Changes	(5)	(1,218)	-	(1,223)	-	(1,223)
Ending balance	<u>\$ 1,718</u>	<u>1,641</u>	<u>-</u>	<u>3,359</u>	<u>-</u>	<u>3,359</u>

4) The information of credit quality

	December 31, 2025										
	stage1				stage2				stage3	Allowance impairment loss	Total
	Low-risk	Moderate- risk	High-risk	Total	Low-risk	Moderate- risk	High-risk	Total			
Financial assets at amortized cost (including statutory deposit)	\$ 4,093,767	-	-	4,093,767	170,000	-	-	170,000	-	2,722	4,261,045
Total	<u>\$ 4,093,767</u>	<u>-</u>	<u>-</u>	<u>4,093,767</u>	<u>170,000</u>	<u>-</u>	<u>-</u>	<u>170,000</u>	<u>-</u>	<u>2,722</u>	<u>4,261,045</u>

  

	December 31, 2024										
	stage1				stage2				stage3	Allowance impairment loss	Total
	Low-risk	Moderate- risk	High-risk	Total	Low-risk	Moderate- risk	High-risk	Total			
Financial assets at fair value through other comprehensive income - debt instruments	\$ 675,116	-	-	675,116	-	-	-	-	-	-	675,116
Financial assets at amortized cost (including statutory deposit)	3,294,233	-	-	3,294,233	170,000	-	-	170,000	-	3,359	3,460,874
Total	<u>\$ 3,969,349</u>	<u>-</u>	<u>-</u>	<u>3,969,349</u>	<u>170,000</u>	<u>-</u>	<u>-</u>	<u>170,000</u>	<u>-</u>	<u>3,359</u>	<u>4,135,990</u>

(Continued)

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

(ii) Liquidity risk

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

		December 31, 2025					
		Amount	Contract undiscounted cash amount	Overdue under 3 months	Overdue for 3 - 9 months	Overdue for 9 - 12 months	Overdue over 12 months
<b>Non-derivative financial liabilities</b>							
Payables							
Claims payable	\$	11,087	11,087	9,542	147	25	1,373
Commissions payable		239,547	239,547	239,547	-	-	-
Due to ceding companies		722,780	722,780	703,973	16,821	1,203	783
Other payables		514,538	514,538	479,605	34,933	-	-
Lease liabilities		20,455	20,858	3,947	7,588	3,597	5,726
Other liabilities							
Guarantee deposits received		12,129	12,129	2,201	80	89	9,759
<b>Total</b>	<b>\$</b>	<b><u>1,520,536</u></b>	<b><u>1,520,939</u></b>	<b><u>1,438,815</u></b>	<b><u>59,569</u></b>	<b><u>4,914</u></b>	<b><u>17,641</u></b>
		December 31, 2024					
		Amount	Contract undiscounted cash amount	Overdue under 3 months	Overdue for 3 - 9 months	Overdue for 9 - 12 months	Overdue over 12 months
<b>Non-derivative financial liabilities</b>							
Payables							
Claims payable	\$	10,446	10,446	9,051	81	68	1,246
Commissions payable		231,513	231,513	231,513	-	-	-
Due to ceding companies		742,167	742,167	661,730	62,159	5,060	13,218
Other payables		479,695	479,695	446,694	33,001	-	-
Lease liabilities		13,351	13,687	3,326	3,233	1,289	5,839
Other liabilities							
Guarantee deposits received		10,011	10,011	1	276	144	9,590
<b>Total</b>	<b>\$</b>	<b><u>1,487,183</u></b>	<b><u>1,487,519</u></b>	<b><u>1,352,315</u></b>	<b><u>98,750</u></b>	<b><u>6,561</u></b>	<b><u>29,893</u></b>

(Continued)

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

(iii) Foreign currency risk

1) Exposure about foreign currency risk

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

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
<b><u>Financial assets</u></b>		
<b><u>Monetary items</u></b>		
USD	\$ 4,447	25,491
EUR	82	99
JPY	35	35
HKD	95	30
KRW	3	4
CNY	8	33
GBP	23	34
THB	35	10
<b><u>Non-Monetary items</u></b>		
USD	-	5,498
<b><u>Financial liability</u></b>		
<b><u>Monetary items</u></b>		
USD	1,688	2,480
EUR	8	-
KRW	1	-

Important rate:

	<b><u>Rates</u></b>	
	<u>December 31, 2025</u>	<u>December 31, 2024</u>
USD	\$ 31.43	32.79
EUR	36.90	34.14
JPY	0.2008	0.2099
HKD	4.04	4.22
KRW	0.0220	0.0225
CNY	4.50	4.48
GBP	42.33	41.19
THB	1.0000	0.9623

(Continued)

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

2) Sensitivity analysis

As of December 31, 2025 and 2024, with all other variable factors that remain constant, when NTD decreases 1% compared to other currency, the amount of the Company's comprehensive income will increase as follows:

	<u>December 31,</u> <u>2025</u>	<u>December 31,</u> <u>2024</u>
USD(increases 1%)	\$ 694	7,478
EUR(increases 1%)	22	27
HKD(increases 1%)	3	1
GBP(increases 1%)	8	11
CNY(increases 1%)	-	1

Conversely, if there is a increase of 1% compared to other currency based on all other variables remain the same, there will be the same amount but opposite direction of influence as of December 31, 2025 and 2024.

(iv) Interest rate risk

1) Summary

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

	<u>Carrying Amount</u>	
	<u>December 31,</u> <u>2025</u>	<u>December 31,</u> <u>2024</u>
Variable interest rate instrument:		
Time deposit	<u>\$ 1,092,000</u>	<u>1,405,000</u>

2) Sensitivity Analysis of variable interest rate financial instruments

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

	<u>December 31,</u> <u>2025</u>	<u>December 31,</u> <u>2024</u>
Increase 10 basis points	\$ 1,092	1,405
Decrease 10 basis points	(1,092)	(1,405)

(Continued)

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

(v) Fair value and hierarchy information

1) Fair value information

a) General description

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

b) Definition of fair value hierarchy

i) Level 1

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

ii) Level 2

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

iii) Level 3

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

2) Based on fair value measurement

a) Hierarchy information of fair value

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

Assets and liabilities	December 31, 2025			
	Total	Quoted prices in active markets for identical assets (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)
<b>Repeatable fair value measurement</b>				
<u>Non-derivative financial assets</u>				
Financial assets at fair value through profit or loss				
Beneficiary certificates	\$ 118,972	118,972	-	-
Real estate investment trust beneficiary certificates	272,318	272,318	-	-
Stocks	1,060,499	1,060,499	-	-
Financial assets at fair value through other comprehensive income				
Stocks	2,820,019	2,806,579	-	13,440

(Continued)

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

Assets and liabilities	December 31, 2024			
	Total	Quoted prices in active markets for identical assets (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)
<b>Repeatable fair value measurement</b>				
<u>Non-derivative financial assets</u>				
Financial assets at fair value through profit or loss				
Beneficiary certificates	\$ 687,181	687,181	-	-
Real estate investment trust beneficiary certificates	290,284	290,284	-	-
Stocks	1,564,032	1,564,032	-	-
Financial assets at fair value through other comprehensive income				
Stocks	2,202,894	2,188,572	-	14,322
Bonds	675,116	-	675,116	-

b) Valuation techniques of fair value measurement

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

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

c) Transfer between Level 1 and Level 2

There is no transfer between Level 1 and Level 2 for the years ended December 31, 2025 and 2024.

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

Name	For the year ended December 31, 2025							Balance at the end of the year
	Balance at the beginning of the year	Gains and losses on valuation Recognized in other comprehensive income		Increase		Decrease		
		Recognized in profit or loss	comprehensive income	Purchase or issue	Transferred from Level 3	Sale, disposal or settlement	Transferred out Level 3	
Financial assets at fair value through other comprehensive income	\$ 14,322	-	(882)	-	-	-	-	13,440

  

Name	For the year ended December 31, 2024							Balance at the end of the year
	Balance at the beginning of the year	Gains and losses on valuation Recognized in other comprehensive income		Increase		Decrease		
		Recognized in profit or loss	comprehensive income	Purchase or issue	Transferred from Level 3	Sale, disposal or settlement	Transferred out Level 3	
Financial assets at fair value through other comprehensive income	\$ 14,658	-	(336)	-	-	-	-	14,322

(Continued)

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

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

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

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

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

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

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

	<u>Change in fair value recognized in other comprehensive income before tax</u>	
	<u>Favorable</u>	<u>Unfavorable</u>
<b>December 31, 2025</b>		
Financial assets fair value through other comprehensive income	\$ <u>134</u>	<u>(134)</u>
<b>December 31, 2024</b>		
Financial assets fair value through other comprehensive income	\$ <u>143</u>	<u>(143)</u>

(Continued)

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

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

(vi) Financial instruments not measured at fair value

1) Fair value information

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

<u>Item</u>	<u>Carrying amount</u>	<u>Fair value</u>
<b>December 31, 2025</b>		
Financial assets		
Financial assets at amortized cost (included statutory deposits)	\$ 4,261,045	4,242,280
Investment Property	857,539	2,005,871
<b>December 31, 2024</b>		
Financial assets		
Financial assets at amortized cost (included statutory deposits)	3,460,874	3,428,695
Investment Property	862,333	1,938,755

2) Fair value information

<u>Item</u>	<u>December 31, 2025</u>			
	<u>Total</u>	<u>Quoted prices in active markets for identical assets (Level 1)</u>	<u>Significant other observable inputs (Level 2)</u>	<u>Significant unobservable inputs (Level 3)</u>
Financial assets at amortized cost (included statutory deposits)	\$ 4,242,280	-	4,242,280	-
Investment property	2,005,871	-	-	2,005,871

(Continued)

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

Item	Total	December 31, 2024		
		Quoted prices in active markets for identical assets (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Financial assets at amortized cost \$ (included statutory deposits)	3,428,695	-	3,428,695	-
Investment property	1,938,755	-	-	1,938,755

3) Valuation techniques

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

- a) The fair value of short-term financial commodity is estimated by the carrying amount of balance sheet. The carrying amount is the reasonable basis to estimate the fair value, because the maturity date of the commodity is near. The method applied on cash and equivalent cash, accounts receivables and accounts payables.
- b) Financial assets at amortized cost (bond investments without active market)
 

If investments assets measured at amortized cost have transaction price or quotes of the market makers, use the recent transaction price and quotes as the basis of estimating fair value. If without market value, discounted cash flow method or the quotes of the counterparties are used to calculate fair value or the quoted prices of the counter party.
- c) The refundable deposits and guarantee deposits have no specific maturity date, as a result, using the carrying amount on the balance sheet as the fair value.
- d) The fair value of investment property is assessed by the market practices.

4) Transfer between Level 1 and Level 2

There were no transfer for the years ended December 31, 2025 and 2024.

(v) Financial risk management

(i) Overview

1) Credit risk

Credit risk is that borrowers failing to make payments, including pre settlement risk and settlement risk. The settlement risk is the counterparties' violation, and the problem of their liquidity limit and procedure. The pre settlement risk is that during the period of deal, the counterparties cannot perform their obligation of the contract, resulting in the risk of loss.

(Continued)

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

2) Liquidity risk

The liquidity risk indicates that the deficiency of trading volume or lack of trading counterparties results in the risk of finished trade out of expecting timing.

3) Market risk

Market risk includes foreign exchange rates and interest rates. The risk of foreign exchange rates comes from the change of price of foreign currency, includes the change of value, and the change of relationship between currencies, and currency depreciation. The risk of interest rates comes from the change of bond's price, i.e. yield curve risk, when the shape of yield curve risk changes, the risk will occur.

(ii) The framework of risk management

Please refer to Note(6)(t)(i)1).

(iii) Credit risk

1) The financial assets are classification of credit risk quantity as an assessment of loss. The Company' internal credit risk is classified as low risk, moderate risk and high risk as definition as follows:

- a) Low risk: The issuers or the counterparties are rated as robust or above to fulfill their obligation of the contracts. Even under various negative news or disadvantageous economic conditions, the companies are capable of dealing with the situations.
- b) Medium risk: The issuers or the counterparties have lower capability of fulfilling their obligation, disadvantage operation, financial and economic conditions, resulting in weaken capability of dealing with the situations.
- c) High risk: The possibility that the issuers or counterparties fulfill their obligation is remote and mainly relies on the business environment. Negative news or disadvantageous economic conditions will lower their ability and willingness to fulfill their obligation.
- d) The impaired items represent the amount of loss allowance provided for financial assets based on the regulations of accounting standards. Under the principle of prudence, the impaired amount is able to reflect the current value of the impaired assets.

2) Determining the credit risk has increased significantly since initial recognition

- a) At each reporting date, the Company assessed all the financial instruments applicable for IFRS 9 to determine whether the credit risk has increased significantly since the initial recognition. In order to make this assessment, the Company considers reasonable and supportable information (including forward looking information) that is indicative of significant increases in credit risk since initial recognition. The criteria include external credit rating, overdue status, credit spreads, and other market information related to the issuers or debtors.

(Continued)

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

- b) Low credit risk: If it is determined that the credit risk of a financial instrument at the reporting date is low, it can be assumed that the credit risk of the financial instrument has not increased significantly since the date of initial recognition. Judgment criteria: external credit rating above investment grade (Baa3).
- 3) Measuring the expected credit losses
- a) The methods and assumptions
- If the credit risk on a financial instrument has not increased significantly since initial recognition, the Company shall measure the allowance for impairment of the financial instrument using the 12 month expected credit losses; if the credit risk on a financial instrument has increased significantly since initial recognition, the Company shall measure the allowance for impairment using the lifetime expected credit losses.
  - In order to measure expected credit losses, the Company considers the default probability (Probability of default, "PD") of financial assets or issuers or debtors, and loss given default rate ("LGD") multiplying the exposure at default ("EAD"), taking into account the time value of money as well evaluate 12 month and lifetime loss.
  - Default probability is the probability that the issuers or the debtors defaults, and the loss given default rate is the rate of loss caused by default by the issuers or debtors. The relevant indicators used by the Company are based on the default rate and loss given default rate published by Moody's.
  - The Company measures the Exposure at default based on the amortized cost of financial instruments plus accrued interest.
- 4) Consideration of forward-looking information

The Company obtains forward-looking information which it takes into consideration when determining whether the credit risk of financial instruments has increased significantly since initial recognition and assessing the expected credit losses. The default probability used for impairment assessment of the Company is based on the information which already includes forward-looking general economic information published by Moody's.

(iv) Liquidity risk

The Company's approach to managing liquidity is to ensure that there is sufficient liquidity to support the liabilities which is going to expire. The investment targets all have an active market. Financial assets are expected to be sold at a price close to fair value and the own operating capital are sufficient to support the demand for funds needed. so there is no liquidity risk due to the inability to make funds.

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

(v) Market risk

The goal of market risk management is to control the market risk exposure to an acceptable level and optimize investment returns. The Company uses VAR values to measure price risk. Regularly compare the holding of investment targets with market prices and strictly observe the restrictions on stop-loss. The investment targets do not involve emerging market and commodity risks. It's only foreign currency financial assets and liabilities expose to foreign currency risk and Interest rate risk. The Company conducts stress tests and sensitivity analysis for exchange rate and interest rate risk to ensure that the maximum loss does not endanger the Company's operations.

(w) Capital Management

The policy of the Board of Directors is to maintain robust capital base, and to uphold the confidence of investors, creditors and the market, as well as to support the development of future operations. The capital includes the Company's share capital, capital reserve and undistributed surplus. The Board of Directors controls the rate of return on capital and controls the level of common stock dividends.

As of December 31, 2025, the method of capital management of the Company remains the same.

(x) Structured entities not included in the financial statements

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

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

(ii) The carrying amount of the assets related to the structured entities recognized by the Company but not yet included in the financial statements on December 31, 2025 and 2024, were as follows:

<u>December 31, 2025</u>	<u>Asset securitization products-REITS</u>
<b>Assets possessed by the Company</b>	
— Financial assets at fair value through profit or loss	\$ <u>272,318</u>
Total assets possessed by the company	\$ <u><u>272,318</u></u>

(Continued)

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

<b>December 31, 2024</b>	<b>Asset securitization products-REITS</b>
<b>Assets possessed by the Company</b>	
– Financial assets at fair value through profit or loss	\$ <u>290,284</u>
Total assets possessed by the company	\$ <u><u>290,284</u></u>

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

- (iii) The Company did not provide any financial support for the asset securitization products not included in the financial statements for the years ended December 31, 2025 and 2024.

**(7) Related-party transactions:**

- (a) Final controller

Mr. Tsai Yan Ming is the Company final controller.

- (b) Names and relationship of related parties

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

<b>Name of Related Party</b>	<b>Relationship with the Company</b>
Want Want Co., Ltd.	Substantive related party
Want Chia Enterprises Co.,Ltd.	Substantive related party
H.Y. Tsai Co., Ltd.	Substantive related party
Tsai Ho Want Enterprises Co., Ltd.	Substantive related party
Want Want Constructions Co., Ltd.	Substantive related party
Digital Commercial Times Inc.	Substantive related party
CTI Television Incorporation Co., Ltd.	Substantive related party
China Times Culture Co., Ltd.	Substantive related party
China Television Company Co., Ltd.	Substantive related party
Infotimes Co., Ltd.	Substantive related party
Touche Innovative Media Co., Ltd.	Substantive related party
Media Sphere Communications Ltd.	Substantive related party
TY Star Network Technology Co., Ltd.	Substantive related party
Want Tai Media Co., Ltd.	Substantive related party
I Lan Foods Ind. Co., Ltd.	Substantive related party
First Family Enterprise Co., Ltd.	Substantive related party
Want Pu Construction Co.,Ltd.	Substantive related party
Want Pu Trading Limited, Taiwan Branch (B.V.I)	Substantive related party

(Continued)

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

<u>Name of Related Party</u>	<u>Relationship with the Company</u>
Newwing Limited, Taiwan Branch (B.V.I)	Substantive related party
Twitcher Taiwan Limited, Taiwan Branch (B.V.I)	Substantive related party
Shao Yuan Co., Ltd.	Substantive related party
Jia Peng Development Co., Ltd.	Substantive related party
Ho Yuan Want Co., Ltd.	Substantive related party
Taiwan Marketing Logistics Co., Ltd.	Substantive related party
Hao Want Co., Ltd.	Substantive related party
Wulai Tourism Co., Ltd.	Substantive related party
Ren Want Co., Ltd.	Substantive related party
IBF Securities Co., Ltd.	Substantive related party
Nuowant Biomedical Technology Co., Ltd.	Substantive related party
CTV Charities Aid Foundation	Substantive related party
Commercial Culture Co., Ltd.	Substantive related party
Chunyuan Hospitality Ltd.	Substantive related party
Pozzo Bakery Co., Ltd.	Substantive related party
Porker Co., Ltd.	Substantive related party
Chaopin Food Co., Ltd.	Substantive related party
Jinping Development Co., Ltd.	Substantive related party
Duozi Duosun Duofuqi Co., Ltd.	Substantive related party
Zuocheng Law Firm	Substantive related party
All directors, supervisors, managers, chairman of the board, general managers are the Company's related parties.	

(c) Compensation of key management personnel

	<b>For the years ended December 31,</b>	
	<b>2025</b>	<b>2024</b>
Short-term employee benefits	\$ 66,484	64,172
Short-term employee benefits-paid leave	1,454	1,223
Post-employment benefits	1,217	1,202
Total	<b>\$ 69,155</b>	<b>66,597</b>

(Continued)

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

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

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

1) Written premium

	<b>For the years ended December 31,</b>	
	<b>2025</b>	<b>2024</b>
	<b>Amount</b>	<b>Amount</b>
Written premium		
Other related parties	\$ 21,207	19,374
Key management personnel	845	823
Total	<u>\$ 22,052</u>	<u>20,197</u>

2) Account receivables

	<b>December 31,</b>	<b>December 31,</b>
	<b>2025</b>	<b>2024</b>
	<b>Amount</b>	<b>Amount</b>
Premiums receivable:		
Other related parties	\$ 455	642
Key management personnel	-	1
Total	<u>\$ 455</u>	<u>643</u>

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

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

<u>Related parties</u>	<b>For the years ended December 31,</b>	
	<b>2025</b>	<b>2024</b>
Other related parties	<u>\$ 8,062</u>	<u>8,306</u>

**(8) Pledged assets:**

As of December 31, 2025 and 2024, the assets pledged or guaranteed were as follows:

<u>Pledged Assets</u>	<u>December 31,</u> <u>2025</u>	<u>December 31,</u> <u>2024</u>	<u>Purpose of pledge</u>
Financial assets at amortized cost	<u>\$ 340,235</u>	<u>397,136</u>	Guarantee for operating business, suit, and contract performance

(Continued)

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

**(9) Commitments and contingencies:**

- (a) The Company had several significant insurance lawsuits and was required to pay indemnities of \$134,450, of which approximately \$95,389 were reinsured. The remain had been accrued. These cases have not been resolved with District Court of Appeal as of December 31, 2025.
- (b) In order to improve computer equipment and IT systems, the Company is in contract with several IT companies. As of December 31, 2025, there is \$58,328 unpaid.

**(10) Losses Due to Major Disasters: None.**

**(11) Subsequent Events: None.**

**(12) Other:**

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

Function	For the years ended December 31,					
	2025			2024		
	Operating costs	Operating expense	Total	Operating costs	Operating expense	Total
Employees Benefits:						
Salaries	412,368	892,226	1,304,594	416,584	873,859	1,290,443
Labor and health insurance	-	93,190	93,190	-	89,152	89,152
Pension	-	44,570	44,570	-	41,768	41,768
Remuneration of directors	-	25,758	25,758	-	23,658	23,658
Others	-	56,530	56,530	-	52,837	52,837
Depreciation	4,794	57,725	62,519	4,904	47,146	52,050
Amortization	-	42,644	42,644	-	35,151	35,151

(Continued)

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

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

For the year ended December 31, 2025						
Item	Premium Revenue (1)	Reinsurance Premium (2)	Reinsurance Expense (3)	Net change in unearned premium reserve (4)=(1)+(2)-(3)	Net change in unearned premium reserve(5)	Retention of earned premium (6)=(4)-(5)
Compulsory insurance	\$ 915,807	293,686	383,130	826,363	(5,900)	832,263
Non-compulsory insurance	13,065,118	101,484	3,816,359	9,350,243	203,790	9,146,453
Total	<u>\$ 13,980,925</u>	<u>395,170</u>	<u>4,199,489</u>	<u>10,176,606</u>	<u>197,890</u>	<u>9,978,716</u>

  

For the year ended December 31, 2024						
Item	Premium Revenue (1)	Reinsurance Premium (2)	Reinsurance Expense (3)	Net change in unearned premium reserve (4)=(1)+(2)-(3)	Net change in unearned premium reserve(5)	Retention of earned premium (6)=(4)-(5)
Compulsory insurance	\$ 934,506	299,880	390,757	843,629	(2,543)	846,172
Non-compulsory insurance	12,721,566	161,535	3,796,781	9,086,320	338,983	8,747,337
Total	<u>\$ 13,656,072</u>	<u>461,415</u>	<u>4,187,538</u>	<u>9,929,949</u>	<u>336,440</u>	<u>9,593,509</u>

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

For the year ended December 31, 2025				
Item	Claims (included related expenses) (1)	Reinsurance claims (2)	Claims recovered from reinsurers (3)	Retained claim payment (4)=(1)+(2)-(3)
Compulsory insurance	\$ 527,449	272,938	315,944	484,443
Non-compulsory insurance	6,084,454	237,011	2,270,937	4,050,528
Total	<u>\$ 6,611,903</u>	<u>509,949</u>	<u>2,586,881</u>	<u>4,534,971</u>

  

For the year ended December 31, 2024				
Item	Claims (included related expenses) (1)	Reinsurance claims (2)	Claims recovered from reinsurers (3)	Retained claim payment (4)=(1)+(2)-(3)
Compulsory insurance	\$ 609,799	286,972	363,124	533,647
Non-compulsory insurance	5,003,806	117,864	1,010,278	4,111,392
Total	<u>\$ 5,613,605</u>	<u>404,836</u>	<u>1,373,402</u>	<u>4,645,039</u>

(Continued)

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

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

For the year ended December 31, 2025

Type	Beginning	Provision	Recovery	Ending	Note
<b>Unearned premium reserve</b>					
Compulsory automobile liability insurance	\$ 382,123	374,153	382,123	374,153	
Compulsory motorcycle liability insurance	126,458	123,770	126,458	123,770	
Compulsory mini electric two-wheel vehicle liability insurance	3,942	4,190	3,942	4,190	
<b>Special reserve</b>					
Compulsory automobile liability insurance	(170,333)	83,795	-	(86,538)	
Compulsory motorcycle liability insurance	345,763	16,486	-	362,249	
Compulsory mini electric two-wheel vehicle liability insurance	705	687	-	1,392	
<b>Claim reserve</b>					
Compulsory automobile liability insurance	646,446	603,354	646,446	603,354	
Compulsory motorcycle liability insurance	162,046	166,721	162,046	166,721	
Compulsory mini electric two-wheel vehicle liability insurance	1,737	2,159	1,737	2,159	
<b>Total</b>	<b>\$ 1,498,887</b>	<b>1,375,315</b>	<b>1,322,752</b>	<b>1,551,450</b>	

(Continued)

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

For the year ended December 31, 2024

Type	Beginning	Provision	Recovery	Ending	Note
<b>Unearned premium reserve</b>					
Compulsory automobile liability insurance	\$ 389,897	382,123	389,897	382,123	
Compulsory motorcycle liability insurance	126,834	126,458	126,834	126,458	
Compulsory mini electric two-wheel vehicle liability insurance	2,289	3,942	2,289	3,942	
<b>Special reserve</b>					
Compulsory automobile liability insurance	(185,237)	14,904	-	(170,333)	
Compulsory motorcycle liability insurance	320,178	25,585	-	345,763	
Compulsory mini electric two-wheel vehicle liability insurance	318	387	-	705	
<b>Claim reserve</b>					
Compulsory automobile liability insurance	621,470	646,446	621,470	646,446	
Compulsory motorcycle liability insurance	167,415	162,046	167,415	162,046	
Compulsory mini electric two-wheel vehicle liability insurance	614	1,737	614	1,737	
<b>Total</b>	<b>\$ 1,443,778</b>	<b>1,363,628</b>	<b>1,308,519</b>	<b>1,498,887</b>	

(Continued)

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

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

(i) Balance sheet of compulsory automobile liability insurance:

Items	Amount		Items	Amount	
	December 31, 2025	December 31, 2024		December 31, 2025	December 31, 2024
<u>Asset</u>			<u>Liabilities</u>		
Cash and cash in bank	\$ 1,004,224	890,848	Claims payable	\$ 1,558	3,071
Notes receivable	5,476	6,079	Due to reinsurers and ceding companies	68,056	69,461
Premiums receivable	6,854	6,735	Unearned premium reserve	502,113	512,523
Claim recoverable from reinsures	31,627	67,526	Claims reserve	772,234	810,229
Due from reinsurers and ceding companies	49,097	49,993	Special reserve	277,103	176,135
Ceded unearned premium reserve	203,887	208,397			
Ceded claims reserve	319,643	341,823			
Temporary payments	256	18			
<b>Total assets</b>	<b>\$ 1,621,064</b>	<b>1,571,419</b>	<b>Total liabilities</b>	<b>\$ 1,621,064</b>	<b>1,571,419</b>

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

Item	For the years ended December 31,	
	2025	2024
Operating revenue	557,948	565,156
Pure premium	638,498	651,233
Reinsurance premium	293,686	299,880
Premium	932,184	951,113
Less: Reinsurance expense	(383,130)	(390,757)
Net change in unearned premium reserve	5,900	2,543
Retained earned premium	554,954	562,899
Interest income	2,994	2,257
Operating costs	569,596	585,613
Insurance claim payment	527,449	609,799
Reinsurance claim payment	272,938	286,972
Less: Claim recovered from reinsurers	(315,944)	(363,124)
Retained claim payment	484,443	533,647
Net change in claim reserve	(15,815)	11,090
Net change in special reserve	100,968	40,876

(Continued)

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

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

<u>Assets</u>	<b>December 31, 2025</b>		
	<u>Within 12 months</u>	<u>Over 12 months</u>	<u>Total</u>
Cash and cash equivalents	\$ 3,316,260	-	3,316,260
Receivables	742,188	-	742,188
Financial assets at fair value through profit or loss	1,451,789	-	1,451,789
Financial assets at fair value through other comprehensive income	-	2,820,019	2,820,019
Financial assets at amortized cost	99,973	3,820,837	3,920,810
Other financial assets	3,471,900	-	3,471,900
Right-of-use assets	-	20,271	20,271
Investment property	-	857,539	857,539
Reinsurance assets	5,845,495	892,477	6,737,972
Property and equipment	-	1,492,418	1,492,418
Intangible assets	-	174,478	174,478
Other assets	-	451,179	451,179
<b>Total assets</b>	<b>\$ <u>14,927,605</u></b>	<b><u>10,529,218</u></b>	<b><u>25,456,823</u></b>

  

<u>Liabilities</u>	<b>December 31, 2025</b>		
	<u>Within 12 months</u>	<u>Over 12 months</u>	<u>Total</u>
Accounts payable	\$ 1,485,796	2,156	1,487,952
Current tax liabilities	135,859	-	135,859
Insurance liabilities	13,896,220	1,743,797	15,640,017
Provisions	-	42,069	42,069
Lease liabilities	14,789	5,666	20,455
Deferred tax liabilities	-	62,700	62,700
Other liabilities	8,673	9,759	18,432
<b>Total liabilities</b>	<b>\$ <u>15,541,337</u></b>	<b><u>1,866,147</u></b>	<b><u>17,407,484</u></b>

(Continued)

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

<u>Assets</u>	<b>December 31, 2024</b>		
	<u>Within 12 months</u>	<u>Over 12 months</u>	<u>Total</u>
Cash and cash equivalents	\$ 3,132,839	-	3,132,839
Receivables	653,103	-	653,103
Current tax assets	11,911	-	11,911
Financial assets at fair value through profit or loss	2,541,497	-	2,541,497
Financial assets at fair value through other comprehensive income	-	2,878,010	2,878,010
Financial assets at amortized cost	-	3,063,738	3,063,738
Other financial assets	2,515,758	-	2,515,758
Right-of-use assets	-	13,211	13,211
Investment property	-	862,333	862,333
Reinsurance assets	4,572,416	754,952	5,327,368
Property and equipment	-	1,486,826	1,486,826
Intangible assets	-	213,969	213,969
Other assets	-	530,034	530,034
Total assets	<u>\$ 13,427,524</u>	<u>9,803,073</u>	<u>23,230,597</u>
<u>Liabilities</u>	<b>December 31, 2024</b>		
<u>Liabilities</u>	<u>Within 12 months</u>	<u>Over 12 months</u>	<u>Total</u>
Accounts payable	\$ 1,449,357	14,464	1,463,821
Current tax liabilities	180,909	-	180,909
Insurance liabilities	12,649,490	1,448,255	14,097,745
Provisions	-	69,727	69,727
Lease liabilities	7,617	5,734	13,351
Deferred tax liabilities	-	63,920	63,920
Other liabilities	16,558	9,590	26,148
Total liabilities	<u>\$ 14,303,931</u>	<u>1,611,690</u>	<u>15,915,621</u>

(Continued)

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

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

For the years ended December 31, 2025 and 2024, the influence for not applying the notification on net income, liabilities, and equity of the Company resulted in an increase of \$24,380, a decrease of \$28,537, a decrease of \$24,380, an increase of \$28,537, an increase of \$24,380, a decrease of \$28,537, respectively. The influence on the Company for not applying the notification resulted in the EPS (NT dollars) by an increase of \$0.11 and a decrease of \$0.13, respectively.

**(13) Other disclosures:**

- (a) Information on significant transactions:

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

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

(Continued)

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

**(14) Segment information:**

(a) General information

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

(b) Region information

The Company's business is primarily located in Taiwan.

(c) Important client information

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

**Union Insurance Co., LTD.**  
**Statement of cash and cash equivalents**  
**December 31, 2025**  
**(Expressed in thousands of New Taiwan Dollars)**

<u>Items</u>	<u>Description</u>	<u>Amount</u>
<b>Cash:</b>		
Cash on hand		\$ 500
Petty cash		13,210
Demand deposits		1,463,027
Checking deposits		2,251
Foreign currency deposits	Included original currency (in thousands) and exchange rate:	87,413
	USD 2,626 @ 31.4300	
	HKD 93 @ 4.0400	
	GBP 21 @ 42.3300	
	JPY 35 @ 0.2008	
	AUD 21 @ 21.0100	
	EUR 78 @ 36.9000	
	CAD 1 @ 22.9400	
	SGD 6 @ 24.4500	
	THB 35 @ 1.0000	
	CNY 8 @ 4.5000	
Time deposits	Due date from Jan. 01, 2026 to Mar. 24, 2026, interest rate from 1.29% to 1.68%	752,000
<b>Cash equivalents:</b>		
Bonds purchased under resale agreements	Due date from Jan. 02, 2026 to Jan. 14, 2026, interest rate from 1.13% to 1.35%	997,859
Total		<u><u>\$ 3,316,260</u></u>

**Union Insurance Co., LTD.**  
**Statement of notes receivable**  
**December 31, 2025**  
**(Expressed in thousands of New Taiwan Dollars)**

<u>Customer</u>	<u>Description</u>	<u>Amount</u>	<u>Note</u>
<b><u>Non-Related Parties</u></b>			
A company		\$ 48,600	
B company		27,614	
Others		206,509	Each customer balance is less than 5% of account balance.
Less: Loss allowance		<u>(76)</u>	
Total (net)		<u>\$ 282,647</u>	

**Statement of premiums receivable**

<u>Customer</u>	<u>Description</u>	<u>Amount</u>	<u>Note</u>
<b><u>Related Parties</u></b>			
Other related parties		\$ 455	
<b><u>Non-Related Parties</u></b>			
C company		75,096	
D company		52,218	
Others		155,726	Each customer balance is less than 5% of account balance.
		<u>283,495</u>	
Less: Loss allowance		<u>(11,295)</u>	
Total (net)		<u>\$ 272,200</u>	

**Union Insurance Co., LTD.**  
**Statement of other receivables**  
**December 31, 2025**  
**(Expressed in thousands of New Taiwan Dollars)**

<u>Items</u>	<u>Description</u>	<u>Amount</u>	<u>Note</u>
Interests receivable	Bond interest	\$ 45,902	
	Time deposit interest	<u>3,323</u>	
	Subtotal	<u>49,225</u>	
Overdue commissions of premium refund receivables		44,712	
Less: Loss allowance for overdue commissions of premium refund receivables		(43,097)	
	Subtotal	<u>1,615</u>	
Other receivables	From credit card	55,588	
	From convenience store	48,366	
	From stock settlement payment	32,904	
	Others	1,521	Each item amount is less than 5% of account balance.
Less: Loss allowance for other receivables		(1,878)	
	Subtotal	<u>136,501</u>	
Total		<u><u>\$ 187,341</u></u>	

**Union Insurance Co., LTD.**

**Statement of financial assets at fair value through profit or loss**

**December 31, 2025**

**(Expressed in thousands of New Taiwan Dollars)**

Financial assets Name	Description	Shares/ Units	Par Value	Principal Amount	Rate	Acquisition Cost	Fair Value		Change in fair value attributable to change in credit risk	Note
							Unit Price	Total		
<u>Beneficiary certificate</u>										
Others(less than 5%)		-	\$ -	-	-	110,000	-	118,972	-	
<u>Listed stocks and OTC stocks</u>										
2330		115,000	10	1,150	-	121,049	1,550.00	178,250	-	
Others(less than 5%)		-	-	-	-	603,715	-	882,249	-	
<u>Domestic unlisted stocks</u>										
<u>REITs</u>										
01002T		18,911,000	-	-	-	325,074	14.40	272,318	-	
Subtotal						1,159,838		<u>1,451,789</u>		
Add: Valuation adjustment						291,951				
Total (net)						<u>1,451,789</u>				

**Union Insurance Co., LTD.**

**Statement of financial assets at fair value through other comprehensive  
income**

**December 31, 2025**

**(Expressed in thousands of New Taiwan Dollars)**

Financial assets Name	Description	Shares/ Units	Par Value	Principal Amount	Loss Allowance	Allowance Adjustments for Valuation	Acquisition Cost	Fair Value		Note
								Unit Price	Total	
<u>Domestic listed stock and OTC stocks</u>										
2882A		5,000,000	\$ 10	50,000	-	3,500	300,000	60.70	303,500	
2882B		2,709,011	10	27,090	-	-	162,541	60.00	162,541	
2887E		6,328,000	10	63,280	-	835	317,463	50.30	318,298	
2891C		8,333,000	10	83,330	-	1,667	499,980	60.20	501,647	
5871A		2,990,000	10	29,900	-	2,470	299,520	101.00	301,990	
1216		2,320,000	10	23,200	-	(17,335)	196,207	77.10	178,872	
2880		6,868,000	10	68,680	-	19,800	193,108	31.00	212,908	
2912		735,000	10	7,350	-	(35,933)	198,736	221.50	162,802	
3045		1,660,000	10	16,600	-	(12,746)	192,855	108.50	180,110	
Others(less than 5%)		-	-	-	-	(16,043)	499,954	-	483,911	
Subtotal					-	(53,785)	2,860,364		2,806,579	
<u>Domestic unlisted stocks</u>										
Minchali Metal Industry CO., LTD.		1,400,000	10	14,000	-	12,180	1,260	9.60	13,440	
Total					-	(41,605)	2,861,624		2,820,019	

## Union Insurance Co., LTD.

## Statement of financial assets measured at amortized cost

December 31, 2025

(Expressed in thousands of New Taiwan Dollars)

Bonds Name	Description	Quantity	Par Value	Principal Amount	Rate	Loss Allowance	(Discount) Premium Unamortized	Book Value	Note
Central Government Construction Bonds:									
A95102	Due on 2026.02.24. Interests paid once a year	-	-	50,000	1.875 %	-	(10)	49,990	
A95107	Due on 2026.11.10. Interests paid once a year	-	-	50,000	2.125 %	-	(17)	49,983	
A01108	Due on 2042.08.24. Interests paid once a year	-	-	100,000	1.625 %	-	17,464	117,464	50% of securities serving
A07109	Due on 2028.10.17. Interests paid once a year	-	-	100,000	0.875 %	-	530	100,530	
A11102	Due on 2032.02.18. Interests paid once a year	-	-	300,000	0.625 %	-	(4,200)	295,800	95.17% of securities serving
	Subtotal			<u>600,000</u>		<u>-</u>	<u>13,767</u>	<u>613,767</u>	
Corporate Bonds:									
B99401	Cumulative without due date	-	-	300,000	3.500 %	(157)	-	299,843	
B99002	"	-	-	80,000	3.800 %	(65)	-	79,935	
B99202	"	-	-	170,000	3.700 %	(526)	-	169,474	
B99701	"	-	-	200,000	3.450 %	(105)	-	199,895	
B99403	"	-	-	100,000	3.300 %	(52)	-	99,948	
B99003	"	-	-	100,000	3.500 %	(82)	-	99,918	
B50177	Due on 2028.07.27. Interests paid once a year	-	-	100,000	1.670 %	(170)	-	99,830	
B618DT	Due on 2029.03.15. Interests paid once a year	-	-	100,000	1.640 %	(44)	-	99,956	
B99412	Due on 2035.04.29. Interests paid once a year	-	-	200,000	3.750 %	(106)	-	199,894	
B903CI	Due on 2032.06.16. Interests paid once a year	-	-	100,000	1.950 %	(44)	-	99,956	
	Subtotal			<u>1,450,000</u>		<u>(1,351)</u>	<u>-</u>	<u>1,448,649</u>	
Financial Bonds:									
G15999	Debenture Bonds, non-cumulative without due date	-	-	100,000	2.360 %	(52)	-	99,948	
G189AS	"	-	-	200,000	1.950 %	(104)	-	199,896	
G12442	"	-	-	300,000	2.500 %	(156)	-	299,844	
G189AW	"	-	-	200,000	3.000 %	(104)	-	199,896	
G12443	"	-	-	300,000	3.000 %	(156)	-	299,844	
G10171	"	-	-	200,000	3.250 %	(162)	-	199,838	
G11848	"	-	-	350,000	3.200 %	(180)	-	349,820	
G11478	"	-	-	300,000	3.450 %	(157)	-	299,843	
G110B2	Due on 2026.09.26. Interests paid once a year	-	-	50,000	1.730 %	(34)	-	49,966	
G139AP	Due on 2032.09.18. Interests paid once a year	-	-	200,000	2.350 %	(266)	-	199,734	
	Subtotal			<u>2,200,000</u>		<u>(1,371)</u>	<u>-</u>	<u>2,198,629</u>	
Less: Providing guarantees secured by pledged deposits, including business commencement guarantees and litigation guarantees.				<u>(335,500)</u>			<u>(4,735)</u>	<u>(340,235)</u>	
Total				<u>\$ 3,914,500</u>		<u>(2,722)</u>	<u>9,032</u>	<u>3,920,810</u>	

**Union Insurance Co., LTD.**  
**Statement of other financial assets**  
**December 31, 2025**  
**(Expressed in thousands of New Taiwan Dollars)**

<u>Items</u>	<u>Description</u>	<u>Amount</u>	<u>Note</u>
Time deposit – initial maturity date over than three months		\$ <u><u>3,471,900</u></u>	

**Statement of changes in right-of-use assets**

<u>Item</u>	<u>Beginning Balance</u>	<u>Increased</u>	<u>Decreased</u>	<u>Ending Balance</u>	<u>Note</u>
Buildings and constructions	\$ 26,427	20,134	19,506	27,055	
Transportation equipment	11,634	3,359	4,652	10,341	
	<u>\$ 38,061</u>	<u>23,493</u>	<u>24,158</u>	<u>37,396</u>	

**Statement of changes in accumulated depreciation of right-of-use assets**

<u>Item</u>	<u>Beginning Balance</u>	<u>Increased</u>	<u>Decreased</u>	<u>Ending Balance</u>	<u>Note</u>
Buildings and constructions	\$ 19,009	12,339	18,976	12,372	
Transportation equipment	5,841	3,564	4,652	4,753	
	<u>\$ 24,850</u>	<u>15,903</u>	<u>23,628</u>	<u>17,125</u>	

**Union Insurance Co., LTD.**  
**Statement of changes in investment property**  
**For the year ended December 31, 2025**  
**(Expressed in thousands of New Taiwan Dollars)**

Items	Beginning Balance			Addition			Decrease			Ending Balance			Collateral pledge	Note
	Initial Recognition Amount	Accumulated Changes in Fair Value	Total	Initial Recognition Amount	Accumulated Changes in Fair Value	Total	Initial Recognition Amount	Accumulated Changes in Fair Value	Total	Initial Recognition Amount	Accumulated Changes in Fair Value	Total		
Land and improvement	\$ 754,383	-	754,383	-	-	-	-	-	-	754,383	-	754,383	None	
Buildings and constructions	226,645	-	226,645	-	-	-	-	-	-	226,645	-	226,645	"	
<b>Total</b>	<b>\$ 981,028</b>	<b>-</b>	<b>981,028</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>981,028</b>	<b>-</b>	<b>981,028</b>		

**Union Insurance Co., LTD.**

**Statement of changes in accumulated depreciation of investment property**

**For the year ended December 31, 2025**

**(Expressed in thousands of New Taiwan Dollars)**

<u>Items</u>	<u>Beginning Balance</u>	<u>Addition</u>		<u>Decrease</u>		<u>Ending Balance</u>	<u>Note</u>
		<u>Provision</u>	<u>Reclassification</u>	<u>Sold and Scrap</u>	<u>Reclassification</u>		
Buildings and constructions	\$ <u><u>104,028</u></u>	<u><u>4,794</u></u>	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>108,822</u></u>	

Note: Provision depreciated by using the straight-line method over useful life of 20 to 61 years.

**Union Insurance Co., LTD.**

**Statement of changes in accumulated impairment of  
investment property**

**For the year ended December 31, 2025**

**(Expressed in thousands of New Taiwan Dollars)**

<b>Items</b>	<b>Beginning Balance</b>	<b>Addition</b>	<b>Decrease</b>	<b>Ending Balance</b>	<b>Note</b>
Land and improvement	\$ 12,709	-	-	12,709	
Buildings and constructions	1,958	-	-	1,958	
Total	<u>\$ 14,667</u>	<u>-</u>	<u>-</u>	<u>14,667</u>	

**Union Insurance Co., LTD.**  
**Statement of claims and payments recoverable from**  
**reinsurers**  
**December 31, 2025**  
**(Expressed in thousands of New Taiwan Dollars)**

<u>Items</u>	<u>Description</u>	<u>Amount</u>	<u>Note</u>
Yearly renewable term commercial fire insurance		\$ 8,066	
Domestic transportation insurance		363	
Marine cargo insurance		495	
Personal automobile physical damage insurance		64,887	
Commercial automobile physical damage insurance		2,727	
Personal automobile liability insurance		22,663	
Commercial automobile liability insurance		7,519	
Compulsory personal automobile liability insurance		17,174	
Compulsory commercial automobile liability insurance		3,572	
Compulsory motorcycle liability insurance		10,847	
Compulsory mini electric twowheel vehicle liability insurance		34	
General liability insurance		13,390	
Professional indemnity insurance		430	
Engineering insurance		7,014	
Surety insurance		(122)	
Credit insurance		(327)	
Other property insurance		14	
Accident insurance		6,023	
Commercial earthquake insurance		14,706	
Personal all risks insurance		5,372	
Typhoon and flood insurance		3,547	
Health insurance		113	
Overdue claims recoverable from reinsurers		173	
<b>Total</b>		<b>\$ <u>188,680</u></b>	

**Union Insurance Co., LTD.**  
**Statement of due from and due to reinsurers and**  
**ceding companies**  
**December 31, 2025**  
**(Expressed in thousands of New Taiwan Dollars)**

<u>Description</u>	<u>Debit</u>	<u>Description</u>	<u>Credit</u>	<u>Note</u>
Marsh Ltd., Taiwan Branch	\$ 755,016	Taiwan Residential Earthquake Insurance Fund	19,289	
Lockton Companies (Taiwan) Limited	62,445	TW Insurance Brokers Ltd.	11,293	
Gallagher Insurance Brokers Taiwan	58,520	Aon Taiwan Ltd.	11,094	
	-	Arthur J. Gallagher (UK) Limited	9,816	
	-	Enrich Insurance Broker Co., Ltd.	5,114	
	-	W&H Insurance Broker Co.,Ltd	4,621	
Foreign exchange gains (losses) and others	58,967	Foreign exchange gains (losses) and others	17,234	Each item amount is less than 5% of account balance
Subtotal	<u>934,948</u>	Subtotal	<u>78,461</u>	
Reinsurance receivable	57,923	Reinsurance payable	644,022	
Reinsurance commission receivable	204,416	Reinsurance commission payable	297	
Overdue from ceding companies	<u>1,136</u>			
Total (net)	<u>\$ 1,198,423</u>		<u>722,780</u>	

**Union Insurance Co., LTD.**  
**Statement of change in property and equipment**  
**For the year ended December 31, 2025**  
**(Expressed in thousands of New Taiwan Dollars)**

<b>Items</b>	<b>Beginning Balance</b>	<b>Addition</b>		<b>Decrease</b>		<b>Ending Balance</b>	<b>Collateral or pledge</b>	<b>Note</b>
		<b>Purchase</b>	<b>Reclassification</b>	<b>Sold and Scrap</b>	<b>Reclassification</b>			
Land	\$ 1,116,493	-	-	(5,351)	-	1,111,142	None	
Buildings and constructions	539,357	8,201	-	(36)	-	547,522	"	
Computer equipment	215,117	37,067	-	(6,847)	-	245,337	"	
Transportation equipment	579	-	-	-	-	579	"	
Other equipment	58,918	5,970	-	(1,970)	-	62,918	"	
Leasehold improvements	8,091	1,541	-	-	-	9,632	"	
<b>Total</b>	<b>\$ 1,938,555</b>	<b>52,779</b>	<b>-</b>	<b>(14,204)</b>	<b>-</b>	<b>1,977,130</b>		

**Union Insurance Co., LTD.**

**Statement of changes in accumulated depreciation of property and equipment**

**For the year ended December 31, 2025**

**(Expressed in thousands of New Taiwan Dollars)**

<u>Items</u>	<u>Beginning Balance</u>	<u>Addition</u>		<u>Decrease</u>		<u>Ending Balance</u>	<u>Note</u>
		<u>Provision</u>	<u>Reclassification</u>	<u>Sold and Scrap</u>	<u>Reclassification</u>		
Buildings and constructions	\$ 207,582	17,559	-	(22)	-	225,119	Note
Computer equipment	174,867	18,135	-	(6,847)	-	186,155	"
Transportation equipment	579	-	-	-	-	579	"
Other equipment	49,179	4,292	-	(1,970)	-	51,501	"
Leasehold improvements	2,381	1,836	-	-	-	4,217	"
<b>Total</b>	<b>\$ 434,588</b>	<b>41,822</b>	<b>-</b>	<b>(8,839)</b>	<b>-</b>	<b>467,571</b>	

Note: Both buildings and structures and miscellaneous equipment are depreciated by using the straight line method over useful life of 20 to 61 years and 3 to 9 years, respectively.

**Union Insurance Co., LTD.**  
**Statement of changes in accumulated impairment of**  
**property and equipment**  
**For the year ended December 31, 2025**  
**(Expressed in thousands of New Taiwan Dollars)**

<u>Items</u>	<u>Beginning Balance</u>	<u>Addition</u>	<u>Decrease</u>	<u>Reclassification</u>	<u>Ending Balance</u>	<u>Note</u>
Land	\$ 15,196	-	-	-	15,196	
Buildings and constructions	1,945	-	-	-	1,945	
Total	<u>\$ 17,141</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>17,141</u>	

**Statement of changes in intangible assets**

<u>Items</u>	<u>Beginning Balance</u>	<u>Addition</u>	<u>Decrease</u>	<u>Reclassification</u>	<u>Note</u>
Computer software	\$ 174,117	5,225	(40,148)	139,194	Note 1, 2
Golf club card	32,800	-	(2,496)	30,304	Note 3, 4
Other intangible assets - others	7,052	-	(2,072)	4,980	Note 5
Total	<u>\$ 213,969</u>	<u>5,225</u>	<u>(44,716)</u>	<u>174,478</u>	

Note 1: Cost of computer software is amortized by straight line method over useful life of 3 to 12 years.

Note 2: The increase of \$5,224 is addition and transfer from prepayments. The decrease of \$40,148 is amortization expense.

Note 3: The decrease of \$2,496 is amortization expense.

Note 4: Cost of golf club card is amortized by using the straight line method over useful life of 10 to 20 years.

Note 5: In accordance with IFRS 4, the intangible asset recognized was the difference from the fair value of the contractual insurance rights acquired and insurance obligations assumed to a liability measured in accordance with the insurer's accounting policies for insurance contracts that it issues. The subsequent measurement of this asset shall be consistent with the measurement of the related insurance liability.

**Union Insurance Co., LTD.**  
**Statement of other assets**  
**December 31, 2025**  
**(Expressed in thousands of New Taiwan Dollars)**

<u>Items</u>	<u>Description</u>	<u>Amount</u>	<u>Note</u>
Guarantee deposits	Operation	\$ 331,503	
	Performance bond	36,727	
	Membership	49,748	
	Others	5,429	Each item amount is less than 5% of account balance.
Subtotal	<u>423,407</u>		
Guarantee deposits - overdue payments		20,000	
Less: Allowance for guarantee deposits - overdue payments		(20,000)	
	Subtotal	<u>-</u>	
Suspense payment		9,134	
Others		18,638	Each item amount is less than 5% of account balance.
		<u>451,179</u>	
Total		<u>\$ 451,179</u>	

**Union Insurance Co., LTD.**  
**Statement of insurance and reinsurance indemnity**  
**payables**  
**December 31, 2025**  
**(Expressed in thousands of New Taiwan Dollars)**

<u>Items</u>	<u>Description</u>	<u>Amount</u>
Yearly renewable term commercial fire insurance	\$	110
Personal automobile physical damage insurance		4,883
Commercial automobile physical damage insurance		200
Personal automobile liability insurance		2,352
Commercial automobile liability insurance		617
Compulsory personal automobile liability insurance		1,494
Compulsory commercial automobile liability insurance		3
Compulsory motorcycle liability insurance		61
General liability insurance		197
Engineering insurance		4
Other Property Insurance		74
Accident insurance		663
Personal all risks insurance		280
Commercial all risks insurance		19
Health insurance		130
Total	<u>\$</u>	<u><b>11,087</b></u>

Note: All of the above are direct businesses.

**Union Insurance Co., LTD.**  
**Statement of other payables**  
**December 31, 2025**  
**(Expressed in thousands of New Taiwan Dollars)**

<u>Items</u>	<u>Description</u>	<u>Amount</u>	<u>Note</u>
Accrued expenses	Salary compensation and year-end bonus	\$ 354,851	
	Others	40,808	Each item amount is less than 5% of account balance.
	Subtotal	<u>395,659</u>	
Accrued taxes		52,014	
	External investment management fee	25,768	
Other		<u>41,097</u>	
Total		<u><u>\$ 514,538</u></u>	

## Union Insurance Co., LTD.

## Statement of changes in unearned premium reserve

For the year ended December 31, 2025

(Expressed in thousands of New Taiwan Dollars)

Total:

Insurance	Beginning Balance	Net Change	Other Change	Ending Balance	Note
Yearly renewable term dwelling fire insurance	\$ 74,465	(2,909)	-	71,556	
Long-term dwelling fire insurance	37,566	(10,184)	-	27,382	
Yearly renewable term commercial fire insurance	457,631	(8,684)	-	448,947	
Long-term commercial fire insurance	193	(41)	-	152	
Domestic transportation insurance	1,212	9,807	-	11,019	
Marine cargo insurance	71,700	20,800	-	92,500	
Hull insurance	12,516	(9,325)	-	3,191	
Fishing vessel insurance	12,823	331	-	13,154	
Aviation insurance	32,039	(4,900)	-	27,139	
Personal automobile physical damage insurance	1,714,340	5,652	-	1,719,992	
Commercial automobile physical damage insurance	84,085	(7,023)	-	77,062	
Personal automobile liability insurance	1,256,645	38,829	-	1,295,474	
Commercial automobile liability insurance	318,733	(1,806)	-	316,927	
Compulsory personal automobile liability insurance	316,020	(6,610)	-	309,410	
Compulsory commercial automobile liability insurance	66,103	(1,360)	-	64,743	
Compulsory motorcycle liability insurance	126,458	(2,688)	-	123,770	
General liability insurance	259,216	25,684	-	284,900	
Professional indemnity insurance	36,463	27,392	-	63,855	
Engineering insurance	1,085,065	129,840	-	1,214,905	
Nuclear risks insurance	3,521	(1,078)	-	2,443	
Surety insurance	12,399	6,936	-	19,335	
Other property insurance	18,843	2,887	-	21,730	
Accident insurance	367,369	8,556	-	375,925	
Commercial earthquake insurance	149,030	10,463	-	159,493	
Personal all risks insurance	35,882	4,625	-	40,507	
Commercial all risks insurance	-	23	-	23	
Typhoon and flood insurance	201,137	(21,561)	-	179,576	
Policy-oriented earthquake insurance	158,711	(3,955)	-	154,756	
Yearly health insurance	10,895	821	-	11,716	
Compulsory mini electric two-wheel vehicle liability insurance	3,942	248	-	4,190	
Overseas ceded-in reinsurance	1,561	336	-	1,897	
<b>Total</b>	<b>\$ 6,926,563</b>	<b>211,106</b>	<b>-</b>	<b>7,137,669</b>	

**Overseas Ceded-in Reinsurance**

Insurance	Beginning Balance	Net Change	Other Change	Ending Balance	Note
Fire insurance	\$ 228	453	-	681	
Marine cargo insurance	-	1,216	-	1,216	
Hull insurance	311	(311)	-	-	
Other liability insurance	1,022	(1,022)	-	-	
<b>Total</b>	<b>\$ 1,561</b>	<b>336</b>	<b>-</b>	<b>1,897</b>	

## Union Insurance Co., LTD.

## Statement of changes in unearned premium reserve

For the year ended December 31, 2025

(Expressed in thousands of New Taiwan Dollars)

Ceded-out:

Insurance	Beginning Balance	Net Change	Other Change	Ending Balance	Note
Long-term dwelling fire insurance	\$ 18,732	(4,642)	-	14,090	
Yearly renewable term commercial fire insurance	297,233	(17,582)	-	279,651	
Long-term commercial fire insurance	41	(7)	-	34	
Domestic transportation insurance	121	981	-	1,102	
Marine cargo insurance	59,128	12,299	-	71,427	
Hull insurance	12,516	(9,407)	-	3,109	
Fishing vessel insurance	11,188	(233)	-	10,955	
Aviation insurance	31,795	(4,656)	-	27,139	
Personal automobile physical damage insurance	250,464	8,327	-	258,791	
Commercial automobile physical damage insurance	8,383	(2,816)	-	5,567	
Personal automobile liability insurance	128,706	(25,192)	-	103,514	
Commercial automobile liability insurance	31,658	(9,748)	-	21,910	
Compulsory personal automobile liability insurance	132,287	(2,604)	-	129,683	
Compulsory commercial automobile liability insurance	29,245	(486)	-	28,759	
Compulsory motorcycle liability insurance	45,041	(1,304)	-	43,737	
General liability insurance	75,208	2,346	-	77,554	
Professional indemnity insurance	10,873	762	-	11,635	
Engineering insurance	526,354	84,782	-	611,136	
Surety insurance	6,311	5,524	-	11,835	
Other property insurance	3,654	2,519	-	6,173	
Accident insurance	28,165	201	-	28,366	
Commercial earthquake insurance	82,740	3,725	-	86,465	
Personal all risks insurance	10,488	1,389	-	11,877	
Commercial all risks insurance	-	4	-	4	
Typhoon and flood insurance	130,864	(23,769)	-	107,095	
Policy-oriented earthquake insurance	135,928	(4,353)	-	131,575	
Yearly Health insurance	4	2	-	6	
Compulsory mini electric two-wheel vehicle liability insurance	1,824	(116)	-	1,708	
Overseas ceded-in reinsurance	658	(658)	-	-	
<b>Total</b>	<b>\$ 2,069,609</b>	<b>15,288</b>	<b>-</b>	<b>2,084,897</b>	
<b><u>Overseas Ceded-in Reinsurance</u></b>					
Insurance	Beginning Balance	Net Change	Other Change	Ending Balance	Note
Hull insurance	\$ 311	(311)	-	-	
Other liability insurance	347	(347)	-	-	
<b>Total</b>	<b>\$ 658</b>	<b>(658)</b>	<b>-</b>	<b>-</b>	

**Union Insurance Co., LTD.**

**Statement of changes in loss reserve**

**For the year ended December 31, 2025**

**(Expressed in thousands of New Taiwan Dollars)**

Total:

<b>Insurance</b>	<b>Beginning Balance</b>	<b>Net Change</b>	<b>Other Change</b>	<b>Ending Balance</b>	<b>Note</b>
Yearly renewable term dwelling fire insurance	\$ 40,437	1,258	-	41,695	
Long-term dwelling fire insurance	26	(5)	-	21	
Yearly renewable term commercial fire insurance	748,166	207,478	-	955,644	
Long-term commercial fire insurance	2	(2)	-	-	
Domestic transportation insurance	7,627	237	-	7,864	
Marine cargo insurance	53,741	79	-	53,820	
Hull insurance	73,968	(30,367)	-	43,601	
Fishing vessel insurance	8,910	5,854	-	14,764	
Aviation insurance	20,933	(3,617)	-	17,316	
Personal automobile physical damage insurance	478,280	(9,732)	-	468,548	
Commercial automobile physical damage insurance	69,844	(793)	-	69,051	
Personal automobile liability insurance	1,131,569	111,602	-	1,243,171	
Commercial automobile liability insurance	425,227	34,386	-	459,613	
Compulsory personal automobile liability insurance	542,928	(41,732)	-	501,196	
Compulsory commercial automobile liability insurance	103,518	(1,360)	-	102,158	
Compulsory motorcycle liability insurance	162,046	4,675	-	166,721	
Compulsory mini electric two-wheel vehicle liability insurance	1,737	422	-	2,159	
General liability insurance	258,885	59,659	-	318,544	
Professional indemnity insurance	12,231	(1,994)	-	10,237	
Engineering insurance	726,494	1,325,063	-	2,051,557	
Nuclear risks insurance	1,129	391	-	1,520	
Surety insurance	36,695	2,768	-	39,463	
Other property insurance	11,694	521	-	12,215	
Accident insurance	339,546	115,070	-	454,616	
Commercial earthquake insurance	763,125	(561,887)	-	201,238	
Personal all risks insurance	26,100	20,429	-	46,529	
Commercial all risks insurance	-	1	-	1	
Typhoon and flood insurance	187,515	25,714	-	213,229	
Policy-Oriented Earthquake Insurance	226	(133)	-	93	
Health insurance	17,384	24,878	-	42,262	
Overseas ceded-in reinsurance	7,881	(529)	-	7,352	
<b>Total</b>	<b>\$ 6,257,864</b>	<b>1,288,334</b>	<b>-</b>	<b>7,546,198</b>	

**Overseas Ceded-in Reinsurance**

<b>Insurance</b>	<b>Beginning Balance</b>	<b>Net Change</b>	<b>Other Change</b>	<b>Ending Balance</b>	<b>Note</b>
Fire insurance	\$ 2,343	(10)	-	2,333	
Marine cargo insurance	92	3	-	95	
Hull insurance	761	70	-	831	
Automobile insurance	41	(4)	-	37	
Engineering insurance	113	23	-	136	
Aviation insurance	829	(200)	-	629	
Other liability insurance	3,702	(411)	-	3,291	
<b>Total</b>	<b>\$ 7,881</b>	<b>(529)</b>	<b>-</b>	<b>7,352</b>	

## Union Insurance Co., LTD.

## Statement of changes in loss reserve

For the year ended December 31, 2025

(Expressed in thousands of New Taiwan Dollars)

Ceded-out:

Insurance	Beginning Balance	Net Change	Other Change	Ending Balance	Note
Long-term dwelling fire insurance	\$ 9	(4)	-	5	
Yearly renewable term commercial fire insurance	482,887	126,834	-	609,721	
Domestic transportation insurance	704	43	-	747	
Marine cargo insurance	20,452	(589)	-	19,863	
Hull insurance	71,426	(29,532)	-	41,894	
Fishing vessel insurance	6,435	4,717	-	11,152	
Aviation insurance	16,736	(2,657)	-	14,079	
Personal automobile physical damage insurance	73,088	(14,189)	-	58,899	
Commercial automobile physical damage insurance	8,545	(806)	-	7,739	
Personal automobile liability insurance	121,531	(10,231)	-	111,300	
Commercial automobile liability insurance	41,609	(781)	-	40,828	
Compulsory personal automobile liability insurance	237,003	(24,833)	-	212,170	
Compulsory commercial automobile liability insurance	45,814	(672)	-	45,142	
Compulsory motorcycle liability insurance	58,218	3,319	-	61,537	
Compulsory mini electric two-wheel vehicle liability insurance	788	6	-	794	
General liability insurance	81,305	16,556	-	97,861	
Professional indemnity insurance	2,385	(322)	-	2,063	
Engineering insurance	435,068	1,091,045	-	1,526,113	
Surety insurance	13,588	2,245	-	15,833	
Other property insurance	4,185	(44)	-	4,141	
Accident insurance	59,459	6,576	-	66,035	
Commercial earthquake insurance	729,560	(555,832)	-	173,728	
Personal all risks insurance	2,413	1,858	-	4,271	
Typhoon and flood insurance	70,707	59,524	-	130,231	
Health insurance	3,457	1,439	-	4,896	
Overseas Ceded-in Reinsurance Assumed	62	-	-	62	
<b>Total</b>	<b>\$ 2,587,434</b>	<b>673,670</b>	<b>-</b>	<b>3,261,104</b>	

**Overseas Ceded-in Reinsurance Assumed**

Insurance	Beginning Balance	Net Change	Other Change	Ending Balance	Note
Fire insurance	\$ 62	-	-	62	

**Union Insurance Co., LTD.**  
**Statement of changes in special reserves**  
**For the year ended December 31, 2025**  
**(Expressed in thousands of New Taiwan Dollars)**

<u>Items</u>	<u>Beginning Balance</u>	<u>Net Change</u>	<u>Other Change</u>	<u>Ending Balance</u>	<u>Note</u>
Compulsory personal automobile liability insurance	\$ 265,901	80,913	-	346,814	
Compulsory commercial automobile liability insurance	(436,234)	2,882	-	(433,352)	
Compulsory motorcycle liability insurance	345,763	16,486	-	362,249	
Compulsory mini electric two-wheel vehicle liability insurance	705	687	-	1,392	
Nuclear risks insurance	82,796	-	-	82,796	
Commercial earthquake insurance	391,572	(43,067)	-	348,505	
Typhoon and flood insurance	123,437	(11,998)	-	111,439	
Policy-oriented earthquake insurance	127,111	-	-	127,111	
Others(Note)	<u>4,156</u>	<u>-</u>	<u>-</u>	<u>4,156</u>	
<b>Total</b>	<b>\$ <u>905,207</u></b>	<b><u>45,903</u></b>	<b><u>-</u></b>	<b><u>951,110</u></b>	

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

## Union Insurance Co., LTD.

Statement of changes in special reserves (special reserves for  
catastrophic event and fluctuation of risk)

For the year ended December 31, 2025

(Expressed in thousands of New Taiwan Dollars)

Items	Beginning Balance	Provision	Recovery	Ending Balance	Note
Yearly renewable term dwelling fire insurance	\$ 91,181	9,249	(6,004)	94,426	
Long-term dwelling fire insurance	7,215	466	(375)	7,306	
Yearly renewable term commercial fire insurance	110,152	11,966	(5,870)	116,248	
Long-term commercial fire insurance	1,099	5	-	1,104	
Domestic transportation insurance	16,761	981	(4,733)	13,009	
Marine cargo insurance	110,533	10,936	(1,771)	119,698	
Hull insurance	8,244	34	-	8,278	
Fishing vessel insurance	8,385	315	(440)	8,260	
Aviation insurance	2,912	204	-	3,116	
Personal automobile physical damage insurance	651,019	64,014	-	715,033	
Commercial automobile physical damage insurance	8,320	1,119	-	9,439	
Personal automobile liability insurance	262,002	50,418	-	312,420	
Commercial automobile liability insurance	40,946	5,115	-	46,061	
General liability insurance	241,938	49,379	-	291,317	
Professional indemnity insurance	7,318	1,698	-	9,016	
Engineering insurance	189,054	14,427	-	203,481	
Nuclear risks insurance	49,270	2,841	-	52,111	
Surety insurance	11,289	2,580	-	13,869	
Credit insurance	719	16	(16)	719	
Other property insurance	23,848	1,717	-	25,565	
Accident insurance	371,439	43,326	(14,454)	400,311	
Commercial earthquake insurance	424,924	46,327	-	471,251	
Personal all risks insurance	3,691	1,067	-	4,758	
Commercial all risks insurance	8,906	-	-	8,906	
Typhoon and flood insurance	330,724	63,132	-	393,856	
Policy-oriented earthquake insurance	313,109	34,615	-	347,724	
Yearly health insurance	21,132	17,688	-	38,820	
Overseas ceded-in reinsurance	13,903	484	(301)	14,086	
<b>Total</b>	<b>\$ 3,330,033</b>	<b>434,119</b>	<b>(33,964)</b>	<b>3,730,188</b>	

**Overseas Ceded-in Reinsurance**

Items	Beginning Balance	Provision	Recovery	Ending Balance	Note
Fire insurance	\$ 6,911	308	(110)	7,109	
Marine cargo insurance	578	29	-	607	
Hull insurance	1,691	-	-	1,691	
Fishing vessel insurance	1	-	-	1	
Automobile insurance	166	-	(1)	165	
Engineering insurance	600	-	-	600	
Aviation insurance	979	33	(33)	979	
Other property insurance	59	-	-	59	
Other liability insurance	2,918	114	(157)	2,875	
<b>Total</b>	<b>\$ 13,903</b>	<b>484</b>	<b>(301)</b>	<b>14,086</b>	

**Union Insurance Co., LTD.****Statement of changes in special reserves (special reserves for  
travel insurance)****For the year ended December 31, 2025****(Expressed in thousands of New Taiwan Dollars)**

<b>Items</b>	<b>Beginning Balance</b>	<b>Provision</b>	<b>Recovery</b>	<b>Ending Balance</b>
Accident insurance	<u>\$ 36,119</u>	<u>19,985</u>	<u>-</u>	<u>56,104</u>

## Union Insurance Co., LTD.

## Calculation of special reserves (special reserves for catastrophic event and fluctuation of risk) allocated

For the year ended December 31, 2025

(Expressed in thousands of New Taiwan Dollars)

Insurance	Retained Earned premium	Expected Claim		Retained Claim payment	Special Reserve Provision				
		Expected Probability of Loss	Expected Claim Amount		Provision Rate	Standard Provision	Less than Expected Claim Provision	Effects of Income Tax	Total Provision
Yearly renewable term dwelling fire insurance	\$ 137,871	55.77 %	76,885	27,384	3.00 %	4,136	7,425	(2,312)	9,249
Long-term dwelling fire insurance	5,485	70.40 %	3,862	346	1.00 %	55	527	(116)	466
Yearly renewable term commercial fire insurance	299,150	60.23 %	180,188	210,389	5.00 %	14,957	-	(2,991)	11,966
Long-term commercial fire insurance	34	74.00 %	25	(1)	5.00 %	2	4	(1)	5
Domestic transportation insurance	14,566	60.80 %	8,856	3,592	3.00 %	437	790	(246)	981
Marine cargo insurance	102,488	60.78 %	62,292	5,320	5.00 %	5,124	8,546	(2,734)	10,936
Hull insurance	243	68.40 %	166	(33)	5.00 %	12	30	(8)	34
Fishing vessel insurance	3,744	69.40 %	2,599	1,222	5.00 %	187	207	(79)	315
Aviation insurance	837	72.30 %	605	(702)	7.00 %	59	196	(51)	204
Personal automobile physical damage insurance	2,874,360	65.85 %	1,892,690	1,550,864	1.00 %	28,744	51,274	(16,004)	64,014
Commercial automobile physical damage insurance	139,943	65.03 %	91,007	92,927	1.00 %	1,399	-	(280)	1,119
Personal automobile liability insurance	2,212,171	65.68 %	1,452,992	1,180,321	1.00 %	22,122	40,900	(12,604)	50,418
Commercial automobile liability insurance	566,482	65.03 %	368,403	363,542	1.00 %	5,665	729	(1,279)	5,115
General liability insurance	868,938	73.09 %	635,097	281,535	1.00 %	8,690	53,034	(12,345)	49,379
Professional indemnity insurance	22,189	67.30 %	14,933	2,267	1.00 %	222	1,900	(424)	1,698
Engineering insurance	360,677	59.30 %	213,882	273,564	5.00 %	18,034	-	(3,607)	14,427
Nuclear risks insurance	7,103	- %	-	-	- %	-	3,551	(710)	2,841
Surety insurance	25,345	73.22 %	18,558	2,121	3.00 %	760	2,465	(645)	2,580
Credit insurance	-	66.30 %	-	(133)	3.00 %	-	20	(4)	16
Other property insurance	44,502	66.30 %	29,505	24,090	3.00 %	1,335	812	(430)	1,717
Accident insurance	993,368	71.78 %	713,016	449,242	1.47 %	14,591	39,566	(10,831)	43,326
Commercial earthquake insurance	136,173	61.35 %	83,540	19,038	7.00 %	9,532	48,377	(11,582)	46,327
Personal all risks insurance	133,359	68.30 %	91,084	123,344	1.00 %	1,334	-	(267)	1,067
Commercial all risks insurance	3	72.87 %	2	1	3.00 %	-	-	-	-
Typhoon and flood insurance	132,705	61.73 %	81,922	(10,913)	7.00 %	9,289	69,626	(15,783)	63,132
Policy-oriented earthquake insurance	43,132	- %	-	-	- %	-	43,269	(8,654)	34,615
Yearly Health insurance	186,667	81.91 %	152,905	42,840	3.00 %	5,600	16,510	(4,422)	17,688
Overseas ceded-in reinsurance	3,570		2,270	(561)		157	447	(120)	484
	<u>\$ 9,315,105</u>		<u>6,177,284</u>	<u>4,641,606</u>		<u>152,443</u>	<u>390,205</u>	<u>(108,529)</u>	<u>434,119</u>

Overseas Ceded-in Reinsurance

Insurance	Retained Earned premium	Expected Claim		Retained Claim Payment	Special Reserve Provision				
		Expected Probability of Loss	Expected Claim Amount		Provision Rate	Standard Provision	Less than Expected Claim Provision	Effects of Income Tax	Total Provision
Fire insurance	\$ 2,753	60.23 %	1,658	6	5.00 %	137	248	(77)	308
Marine cargo insurance	259	60.78 %	157	3	5.00 %	13	23	(7)	29
Hull insurance	-	68.40 %	-	84	5.00 %	-	-	-	-
Fishing vessel insurance	-	69.40 %	-	-	5.00 %	-	-	-	-
Automobile insurance	(118)	65.85 %	-	41	1.00 %	-	-	-	-
Engineering insurance	-	59.30 %	-	22	5.00 %	-	-	-	-
Aviation insurance	-	72.30 %	-	(273)	7.00 %	-	41	(8)	33
Other property insurance	-	66.30 %	-	-	3.00 %	-	-	-	-
Other liability insurance	676	67.30 %	455	(444)	1.00 %	7	135	(28)	114
	<u>\$ 3,570</u>		<u>2,270</u>	<u>(561)</u>		<u>157</u>	<u>447</u>	<u>(120)</u>	<u>484</u>

## Union Insurance Co., LTD.

## Calculation of special reserves (special reserves for catastrophic event and fluctuation of risk) recovered

For the year ended December 31, 2025

(Expressed in thousands of New Taiwan Dollars)

Insurance	Previous Accumulated Special Reserve	Previous Accumulated Special Reserve added Provision	Special Reserve Recovery			Effects of Income Tax	Total Recoverable amount	Accumulated Special Reserve
			More than Expected Claim Recovery	More than Retained Earned Premium Recovery	Special Reserve Recovered for Serious Accident			
Yearly renewable term dwelling fire insurance	\$ 91,181	100,430	-	(7,505)	-	1,501	(6,004)	94,426
Long-term dwelling fire insurance	7,215	7,681	-	(469)	-	94	(375)	7,306
Yearly renewable term commercial fire insurance	110,152	122,118	(7,338)	-	-	1,468	(5,870)	116,248
Long-term commercial fire insurance	1,099	1,104	-	-	-	-	-	1,104
Domestic transportation insurance	16,761	17,742	-	(5,916)	-	1,183	(4,733)	13,009
Marine cargo insurance	110,533	121,469	-	(2,214)	-	443	(1,771)	119,698
Hull insurance	8,244	8,278	-	-	-	-	-	8,278
Fishing vessel insurance	8,385	8,700	-	(550)	-	110	(440)	8,260
Aviation insurance	2,912	3,116	-	-	-	-	-	3,116
Personal automobile physical damage insurance	651,019	715,033	-	-	-	-	-	715,033
Commercial automobile physical damage insurance	8,320	9,439	-	-	-	-	-	9,439
Personal automobile liability insurance	262,002	312,420	-	-	-	-	-	312,420
Commercial automobile liability insurance	40,946	46,061	-	-	-	-	-	46,061
General liability insurance	241,938	291,317	-	-	-	-	-	291,317
Professional indemnity insurance	7,318	9,016	-	-	-	-	-	9,016
Engineering insurance	189,054	203,481	-	-	-	-	-	203,481
Nuclear risks insurance	49,270	52,111	-	-	-	-	-	52,111
Surety insurance	11,289	13,869	-	-	-	-	-	13,869
Credit insurance	719	735	-	(20)	-	4	(16)	719
Other property insurance	23,848	25,565	-	-	-	-	-	25,565
Accident insurance	371,439	414,765	-	(18,068)	-	3,614	(14,454)	400,311
Commercial earthquake insurance	424,924	471,251	-	-	-	-	-	471,251
Personal all risks insurance	3,691	4,758	-	-	-	-	-	4,758
Commercial all risks insurance	8,906	8,906	-	-	-	-	-	8,906
Typhoon and flood insurance	330,724	393,856	-	-	-	-	-	393,856
Policy-oriented earthquake insurance	313,109	347,724	-	-	-	-	-	347,724
Yearly Health insurance	21,132	38,820	-	-	-	-	-	38,820
Overseas ceded-in reinsurance	13,903	14,387	-	(376)	-	75	(301)	14,086
	<b>\$ 3,330,033</b>	<b>3,764,152</b>	<b>(7,338)</b>	<b>(35,118)</b>	<b>-</b>	<b>8,492</b>	<b>(33,964)</b>	<b>3,730,188</b>

**Overseas Ceded-in Reinsurance**

Insurance	Previous Accumulated Special Reserve	Previous Accumulated Special Reserve added Provision	Special Reserve Recovery			Effects of Income Tax	Total Recovery	Accumulated Special Reserve
			More than Expected Claim Recovery	More than Retained Earned Premium Recovery	Special Reserve Recovered for Serious Accident			
Fire insurance	\$ 6,911	7,219	-	(138)	-	28	(110)	7,109
Marine cargo insurance	578	607	-	-	-	-	-	607
Hull insurance	1,691	1,691	-	-	-	-	-	1,691
Fishing vessel insurance	1	1	-	-	-	-	-	1
Automobile insurance	166	166	-	(1)	-	-	(1)	165
Engineering insurance	600	600	-	-	-	-	-	600
Aviation insurance	979	1,012	-	(41)	-	8	(33)	979
Other property insurance	59	59	-	-	-	-	-	59
Other liability insurance	2,918	3,032	-	(196)	-	39	(157)	2,875
	<b>\$ 13,903</b>	<b>14,387</b>	<b>-</b>	<b>(376)</b>	<b>-</b>	<b>75</b>	<b>(301)</b>	<b>14,086</b>

**Union Insurance Co., LTD.**  
**Statement of changes in premium deficiency reserve**  
**For the year ended December 31, 2025**  
**(Expressed in thousands of New Taiwan Dollars)**

Total:

<b>Insurance</b>	<b>Beginning Balance</b>	<b>Net Change</b>	<b>Other Change</b>	<b>Ending Balance</b>	<b>Note</b>
Hull insurance	\$ -	172	-	172	
Aviation insurance	87	(87)	-	-	
Engineering insurance	-	4,868	-	4,868	
Commercial earthquake insurance	8,024	(8,024)	-	-	
<b>Total</b>	<b>\$ 8,111</b>	<b>(3,071)</b>	<b>-</b>	<b>5,040</b>	

Ceded-out:

<b>Insurance</b>	<b>Beginning Balance</b>	<b>Net Change</b>	<b>Other Change</b>	<b>Ending Balance</b>	<b>Note</b>
Engineering insurance	\$ -	4,868	-	4,868	
Commercial earthquake insurance	8,024	(8,024)	-	-	
<b>Total</b>	<b>\$ 8,024</b>	<b>(3,156)</b>	<b>-</b>	<b>4,868</b>	

**Union Insurance Co., LTD.**  
**Statement of provisions**  
**December 31, 2025**  
**(Expressed in thousands of New Taiwan Dollars)**

<u>Items</u>	<u>Description</u>	<u>Amount</u>	<u>Note</u>
Provisions for employee benefits		\$ <u><u>42,069</u></u>	

**Statement of lease liabilities**

<u>Item</u>	<u>Description</u>	<u>Leasing Term</u>	<u>Discount Rate</u>	<u>Ending Balance</u>	<u>Note</u>
Buildings and constructions		2022.04.01~2028.04.30	1.80%~2.70%	\$ 14,735	
Transportation equipment		2022.01.25~2028.08.21	2.70%~3.18%	5,720	
				\$ <u><u>20,455</u></u>	

**Statement of deferred tax liabilities**

<u>Items</u>	<u>Description</u>	<u>Amount</u>	<u>Note</u>
Provisions for land value-added tax		\$ <u><u>62,700</u></u>	

**Union Insurance Co., LTD.**  
**Statement of other liabilities**  
**December 31, 2025**  
**(Expressed in thousands of New Taiwan Dollars)**

<u>Items</u>	<u>Description</u>	<u>Amount</u>	<u>Note</u>
Incomes collected in advance		\$ 1,387	
Premiums received in advance		1,452	
Guarantee deposits	Leasehold	11,953	
	Others	176	
Suspense receipts		<u>3,464</u>	
Total		<u><u>\$ 18,432</u></u>	

## Union Insurance Co., LTD.

## Statement of retained earned premium income

For the year ended December 31, 2025

(Expressed in thousands of New Taiwan Dollars)

Insurance	Written Premium	Reinsurance Premium	Reinsurance Expense	Retained Premium	Provision Method	Net Change in Unearned Premiums Reserve	Retained Earned Premium	Note
Yearly renewable term dwelling fire insurance	\$ 134,962	-	-	134,962	Note	(2,909)	137,871	
Long-term dwelling fire insurance	(21)	(41)	(5)	(57)	"	(3,470)	3,413	
Yearly renewable term commercial fire insurance	1,229,688	4,908	926,548	308,048	"	8,898	299,150	
Long-term commercial fire insurance	-	-	-	-	"	(34)	34	
Domestic transportation insurance	28,000	-	4,607	23,393	"	8,827	14,566	
Marine cargo insurance	287,322	2,563	178,895	110,990	"	8,502	102,488	
Hull insurance	13,663	-	13,338	325	"	82	243	
Fishing vessel insurance	29,749	15	25,457	4,307	"	563	3,744	
Aviation insurance	61,017	-	60,425	592	"	(245)	837	
Personal automobile physical Damage insurance	3,383,531	-	511,846	2,871,685	"	(2,674)	2,874,359	
Commercial automobile physical Damage insurance	146,395	-	10,659	135,736	"	(4,207)	139,943	
Personal automobile liability insurance	2,478,566	40	202,414	2,276,192	"	64,021	2,212,171	
Commercial automobile liability insurance	617,199	3	42,778	574,424	"	7,943	566,481	
General liability insurance	758,490	5,663	150,653	613,500	"	23,338	590,162	
Professional indemnity insurance	61,897	378	13,456	48,819	"	26,630	22,189	
Engineering insurance	1,020,437	15,288	629,990	405,735	"	45,058	360,677	
Surety insurance	46,114	3,170	22,895	26,389	"	1,412	24,977	
Other property insurance - casualty	34,268	-	7,622	26,646	"	539	26,107	
Other property insurance- automobile	10,283	-	-	10,283	"	(1,427)	11,710	
Other property insurance- accident	164	-	48	116	"	-	116	
Agricultural insurance	9,624	5,900	7,699	7,825	"	1,255	6,570	
Accident insurance	1,212,032	6,462	102,510	1,115,984	"	8,355	1,107,629	
Commercial earthquake insurance	439,335	1,537	297,961	142,911	"	6,738	136,173	
Personal all risks insurance	162,546	-	25,952	136,594	"	3,235	133,359	
Commercial all risks insurance	27	-	4	23	"	20	3	
Typhoon and flood insurance	447,006	1,457	313,550	134,913	"	2,208	132,705	
Health insurance	187,031	-	1,241	185,790	"	819	184,971	
Nuclear risks insurance	-	6,024	-	6,024	"	(1,078)	7,102	
Policy-oriented earthquake insurance	265,793	43,537	265,800	43,530	"	398	43,132	
Overseas ceded-in reinsurance — fire insurance	-	3,223	16	3,207	"	453	2,754	
Overseas ceded-in reinsurance — marine cargo insurance	-	1,475	-	1,475	"	1,216	259	
Overseas ceded-in reinsurance — automobile insurance	-	(118)	-	(118)	"	-	(118)	
Overseas ceded-in reinsurance — other liability insurance	-	-	-	-	"	(676)	676	
Compulsory personal automobile liability insurance	659,480	186,574	259,365	586,689	"	(4,005)	590,694	
Compulsory commercial automobile liability insurance	105,167	33,624	57,518	81,273	"	(874)	82,147	
Compulsory motorcycle liability insurance	147,056	72,011	64,754	154,313	"	(1,385)	155,698	
Compulsory mini electric two-wheel vehicle liability insurance	4,104	1,477	1,493	4,088	"	364	3,724	
<b>Total</b>	<b>\$ 13,980,925</b>	<b>395,170</b>	<b>4,199,489</b>	<b>10,176,606</b>		<b>197,890</b>	<b>9,978,716</b>	

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

**Union Insurance Co., LTD.**  
**Statement of interest income**  
**For the year ended December 31, 2025**  
**(Expressed in thousands of New Taiwan Dollars)**

<u>Items</u>	<u>Description</u>	<u>Amount</u>	<u>Note</u>
Government bonds, financial bonds, and corporate bonds		\$ 136,974	
Cash in banks		71,354	
Others	Imputed-interest for deposit	4,053	Each item amount is less than 5% of account balance.
Total		<u>\$ 212,381</u>	

**Statement of gain (loss) on financial assets and  
liabilities at fair value through profit or loss**

<u>Items</u>	<u>Description</u>	<u>Amount</u>	<u>Note</u>
Equity instrument	Realized gains (losses)	\$ 89,472	
	Valuation gains (losses)	(3,545)	
Liability instrument	Realized gains (losses)	(6,047)	
	Valuation gains (losses)	(8,003)	
		<u>\$ 71,877</u>	

**Union Insurance Co., LTD.**

**Statement of realized gain (loss) on financial assets  
at fair value through other comprehensive income**

**For the year ended December 31, 2025**

**(Expressed in thousands of New Taiwan Dollars)**

<b>Items</b>	<b>Amount</b>	<b>Note</b>
Equity instrument:		
Cash dividends	\$ 125,119	
Bonds instrument:		
Realized gain or loss	<u>6,085</u>	
Total	<u>\$ 131,204</u>	

**Statement of foreign exchange gain (loss)**

<b>Items</b>	<b>Description</b>	<b>Amount</b>	<b>Note</b>
Valuation for foreign currency deposits		<u>\$ (107,874)</u>	

**Statement of gain (loss) on investment property**

<b>Items</b>	<b>Amount</b>	<b>Note</b>
Rental revenue	\$ 50,053	
Depreciation expense	<u>(4,794)</u>	
Total	<u>\$ 45,259</u>	

**Union Insurance Co., LTD.**  
**Statement of expected credit loss and reversal on**  
**investment**  
**For the year ended December 31, 2025**  
**(Expressed in thousands of New Taiwan Dollars)**

<u>Items</u>	<u>Impairment Losses</u>	<u>Reversal of Impairment Losses</u>	<u>Note</u>
Financial bonds	\$ 421	32	
Corporate bonds	-	1,153	
	<u>\$ 421</u>	<u>1,185</u>	

**Statement of other operating income or cost**

<u>Items</u>	<u>Description</u>	<u>Amount</u>	<u>Note</u>
Income:			
Exchange gains — non-investment		\$ 32,100	
Total		<u>\$ 32,100</u>	
Costs:			
Exchange losses — non-investment		\$ 49,999	
Reserve for industry stability fund		26,426	
Others		<u>53</u>	
Total		<u>\$ 76,478</u>	

## Union Insurance Co., LTD.

## Statement of retained claims payments

For the year ended December 31, 2025

(Expressed in thousands of New Taiwan Dollars)

Insurance	Claim(included related expense)	Reinsurance claim	Claims recovery from reinsurers	Retained claim payment	Note
Yearly renewable term dwelling fire insurance	\$ 26,138	-	-	26,138	
Long-term dwelling fire insurance	464	11	128	347	
Yearly renewable term commercial fire insurance	1,215,617	408	1,081,045	134,980	
Domestic transportation insurance	3,793	-	386	3,407	
Marine cargo insurance	15,508	(19)	10,947	4,542	
Hull insurance	39,283	-	39,257	26	
Fishing vessel insurance	2,272	2	2,045	229	
Aviation insurance	3,722	-	3,560	162	
Personal automobile physical damage insurance	1,790,040	-	244,091	1,545,949	
Commercial automobile physical damage insurance	102,718	-	9,811	92,907	
Personal automobile liability insurance	1,182,561	-	121,829	1,060,732	
Commercial automobile liability insurance	363,002	-	33,747	329,255	
General liability insurance	272,866	6,047	38,987	239,926	
Professional indemnity insurance	4,841	-	946	3,895	
Engineering insurance	132,968	15,567	74,348	74,187	
Surety insurance	2,065	(12)	341	1,712	
Credit insurance	-	(133)	-	(133)	
Other property insurance — casualty	3,716	(4)	587	3,125	
Other property insurance — automobile	8,361	-	-	8,361	
Agricultural insurance	18,968	8,258	15,175	12,051	
Accident insurance	379,741	2,579	36,043	346,277	
Commercial earthquake insurance	331,549	200,958	521,109	11,398	
Personal all risks insurance	125,182	(1)	19,521	105,660	
Typhoon and flood insurance	38,088	37	14,707	23,418	
Health insurance	20,991	-	442	20,549	
Nuclear risks insurance	-	632	-	632	
Policy-Oriented Earthquake Insurance	-	853	-	853	
Overseas ceded-in reinsurance — fire insurance	-	27	12	15	
Overseas ceded-in reinsurance — hull insurance	-	16	-	16	
Overseas ceded-in reinsurance — automobile insurance	-	44	-	44	
Overseas ceded-in reinsurance — aviation insurance	-	(81)	-	(81)	
Overseas ceded-in reinsurance — other liability insurance	-	1,822	1,873	(51)	
Compulsory personal automobile liability insurance	346,290	173,241	207,234	312,297	
Compulsory commercial automobile liability insurance	78,034	31,873	46,429	63,478	
Compulsory motorcycle liability insurance	101,971	67,193	61,589	107,575	
Compulsory mini electric two wheel vehicle liability insurance	<u>1,154</u>	<u>631</u>	<u>692</u>	<u>1,093</u>	
<b>Total</b>	<b>\$ <u>6,611,903</u></b>	<b><u>509,949</u></b>	<b><u>2,586,881</u></b>	<b><u>4,534,971</u></b>	

**Union Insurance Co., LTD.**  
**Statement of commission expenses**  
**For the year ended December 31, 2025**  
**(Expressed in thousands of New Taiwan Dollars)**

<u>Items</u>	<u>Description</u>	<u>Amount</u>	<u>Note</u>
Commission expense from underwriting:			
Yearly renewable term dwelling fire insurance		\$ 22,043	
Yearly renewable term commercial fire insurance		98,201	
Domestic transportation insurance		4,171	
Marine cargo insurance		25,509	
Hull insurance		697	
Fishing vessel insurance		1,018	
Aviation insurance		4,281	
Personal automobile physical damage insurance		569,948	
Commercial automobile physical damage insurance		22,408	
Personal automobile liability insurance		423,552	
Commercial automobile liability insurance		111,726	
Compulsory personal automobile liability insurance		104,444	
Compulsory commercial automobile liability insurance		3,496	
Compulsory motorcycle liability insurance		12,887	
General liability insurance		150,318	
Professional indemnity insurance		8,520	
Engineering insurance		64,802	
Surety insurance		6,268	
Other property insurance		6,704	
Agricultural insurance		962	
Accident insurance		257,888	
Commercial earthquake insurance		36,008	
Personal all risks insurance		37,606	
Commercial all risks insurance		7	
Typhoon and flood insurance		38,468	
Policy-oriented earthquake insurance		15,401	
Health insurance		45,479	
Compulsory mini electric two-wheel vehicle liability insurance		165	
Total		<u>\$ 2,072,977</u>	

**Union Insurance Co., LTD.**  
**Statement of commission expenses**  
**For the year ended December 31, 2025**  
**(Expressed in thousands of New Taiwan Dollars)**

<u>Items</u>	<u>Description</u>	<u>Amount</u>	<u>Note</u>
Reinsurance commission expense:			
Long-term dwelling fire insurance		\$ (21)	
Yearly renewable term commercial fire insurance		246	
Fishing vessel insurance		2	
Personal automobile liability insurance		2	
Commercial automobile liability insurance		1	
General liability insurance		835	
Professional indemnity insurance		4	
Engineering insurance		4,586	
Nuclear risks insurance		287	
Commercial earthquake insurance		45	
Typhoon and flood insurance		41	
Policy-oriented earthquake insurance		221	
Reinsurance assumed business		<u>866</u>	
Total		<u><u>\$ 7,115</u></u>	

**Union Insurance Co., LTD.**  
**Statement of finance costs**  
**For the year ended December 31, 2025**  
**(Expressed in thousands of New Taiwan Dollars)**

<u>Items</u>	<u>Description</u>	<u>Amount</u>	<u>Amount</u>
Deferred interest expense	Deferred interest payment due to claim disputation	\$ 7,748	
Interest expense of lease liability		644	
Total		<u>\$ 8,392</u>	

**Statement of general expenses**

<u>Items</u>	<u>Description</u>	<u>Amount</u>	<u>Remarks</u>
Salary expense	Employee salary and year-end bonuses	\$ 665,886	
Taxes	Value-added and stamp tax	358,135	
Entertainment expense		305,541	
Advertisement expense		138,966	
Handling fee		124,739	
Others		343,288	Each item amount is less than 5% of account balance.
Total		<u>\$ 1,936,555</u>	

**Union Insurance Co., LTD.**  
**Statement of administrative expenses**  
**For the year ended December 31, 2025**  
**(Expressed in thousands of New Taiwan Dollars)**

<u>Items</u>	<u>Description</u>	<u>Amount</u>	<u>Note</u>
Salary expense	Employee salary and year-end bonuses	\$ 251,978	
Professional service expense		80,434	
Amortization expense		39,630	
Others		136,666	Each item amount is less than 5% of account balance.
Total		<u>\$ 508,708</u>	

**Union Insurance Co., LTD.**

**Summary of employee benefits, depreciation,  
depletion and amortization expenses by functional  
account**

**For the years ended December 31, 2025 and 2024**

**(Expressed in thousands of New Taiwan Dollars)**

Function Nature	2025			2024		
	Operating costs	Operating expense	Total	Operating costs	Operating expense	Total
Employees Benefits						
Salaries	412,368	892,226	1,304,594	416,584	873,859	1,290,443
Labor and health insurance	-	93,190	93,190	-	89,152	89,152
Pension	-	44,570	44,570	-	41,768	41,768
Remuneration of directors	-	25,758	25,758	-	23,658	23,658
Others	-	56,530	56,530	-	52,837	52,837
Depreciation	4,794	57,725	62,519	4,904	47,146	52,050
Amortization	-	42,644	42,644	-	35,151	35,151

An additional information on the numbers of employees and employee benefits of The Company for 2025 and 2024 were as follow:

	<u>2025</u>	<u>2024</u>
Employees	<u>1,109</u>	<u>1,113</u>
Numbers of directors-non-employees	<u>8</u>	<u>8</u>
Average expense employee benefits	<u>\$ 1,361</u>	<u>1,334</u>
Average employee salary expense	<u>\$ 1,185</u>	<u>1,168</u>
Adjustment to average employee salaries and wages	<u>1.46 %</u>	
Supervisor's remuneration	<u>-</u>	<u>-</u>

Remuneration policy (includes directors, managers and employees):

(1) Directors and appointed managers:

(a) It is handled in accordance with the Company's "Salary and Remuneration Committee Organizational Rules", "Performance and Salary and Remuneration Evaluation Methods for Directors and Managers" and "Performance System and Evaluation Mechanism for the Chairman and General Manager".

(b) Directors:

(i) The salary and remuneration of the Company's directors is based on a monthly salary system, and transportation fees are paid based on actual attendance of the board of directors and their respective functional committees.

- (ii) The remuneration of the chairman of the Board also includes an annual performance bonus and is handled in accordance with the "Performance System and Evaluation Mechanism for the Chairman and General Manager".
  - (iii) The remuneration of the Company's directors (including transportation fees) is based on the provisions of the Articles of Incorporation, and the amount is authorized to be paid by the Board of Directors according to usual standards of the industry.
- (c) Appointed managers:
- (i) The remuneration of appointed managers is based on a monthly salary system plus various bonuses; they are in nature to motivate or reward appointed managers ; and depend on the Company's overall operating performance during the year and the achievement of the unit. They include year-end and variable performance bonuses, etc.
  - (ii) The remuneration of the general manager is handled in accordance with the content stipulated in the appointment contract, and "Performance System and Evaluation Mechanism for the Chairman and General Manager".
  - (iii) The remuneration of the Company's appointed managers is based on the regulations of the Articles of Incorporation, which shall be submitted to the Board of Directors for discussion.
- (d) Regarding the distribution of flexible bonuses to the Company's directors and appointed managers, the Company's overall operating results for the year and the comprehensive evaluation of the operating performance of the units under its jurisdiction shall be considered. Reasonableness and fairness and the provisions of the Articles of Incorporation shall be paid attention to during the evaluation.
- (e) The salary and remuneration of the directors and appointed managers of the Company shall be discussed by the salary and remuneration committee before the board of directors resolution.
- (2) Employee:

The employees' annual salary includes 12-months salary, year-end bonus and employee compensation. Year-end bonuses are paid based on the Company's operating performance and individual employee performance for the year; employee compensation is based on the Company's Articles of Incorporation. If the Company makes a profit during the year, one to five percent shall be allocated as employee compensation. However, if the Company still has accumulated losses, it shall first make up for the accumulated losses before the balance can be allocated and distributed.

**Union Insurance Co., LTD.**  
**Statement of non-operating income and expenses**  
**For the year ended December 31, 2025**  
**(Expressed in thousands of New Taiwan Dollars)**

<u>Items</u>	<u>Description</u>	<u>Amount</u>	<u>Note</u>
Gains on disposal of property and equipment		\$ 8,385	
Recovery claim		21,050	
Miscellaneous income		177	
Income from reversal of liabilities		8,126	
Recovery service expense		<u>(5,195)</u>	
Total		<u>\$ 32,543</u>	

(English Translation of Other Disclosures in Financial Reports and Report Originally Issued in Chinese)

**UNION INSURANCE CO., LTD.**

**Other Disclosures in Financial Reports**

**For the Year Ended December 31, 2025**

**Union Insurance Co., LTD.**  
**Review Report of Other Disclosures in Financial Reports**

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

We have entrusted to audit the financial statements of Union Insurance Co., LTD. for the year ended December 31, 2025. Our audit was made in accordance with the Regulations Governing Auditing and Certification of Financial Statements by Certified Public Accountants and Standards on Auditing of the Republic of China, and we issued the audit report thereon on March 12, 2026. Our audit was made for the purpose of forming an opinion on the basic financial statements taken as a whole. The attached “Other Disclosures in Financial Reports” (Other Disclosures) is prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Insurance Enterprises. We have reviewed the information included in the Other Disclosures in accordance with article 25 of Regulations Governing the Preparation of Financial Reports by Insurance Enterprises.

Based on our review, the Other Disclosures in Financial Reports of Union Insurance Co., LTD. for the year ended December 31, 2025, are in accordance with the Regulations Governing the Preparation of Financial Reports by Insurance Enterprises. The financial information disclosed is consistent with the basic financial statements, and does not need any modification.

The engagement partners on the reviews resulting in this independent auditors’ review report are Wu, Cheng-Yen and Tsai, Pei-Ju.

KPMG

Taipei, Taiwan (Republic of China)  
March 12, 2026

**Notes to Readers**

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

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

(English Translation of Other Disclosures in Financial Reports and Report Originally Issued in Chinese)

**UNION INSURANCE CO., LTD.**  
**Other Disclosures in Financial Reports**  
**For the year ended December 31, 2025**

**(1) Information on business conditions**

(a) Significant business matters

- (i) Acquisition or merger: None.
- (ii) Demerger: None.
- (iii) Change in management rights (equity) reaching 10% or more: None.
- (iv) Transfer of business: None.
- (v) Investments in affiliated enterprises arising over the most recent 5 fiscal years: None.
- (vi) Reorganization: None.
- (vii) Acquisition or disposal of major assets arising over the most recent 5 fiscal years

1) Acquisition of major assets

(In Thousands of New Taiwan Dollars)

Type of property	Acquisition date		Amount	Counterparty	Relationship	Previous transfer information, as the counterparty is a related party				Reference for price	Purpose of acquisition	Current condition
	Date of contract	Occurrence date				Counterparty	Relations with the Company	Date	Amount			
	Property	2021.5.12				2021.8.4	167,020	Natural person	Non related parties			
Property	2023.08.12	2023.11.01	202,222	Natural person	Non related parties	-	-	-	-	Appraisal report	Invest property	Invest property

2) Disposal of major assets: None.

(viii) Significant changes in operation method (including sales system) or business activity

The Company's main business is property insurance, engaging in the sales of various insurances and related business operations. There was no major change in the last five years.

(Continued)

(b) Remuneration to directors, supervisors, president, vice presidents, and Chairmen of the board and presidents rehired as consultants after retiring from the insurance enterprise or its affiliate enterprises and related information

(i) Remuneration paid to directors, supervisors, president, vice presidents, and consultants

1) Remuneration to directors (include independent directors)

(In Thousands of New Taiwan Dollars)

Title	Name	Remuneration of directors								Ratio of total remuneration (A+B+C+D) to net income				Relevant remuneration received by directors who are also employees						Ratio of total remuneration (A+B+C+D+E+F+G) to net income				Compensation paid to directors from an invested company other than the Company's subsidiary		
		Compensation (A)		Retirement pension (B)		Bonus to directors (C)		Business execution fee (D)		The Company		All companies in the consolidated		Salary, bonuses, and allowances (E)		Retirement pension (F)		Employees' compensation (G)				The Company			All companies in the consolidated	
		The Company	All companies in the consolidated financial statements	The Company	All companies in the consolidated financial statements	The Company	All companies in the consolidated financial statements	The Company	All companies in the consolidated financial statements	Total	Ratio	Total	Ratio	The Company	All companies in the consolidated financial statements	The Company	All companies in the consolidated financial statements	The Company		All companies in the consolidated financial statements		Total	Ratio		Total	Ratio
																			Cash	Stock	Cash	Stock				
Director	Director of the Board	WANT-WANT Co., Ltd.																								
	President of the Board	HUNG, CHI-HSIUNG(Note6)																								
	Vice President of the Board	TSAI, SHAO-CHUNG(Note6)																								
	Director of the Board	WANT-WANT Co., Ltd. (legal representative, HUNG, CHI-HSIUNG)(Note3)																								
	Director of the Board	WANT-WANT Co., Ltd. (legal representative, HSU, HAI-LUN)(Note3)																								
	Director of the Board	WANT-WANT Co., Ltd. (legal representative, LU JING- YI)	14,414	-	-	-	5,400	-	1,850	-	21,664	2.08 %	-	-	9,343	-	117	-	207	-	-	-	31,331	3.01 %	-	-
Director of the Board	WANT-WANT Co., Ltd. (legal representative, MA, CHIA-YING)																									
Director of the Board	WANT-WANT Co., Ltd. (legal representative, HUNG, YUNG-TSUNG)																									
Director of the Board	WANT-WANT Co., Ltd. (legal representative, LIU, CHIH-MING)																									
Independent Director	Independent Director	WANG, TUNG-LIANG																								
	Independent Director	LIU, HUANG-CHI																								
	Independent Director	CHEN, WEN-CHUNG(Note6)	2,879	-	-	-	-	1,215	-	4,094	0.39 %	-	-	-	-	-	-	-	-	-	-	4,094	0.39 %	-	-	None
	Independent Director	MA, YU-FENG(Note3)																								

Except listed above, there are 0 thousand dollars remuneration for services directors provided to all companies in financial statements, such as being consultants who are non-employees.

Note1: The relationship between the policy, the regulation, the structure, and the standard of remuneration paid to independent directors and the amount of remuneration:

- (1) According to Art. 36.2 of the Articles of Incorporation of the Company, the remuneration paid to independent directors is reasonably decided by the Board. Independent directors would not participate in earning distribution. Regarding to the amount of remuneration(including the amount of reward for driver), by Art. 28 of the Articles of Incorporation of the Company, is decided by the Board, which refers to the standard of the same trade.
- (2) According to the regulation of remuneration paid to directors and functional committee members, independent directors are given fixed payment without participating in earning distribution.
- (3) According to the regulation of performance and remuneration of directors and managers, they should follow the principle of sustainable development and stable profits and keep from high-risk operating model and high-volatility investment strategy.

Note2: Employment data of the year 2025.

Note3: Retiring director on May 26,2025.

Note4: Retirement pension contains provision and payment.

Note5: The amount of reward for driver of \$1,907 was exclude.

Note6: Taking over directors on May 27,2025.

(Continued)

## Range of remuneration

Range of remuneration paid to directors	Name of directors			
	Total of remuneration (A+B+C+D)		Total of remuneration (A+B+C+D+E+F+G)	
	The Company	All companies in the consolidated financial statements (H)	The Company	All companies in the consolidated financial statements (I)
Under TWD 1,000,000	CHEN, WEN-CHUNG ; MA, YU-FENG ; Legal representative of WANT-WANT Co., Ltd. ; HSU, HAI-LUN ; LU, JING-YI ; HUNG, YUNG-TSUNG ; LIU, CHIH-MING	-	CHEN, WEN-CHUNG ; MA, YU-FENG ; Legal representative of WANT-WANT Co., Ltd. ; HSU, HAI-LUN ; LU, JING-YI ; HUNG, YUNG-TSUNG	-
TWD 1,000,000 (included)~ TWD 2,000,000 (excluded)	TSAI, SHAO-CHUNG ; WANG, TUNG-LIANG ; LIU, HUANG-CHI ; Legal representative of WANT-WANT Co., Ltd. ; MA, CHIA-YING	-	TSAI, SHAO-CHUNG ; WANG, TUNG-LIANG ; LIU, HUANG-CHI ; Legal representative of WANT-WANT Co., Ltd. ; MA, CHIA-YING	-
TWD 2,000,000 (included)~ TWD 3,500,000 (excluded)	-	-	-	-
TWD 3,500,000 (included)~ TWD 5,000,000 (excluded)	WANT-WANT Co., Ltd.	-	WANT-WANT Co., Ltd	-
TWD 5,000,000 (included)~ TWD 10,000,000 (excluded)	-	-	Legal representative of WANT-WANT Co., Ltd., : LIU, CHIH-MING	-
TWD 10,000,000 (included)~ TWD 15,000,000 (excluded)	-	-	-	-
TWD 15,000,000 (included)~ TWD 30,000,000 (excluded)	HUNG, CHI-HSIUNG (Note2)	-	HUNG, CHI-HSIUNG (Note2)	-
TWD 30,000,000 (included)~ TWD 50,000,000 (excluded)	-	-	-	-
TWD 50,000,000 (included)~ TWD 100,000,000 (excluded)	-	-	-	-
Over TWD 100,000,000	-	-	-	-
Total	12 people	-	12 people	-

Note1: Listing legal director and representative respectively.

Note2: The Company discloses the remuneration paid to representatives of institutional directors and to individual directors.

2) Remuneration paid to supervisors: None.

(Continued)

## 3) Remuneration paid to president and vice presidents

(In Thousands of New Taiwan Dollars)

Title	Name	Salary (A)		Retirement pension (B)		Bonuses, and Allowances (C)		Employees' compensation (D)				Ratio of total remuneration (A+B+C+D) to net income				Compensation paid to president and vice presidents from an invested company other than the Company's subsidiary
		The Company	All companies in the consolidated financial statements	The Company	All companies in the consolidated financial statements	The Company	All companies in the consolidated financial statements	The Company		All companies in the consolidated financial statements		The Company		All companies in the consolidated		
								Cash	Stock	Cash	Stock	Amount	Ratio	Amount	Ratio	
President	LIU, CHIH-MING	22,124	-	1,217	-	18,821	-	1,235	-	-	-	43,397	4.16 %	-	-	None
Vice President	TSAO, SHENG-KUANG															
Vice President	WU, FU-CHENG															
Vice President	PAN, SHAO-YUN															
Vice President	TSAI, WAN-HUA															
Vice President	HSU, JUL-LIN															
Vice President	YEN, KUO-CHUNG															
Vice President	CHEN, TAI-LUNG															
Vice President	LAI, SUNG-YEN															
Chief Audit Officer	WANG, LI-HUNG															
Chief Compliance Officer	KO, CHING-HUA															

Note1: The amount of reward for driver of \$1,027 was excluded.

Note2: Retirement pension contains provision and payment.

Note3: Employees' compensation that is predicted to pay this year is calculated by the rate of actual payments in previous years.

(Continued)

## Range of remuneration

Range of remuneration paid to president and vice presidents	Name of president and vice presidents	
	The Company	All companies in the consolidated financial statements (E)
Under TWD 1,000,000		-
TWD 1,000,000 (included)~ TWD 2,000,000 (excluded)		-
TWD 2,000,000 (included)~ TWD 3,500,000 (excluded)	TSAI, WAN-HUA ; YEN, KUO-CHUNG ; CHEN, TAI-LUNG; WANG, LI-HUNG ; KO, CHING-HUA	-
TWD 3,500,000 (included)~ TWD 5,000,000 (excluded)	TSAO, SHENG-KUANG; WU,FU-CHENG; PAN, SHAO-YUN; HSU, JUI-LIN; LAI, SUNG-YEN	-
TWD 5,000,000 (included)~ TWD 10,000,000 (excluded)	LIU, CHIH-MING	-
TWD10,000,000 (included)~ TWD 15,000,000 (excluded)	-	-
TWD15,000,000 (included)~ TWD 30,000,000 (excluded)	-	-
TWD30,000,000 (included)~ TWD 50,000,000 (excluded)	-	-
TWD50,000,000 (included)~ TWD100,000,000 (excluded)	-	-
Over TWD100,000,000	-	-
Total	11 people	-

4) Top 5 managers' remuneration of the listed insurance companies : Not applicable.

(Continued)

## 5) Employees' compensation distributed to managers

(In Thousands of New Taiwan Dollars)

Item	Title	Name	Bonus - in Stock	Bonus - in Cash	Total	Ratio of total amount to net income (%)
Management	President	LIU, CHIH-MING	-	3,327	3,327	0.32 %
	Vice President	TSAO, SHENG-KUANG				
	Vice President	WU, FU-CHENG				
	Vice President	PAN, SHAO-YUN				
	Vice President	TSAI, WAN-HUA				
	Vice President	HSU, JUI-LIN				
	Vice President	YEN, KUO-CHUNG				
	Vice President	CHEN, TAI-LUNG				
	Vice President	LAI, SUNG-YEN				
	Chief Audit Officer	WANG, LI-HUNG				
	Chief Compliance Officer	KO, CHING-HUA				
	Senior Associate vice president	HUANG, CHIN-PIN				
	Senior Associate vice president	LAI, TUNG-I				
	Assistant vice president	WU, PI-TU				
	Manager	YEN, HSU-NAN				
	Manager	LIN, CHING-HSIN				
	Manager	CHEN, MEI-LING				
	Senior Manager	CHENG, KUO-JUNG				
	Manager	TSENG, MEI-HUI				
	Manager	TSAI, YUAN-HSIEN				
	Senior Associate vice president	CHANG, SUNG-TSE				
	Senior Associate vice president	LI, HUI-YING				
	Senior Associate vice president	HSU, CHE-CHANG				
	Assistant vice president	TSUI, CHUAN-SHENG				
	Senior Associate vice president	HUNG, KUO-CHUN				
	Senior Associate vice president	WU, TA-CHUN				
	Manager	YEH, TSO-YI				
	Assistant vice president	WU, YI-CHENG (Note1)				
	Assistant vice president	WU, SHU-CHUAN				
	Senior Manager	LIU, SEN-JUNG				
	Manager	WU, YING-CHANG				
	Senior Manager	WU, HSING-KUN				
	Senior Associate vice president	HSU, CHUN-YU				
	Manager	HSU, MIN-YUAN				
	Manager	YANG, YU-HSUAN				
	Chief Financial Officer	HSUEH, CHANG-HSIAO				
Chief Accounting Officer	KUO, FEI-WEN					

Note 1: Resigned effective January 1, 2026.

Note 2: Employment data on December 31, 2025.

(Continued)

Note 3: Employees' compensation that is predicted to pay this year is calculated by the rate of actual payments in previous years.

- 6) Chairmen of the board and presidents rehired as consultants after retirement: None.
- (ii) The Company's chairman, general manager, or any managerial officer in charge of finance or accounting matters has in the most recent year held a position at the accounting firm of its CPA or at an affiliated enterprise: None.
- (c) Labor-management relations
  - (i) Agreements between labor and management and the implementation
    - 1) Employee benefit policies
 

The Company established Employees' Welfare Committee, which is comprised of employees recommend. They hold various of welfare activities in accordance with Rules for Employees' Welfare.
    - 2) Professional development and training
 

The Company provides employees systematic and professional education training in concert with interdisciplinary learning program, multiple training program, and self-learning program.
    - 3) Retirement programs
 

In compliance with the Labor Standards Act and Labor Pension Act, the Company shall make a monthly contribution to the labor pension reserve funds and labor pension funds. The calculation of the defined benefit obligations is performed annually by a qualified actuary with actuarial report to protect the workers' rights and interests.
    - 4) Other major agreements: None.
  - (ii) Loss sustained as a result of labor disputes in the most recent 3 fiscal years: None.
  - (iii) Violation of the Labor Standards Act found during the labor inspection: None.
- (d) Cyber Security Management
  - (i) Implementation of Cyber Security Management
    - 1) Structure of cyber security risk management
 

The Company has established the Cyber Security Management Promotion Committee, which is responsible for the discussion and resolution of matters related to the cyber security management system. The cyber security management promotion committee includes the cyber security executive team (composed of two members from the Information Security Division of the Information Department, including one supervisor.), the cyber security audit team and the cyber security incident notification team. The cyber security executive team is responsible for planning, establishment, implementation, maintenance, review and continuously improving the Company's cyber security management system in accordance with the resolutions of the Committee. The cyber security audit team is responsible for evaluating the implementation and compliance of the cyber security management system and conducting audits. The cyber security incident notification team performs cyber incident reporting and business continuity management projects.

(Continued)

## 2) Policy of cyber security

To ensure a normal, safe and stable operation of the Company's information system services, the cyber security management system that regulates the maintenance and operation process of the Company's information platform is the highest guideline to establish secure and reliable information system services, to ensure the confidentiality, integrity and availability of information assets, to meet the requirements of relevant laws and regulations, to maintain the continuous operation of the information platform, to reduce information operation risks, and to protect the rights of information system service users.

### a) Information Security Policy Statement

The ultimate goal of the Company's information security work is to ensure the safety and effective operation of the information processing operations of the information platform through the management of personnel, operations and information technology, as well as to prevent security incidents affecting the confidentiality, integrity and availability of information during the information processing operations in order to protect the privacy rights of customers and personal information.

- i) The Information Management Promotion Committee was established to be responsible for the establishment and promotion of the Company's information security management system.
- ii) Evaluate the relevant laws and regulations and operational requirements, conduct information risk assessment of information assets, determine information operation security requirements, establish operation standard procedures, and adopt appropriate information security measures to ensure information asset security.
- iii) Establish an evaluation or assessment system based on the roles and functions of personnel, and conduct information security education and training and promotional activities according to actual needs.
- iv) Grant access rights to information assets according to business needs, taking into account the limit of authorization, segregation of authorization and responsibility, as well as independence review.
- v) Establish information on security incident management procedures to ensure proper incident response, control and handling, develop business continuity plans, as well as conduct regular drills to ensure the continued operation on information systems or services.
- vi) Handle and protect personal information and intellectual property rights in accordance with the relevant provisions of the Personal Information Protection Act and the Intellectual Property Rights.
- vii) Perform information security audits regularly to review the implementation of the information security management system.
- viii) All employees of the Company shall be responsible for information security and comply with the relevant information security management regulations.
- ix) The policy shall be effective upon announcement after being approved by the Board of Directors, and shall also be effective upon amendment.

(Continued)

- b) Information Security Goal
  - i) The Company aims to protect the confidentiality, integrity and availability of information assets in order to:
    - 1. Maintain the business continuity of the information platform maintenance process.
    - 2. Protect the information assets related to the information platform maintenance process from improper or illegal use, and stop hackers, viruses, and other intrusive and destructive behaviors.
    - 3. Establish standard operating procedures for information platform maintenance processes to avoid human errors and accidents, as well as to enhance the awareness of information security among employees.
  - ii) This policy shall be evaluated at least once a year to reflect the latest developments in relevant laws and regulations, technology and the Company's business, and shall be revised as appropriate.
- 3) Specific Management Solutions
  - a) The Information Security Promotion Committee shall convene a management review meeting at least once a year, and if necessary, an ad hoc meeting.
  - b) The minutes of the meeting which the management reviews should include the following:
    - i) Status of implementation of resolutions at the previous management review meeting: Follow-up on the issues resolved at the previous meeting.
    - ii) Changes on internal and external issues related to information security management system: Review on the entire identification results of the organization.
    - iii) Feedback on information security performance, including the following trends:
      - 1. Non-conforming items and corrective measures: Proper handling of information on safety events and improvement operations.
      - 2. Supervision and measurement results.
      - 3. Audit results: Information security internal and external audit results and suggested improvement items.
      - 4. Achievement of information on security objectives: Implementation of status report regarding the information security objectives.
    - iv) Feedback from observers: Suggestions from employees, third parties and other stakeholder groups.
    - v) Risk assessment results and status of risk management plan: Risk assessment and feedback review.
    - vi) Opportunities for continuous improvement: Suggestions for improving information security that can be provided.

(Continued)

- c) The conclusion of the minutes of the meeting should include that the output of the management review should include decisions related to continuous improvement concerning opportunities and any need for changes on the information security management system.
  - d) Management review is an important activity of the information security management system, and the review records should be handled in accordance with the record management requirements of the information security management system.
- 4) Input resources for Ares security management
- a) WAF information security device protection
  - b) HiNet DDoS protection
  - c) Annual evaluation on information security evaluation
  - d) Semi-Annually exercises on social engineering
  - e) Implementation of ISO27001 certification (certification validity period: from June 22, 2023 to June 21, 2026)
  - f) Import of Microsoft WVD two-factor certificate
  - g) Privilege connection monitoring mechanism
  - h) Employee account behavior pattern analysis
  - i) Implementation of Credit Card Identity Verification Mechanism
  - j) Introduction on DLP personal data protection system
  - k) Import website anti-replacement system
  - l) SIEM and SOC Security Intelligence Monitoring and Analysis Implementation
- (ii) Losses due to significant information security incidents in the most recent year: None.
- (iii) Impact of Ares security risk on the Company's financial operations and measures to address it.
- 1) The Company has established internal operational policies and procedures related to information and communications security to strengthen the implementation of internal audit and internal control mechanisms.

The Company conducts real-time monitoring and management of information and communications security incidents to effectively mitigate potential damages, safeguard customer data, and thereby support the sustainable operation of the Company.

In accordance with the potential impact of information and communications security incidents, the Company has formulated an Information Service Disruption and Information Security Incident Classification Table, as well as comprehensive reporting and response procedures. In the event of an information security incident, corresponding measures will be implemented in compliance with internal procedures.

(Continued)

In addition, all critical systems related to insurance operations have been equipped with redundancy and backup mechanisms. Accordingly, even in the event of an information and communications security incident, the Company's obligations for claim payments and the collection of insurance premiums will not be affected. As a result, such incidents are not expected to have a material impact on the Company's financial position or business operations.

- 2) To obtain real-time threat intelligence, enhance incident response capabilities, and reduce operational risks and potential losses, the Company has joined the Financial Information Sharing and Analysis Center (FS-ISAC) and the Taiwan Computer Emergency Response Team/Coordination Center (TWCERT/CC).

Through participation in these organizations, the Company is able to effectively reduce the burden of responding to cyber threats independently and further strengthen its overall information security defense capabilities.

- (e) Changes in president, chief audit officer and actuaries in the most recent 2 years

(i) Changes in president, chief audit officer: None.

(ii) Changes in qualified actuaries:

The Company's Board of Directors approved on January 27, 2026 that the appointed actuary was switched from assistant vice president WU, YI-CHENG, to manager HSU, MIN-YU. This case was approved by the governmental authority for review on February 24, 2026.

- (f) Changes in the method for provision of all kinds of reserves.

As the compulsory mini electric vehicle insurance has accumulated three years of claims data, the method for calculating IBNR has been changed from the "earned pure premium multiplied by the statutory ratio" approach to the Loss Development Triangle Method.

- (g) The situation in the most recent year where its shareholders meeting has adopted the resolution to carry out capital increase or decrease or its Board of Directors (council) has adopted the resolution to issue new shares but the application (or filing) has not been approved (or has not been approved for record) by the FSC, or where its application for capital change registration has not been approved by the Ministry of Economic Affairs: None.

- (h) Cases of claim payment and claim recovery from reinsurer involving amount exceeding NT\$20 million in the most recent 3 years and financial impact analysis

<b>For the year ended December 31, 2025</b>			
<b>Insurance</b>	<b>Insurance Claim Payment (A)</b>	<b>Claims Recoverable from Reinsurers (B)</b>	<b>Retained Claim Payment (C)=(A)-(B)</b>
Commercial fire insurance	\$ 1,384,715	1,252,617	132,098
Commercial earthquake insurance	71,000	71,000	-
Engineering Insurance	<u>992,623</u>	<u>821,258</u>	<u>171,365</u>
	<u><b>\$ 2,448,338</b></u>	<u><b>2,144,875</b></u>	<u><b>303,463</b></u>

(Continued)

<b>For the year ended December 31, 2024</b>			
<b>Insurance</b>	<b>Insurance Claim Payment (A)</b>	<b>Claims Recoverable from Reinsurers (B)</b>	<b>Retained Claim Payment (C)=(A)-(B)</b>
Accident insurance	\$ 20,826	20,826	-
Commercial fire insurance	144,477	75,009	69,468
Commercial earthquake insurance	357,111	321,401	35,710
Engineering Insurance	73,700	51,087	22,613
Typhoon and flood Insurance	75,119	35,117	40,002
	<b>\$ 671,233</b>	<b>503,440</b>	<b>167,793</b>
<b>For the year ended December 31, 2023</b>			
<b>Insurance</b>	<b>Insurance Claim Payment (A)</b>	<b>Claims Recoverable from Reinsurers (B)</b>	<b>Retained Claim Payment (C)=(A)-(B)</b>
Commercial fire insurance	\$ 662,838	458,091	204,747
Engineering Insurance	214,124	176,369	37,755
Typhoon and flood Insurance	20,000	10,927	9,073
Fishing vessel insurance	23,088	20,779	2,309
	<b>\$ 920,050</b>	<b>666,166</b>	<b>253,884</b>

- (i) Names of reinsurers to whom the reinsurance premium expenses paid in the most recent year account for more than 1% of total premium income and the credit rating of those reinsurers

<b>Reinsurer</b>	<b>Credit Rating</b>	<b>Credit Rating Agency</b>
Central Reinsurance Corporation	A	S & P
Swiss Re Asia Pte. Ltd., Hong Kong Branch	AA-	S & P
Hannover Re Shanghai Branch	AA-	S & P

- (j) Entrust credit rating agency to rating reinsurers

The Company entrusted Taiwan Ratings to make the credit rating in connection with financial condition and issuer. On September 25, 2025, the result of Taiwan Ratings is twAA, and the credit rating vision is stable. On September 25, 2025, the result of Standard & Poor's is A-, and the credit rating vision is stable. On May 29, 2025, the result of A.M. Best Company is A- (Excellent), and the credit rating vision is stable.

(Continued)

**(2) Market price of securities, dividend and dispersion of ownership**

(a) Per share market price, net worth, earnings per share, dividends in the past 2 years

(New Taiwan Dollars/in Thousands of shares)

Item	Year		2025	2024
	Market price per share	Highest		34.25
Lowest		25.00	28.75	
Average		28.30	33.27	
Net worth per share	Before distribution		36.00	32.71
	After distribution		Note 1	31.21
Earnings per share	Weighted average number of ordinary shares		223,608	223,608
	Earnings per share		4.66	5.46
Dividends per share	Cash dividend		Note 1	1.50
	Issuance of bonus shares	Stock dividend from retained earnings	-	-
		Stock dividend from capital reserve	-	-
	Accumulated undistributed dividends		-	-
Analysis of return on investment	Price-earnings ratio		6.07	6.09
	Price-dividend ratio		Note 1	22.18
	Cash dividend yield		Note 1	4.51 %

Note 1: The 2025 earnings distribution is subject to approval at the shareholders' meeting.

(Continued)

## (b) Dispersion of ownership

## (i) Common shares

Ordinary Par Value Per Share NT10		As of December 31, 2025		
Class of Shareholding		Number of Shareholders	Shareholding	Percentage
1 ~	999	8,591	1,425,715	0.6376 %
1,000 ~	5,000	3,572	7,414,226	3.3157 %
5,001 ~	10,000	629	4,848,106	2.1681 %
10,001 ~	15,000	234	2,943,706	1.3165 %
15,001 ~	20,000	160	2,957,061	1.3224 %
20,001 ~	30,000	117	2,980,076	1.3327 %
30,001 ~	40,000	61	2,150,754	0.9618 %
40,001 ~	50,000	40	1,818,771	0.8134 %
50,001 ~	100,000	110	7,823,650	3.4988 %
100,001 ~	200,000	44	6,213,299	2.7787 %
200,001 ~	400,000	35	9,643,660	4.3128 %
400,001 ~	600,000	12	6,067,252	2.7133 %
600,001 ~	800,000	4	2,539,312	1.1356 %
800,001 ~	1,000,000	7	6,554,879	2.9314 %
1,000,001 or over		8	158,227,533	70.7612 %
<b>Total</b>		13,624	223,608,000	100.00 %

(ii) Preferred shares: The Company have no preferred share.

(c) Net change in shareholding of directors, supervisors, managerial officers, and shareholders with 10% shareholdings or more: None.

(d) Information for shelf registration: Not applicable.

(Continued)

**(3) Financial Information****(a) Concise balance sheet and statement of comprehensive income****(i) Concise Balance Sheet**

(In Thousands of New Taiwan Dollars)

Item	Year	Financial summary for the most recent five years (Note 1)				
		2025	2024	2023	2022	2021
Cash and cash equivalents		3,316,260	3,132,839	3,479,186	3,067,290	3,648,227
Account receivables		742,188	653,103	555,987	615,306	680,984
Assets classified as held-for-sale		-	-	-	-	-
Financial assets and loans		12,522,057	11,861,336	9,555,301	8,151,571	8,639,744
Reinsurance assets		6,737,972	5,327,368	4,202,406	4,252,018	3,860,017
Property and equipment		1,492,418	1,486,826	1,287,364	1,292,268	1,262,061
Intangible assets		174,478	213,969	165,170	113,373	120,574
Other assets		471,450	555,156	682,641	809,785	809,330
Total assets		25,456,823	23,230,597	19,928,055	18,301,611	19,020,937
Accounts payable		1,487,952	1,463,821	1,234,591	1,167,305	1,237,685
Liabilities related to assets classified as held-for-sale		-	-	-	-	-
Financial liabilities		-	-	-	-	-
Insurance liabilities and reserve for insurance with nature of financial instrument		15,640,017	14,097,745	12,297,598	12,124,121	10,958,474
Provisions		42,069	69,727	98,816	110,113	179,077
Other liabilities		237,446	284,328	196,403	95,219	203,928
Total liabilities	Before distribution	17,407,484	15,915,621	13,827,408	13,496,758	12,579,164
	After distribution	Note 4	16,251,033	Note 3	Note 2	12,802,772
Ordinary share		2,236,080	2,236,080	2,236,080	2,236,080	2,236,080
Capital surplus		-	-	-	-	-
Retained earnings	Before distribution	5,854,864	5,127,320	3,842,400	2,634,807	4,126,209
	After distribution	Note 4	4,791,908	Note 3	Note 2	3,902,601
Other equity interest		(41,605)	(48,424)	22,167	(66,034)	79,484
Total equity	Before distribution	8,049,339	7,314,976	6,100,647	4,804,853	6,441,773
	After distribution	Note 4	6,979,564	Note 3	Note 2	6,218,165

Note 1: Financial summary for the most recent five years has been audited by CPA.

Note 2: There are accumulated deficits in 2022.

Note3: There are accumulated deficits in 2023.

Note4: The 2025 earnings distribution is subject to approval at the shareholders' meeting.

(Continued)

## (ii) Concise comprehensive income statement

(In Thousands of New Taiwan Dollars)

Item	Year	Financial summary for the most recent five years (Note 1)				
		2025	2024	2023	2022	2021
Operating revenue		11,076,835	11,016,347	10,177,513	8,500,870	8,809,911
Operating cost		7,360,585	7,219,117	6,703,382	7,800,876	6,004,143
Operating expense		2,430,651	2,358,520	2,172,036	2,031,404	2,011,651
Non-operating income and expense		32,543	26,749	7,514	8,781	12,144
Income (loss) before tax		1,318,142	1,465,459	1,309,609	(1,322,629)	806,261
Net income (loss)		1,041,996	1,221,523	1,200,346	(1,322,207)	696,668
Other comprehensive income		27,779	(7,194)	95,448	(91,105)	76,798
Earnings (loss) per share (Note 2) (in New Taiwan dollars)		4.66	5.46	5.37	(5.91)	3.12

Note 1: Financial summary for the most recent five years has been audited by CPA.

Note 2: Earnings (Loss) per share is calculated by retrospective-adjusted weighted average number of ordinary shares. If capital increase by retained earning or share premium, or capital decrease due to reverse share split happened, the shares will be retrospective-adjusted according to ratio of increased and decreased capital, regardless of the outstanding period.

## (b) Financial ratios analysis

Item	Year	Financial ratios analysis for the most recent five years (Note 1)				
		2025	2024	2023	2022	2021
Business analysis (%)	Rate of change in direct written premiums	2.38	11.20	11.54	3.27	4.29
	Rate of change in claims paid	17.78	(10.88)	(2.06)	16.42	(0.36)
	Rate of change in net premiums	2.48	7.91	8.92	5.67	8.29
	Rate of net value	31.62	31.49	30.61	26.25	33.87
Profitability analysis (%)	Return on assets	4.31	5.70	6.31	(7.05)	3.81
	Return on equity	13.56	18.21	22.01	(23.51)	11.34
	Net return on fund	1.55	3.67	3.59	(1.84)	3.47
	Return on investment	1.44	3.38	3.31	(1.70)	3.16
	Net combined ratio	89.19	91.51	95.28	109.58	95.49
	Net expense ratio	37.58	37.40	38.52	39.39	41.02
Overall operation analysis (%)	Net loss ratio	51.61	54.11	56.76	70.19	54.47
	Net premiums to shareholders' equity	126.43	135.75	150.84	175.83	124.12
	Gross premiums to shareholders' equity	178.60	192.99	208.77	238.09	172.22
	Net reinsurance commission to equity	6.21	6.88	6.40	7.30	5.13
	Reserves to equity	194.30	192.72	201.58	252.33	170.12
	Rate of change in equity	10.04	19.90	26.97	(25.41)	10.17
	Expense rate	31.56	31.42	32.31	33.47	33.63

Note 1: Financial summary for the most recent five years has been audited by CPA.

(Continued)

The reason why change in financial business indicator for the most recent two years

(i) Rate of change in claims paid:

The increase from the prior period was primarily due to higher paid claims in the current period.

- (c) Other significant information sufficient to enhance understanding of its financial position, financial performance and cash flows or trends of change (e.g. the effects of exchange rate fluctuation): None.

**(4) Financial position and financial performance analysis**

(a) Financial position analysis

(In Thousands of New Taiwan Dollars)

Item	Year	2025	2024	Difference	
				Amount	%
Cash and cash equivalents		3,316,260	3,132,839	183,421	5.85
Account Receivables		742,188	653,103	89,085	13.64
Assets classified as held-for-sale		-	-	-	-
Financial assets and loans		12,522,057	11,861,336	660,721	5.57
Reinsurance assets		6,737,972	5,327,368	1,410,604	26.48
Property and equipment		1,492,418	1,486,826	5,592	0.38
Intangible assets		174,478	213,969	(39,491)	(18.46)
Other assets		471,450	555,156	(83,706)	(15.08)
Total assets		25,456,823	23,230,597	2,226,226	9.58
Accounts payable		1,487,952	1,463,821	24,131	1.65
Liabilities related to assets classified as held-for-sale		-	-	-	-
Financial liabilities		-	-	-	-
Insurance liabilities and reserve for insurance with nature of financial instrument		15,640,017	14,097,745	1,542,272	10.94
Provisions		42,069	69,727	(27,658)	(39.67)
Other liabilities		237,446	284,328	(46,882)	(16.49)
Total liabilities		17,407,484	15,915,621	1,491,863	9.37
Capital stock		2,236,080	2,236,080	-	-
Capital surplus		-	-	-	-
Retained earnings		5,854,864	5,127,320	727,544	14.19
Other equity interest		(41,605)	(48,424)	6,819	14.08
Total equity		8,049,339	7,314,976	734,363	10.04

Analysis of change over 20%:

(i) Reinsurance asset:

The increase from the prior period was primarily due to multiple claims caused by natural disasters, leading to an increase in reinsurance contract assets.

(Continued)

## (ii) Provisions:

The decrease in the current period compared with the previous period was mainly due to the reduce of net defined benefit liability.

## (b) Financial performance analysis

(In Thousands of New Taiwan Dollars)

Item	Year	2025	2024	Change in amount	Change of rate (%)
Operating revenue		11,076,835	11,016,347	60,488	0.55
Operating cost		7,360,585	7,219,117	141,468	1.96
Operating expense		2,430,651	2,358,520	72,131	3.06
Income from operation		1,285,599	1,438,710	(153,111)	(10.64)
Non-operating income and expense		32,543	26,749	5,794	21.66
Profit (loss) from continuing operations before tax		1,318,142	1,465,459	(147,317)	(10.05)
Tax expense (income)		276,146	243,936	32,210	13.20
Profit (loss) from continuing operations		1,041,996	1,221,523	(179,527)	(14.70)

Analysis of change over 20%:

## (i) Income from operation, profit (loss) from continuing operations before tax and Profit (loss) from continuing operations :

The decrease in the current period compared with the previous period was mainly due to higher operating cost.

## (ii) Non-operating income and expense:

The increase in the current period compared with the previous period was mainly due to higher miscellaneous income.

## (iii) Tax expense:

The increase in the current period compared with the previous period was mainly due to a decrease in tax-exempt income, which resulted in an increase in income tax expense.

**(5) CPA information**

## (a) Information on Accountants' Fees

## (i) Audit fees and non-audit fees paid to the CPA, to the accounting firm of the CPA, and to any affiliated enterprise of such accounting firms.

(In Thousands of New Taiwan Dollars)

Accounting firm	Name of accountant	Audit period	Audit fee	Non-audit fee	Total	Note
KPMG	WU, CHENG-YEN	2025.01.01~	2,740	4,555	7,295	
	TSAI, PEI-JU	2025.12.31				

Non-audit services mainly include tax compliance audit, internal control system project review and project services.

(Continued)

- (ii) Alter the CPA Firm and the audit fee in altering year is less than that in the previous year: None.
  - (iii) The audit fee is reduced by over 10% compared with the previous year: None.
- (b) Alternation of CPA: None.

Union Insurance Co., LTD.

Chairman: HUNG, CHI-HSIUNG

President: LIU, CHIH-MING

Chief Accounting Officer: KUO, FEI-WEN