

**Cathay Financial Holding Co., Ltd. and
Subsidiaries**

**Consolidated Financial Statements for the
Years Ended December 31, 2025 and 2024 and
Independent Auditors' Report**

DECLARATION OF CONSOLIDATION OF FINANCIAL STATEMENTS OF AFFILIATES

The Group and its subsidiaries that are required to be included in the consolidated financial statements of affiliates in accordance with the “Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises” for the year ended December 31, 2025 are all the same as the companies required to be included in the consolidated financial statements of parent and subsidiary companies as provided in International Financial Reporting Standard 10. Relevant information that should be disclosed in the consolidated financial statements of affiliates has all been disclosed in the consolidated financial statements of parent and subsidiary companies. Hence, we have not prepared a separate set of consolidated financial statements of affiliates.

Very truly yours,

CATHAY FINANCIAL HOLDING CO., LTD.

By

HONG-TU TSAI
Chairman

March 11, 2026

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders
Cathay Financial Holding Co., Ltd.

Opinion

We have audited the accompanying consolidated financial statements of Cathay Financial Holding Co., Ltd. (the “Company”) and its subsidiaries (collectively referred to as the “Group”), which comprise the consolidated balance sheets as of December 31, 2025 and 2024, the consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, and notes to the consolidated financial statements, including material accounting policy information (collectively referred to as the “consolidated financial statements”).

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2025 and 2024, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Financial Holding Companies, Regulations Governing the Preparation of Financial Reports by Insurance Enterprises, Regulations Governing the Preparation of Financial Reports by Securities Firms, Regulations Governing the Preparation of Financial Reports by Futures Commission Merchants, Regulations Governing the Preparation of Financial Reports by Public Banks and International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (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 the 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 Consolidated Financial Statements section of our report. We are independent of the Group in accordance with The Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the year ended December 31, 2025. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matters for the consolidated financial statements for the year ended December 31, 2025 are as follows:

Valuation of Policy Reserve

Cathay Life Insurance Co., Ltd. is a subsidiary of Cathay Financial Holding Co., Ltd. Its management adopted the actuarial model and its related multiple significant assumptions for the estimation of the policy reserve. Significant assumptions in the measurement of the policy reserve include the mortality rate, discount rate, lapse rate, morbidity rate, etc. These assumptions are made based on legislation and regulations, taking into consideration its actual experience as well as industry-specific experience. Since any changes in the actuarial model and significant assumptions may lead to a material impact on the estimation results of the policy reserve, the valuation of policy reserves was identified as a key audit matter. For related accounting policies, accounting estimates, estimation uncertainty and relevant disclosure information, refer to Notes 4, 5 and 23 to the accompanying consolidated financial statements.

The main audit procedures we performed in response to the key audit matter described above are as follows:

1. We understood the internal controls related to management's valuation of policy reserves as well as evaluated the operating effectiveness of these internal controls.
2. We obtained an understanding of the actuarial report issued by the contracted actuary, which was used as the basis for the management's valuation of policy reserves, and evaluated the contracted actuary's professional competence and capability.
3. The following procedures were performed by our actuarial specialist, and the results were compared to the results of the actuarial report published by the contracted actuary in order to assess the reasonableness of the actuarial model and its significant assumptions used by the management in the valuation of the policy reserve. The actuarial specialist:
 - a. Randomly sampled the insurance products to examine whether the calculations of the policy reserve were made in accordance with the requirements.
 - b. Evaluated the actuarial model and significant assumptions used in its valuation of policy reserve based on the sampled insurance policies and verified the recognized amount of the policy reserve.
 - c. Performed profiling tests on long-term insurance policies as of December 31, 2025 to identify any abnormalities in the recognized amounts of policy reserve in each individual insurance policy.
 - d. Assessed the reasonableness of the amount of provision for the policy reserve by considering the amount of policy reserve as of the end of the prior year and the business development for the year ended December 31, 2025.

Assessment of the Fair Values of Investment Properties

The investment properties of Cathay Life Insurance Co., Ltd. are measured at their fair values. To support the management in making reasonable estimates, Cathay Life Insurance Co., Ltd. used the fair values assessed by external independent appraisers. As the appraisal method and parameters used in the assessment of fair values involve significant judgments and estimates, we determined the assessment of the fair values of investment properties as a key audit matter. For the accounting policies, accounting estimates, assumption uncertainty and relevant disclosure information on the assessment of fair values of investment properties, refer to Notes 4, 5 and 15 to the accompanying consolidated financial statements.

The main audit procedures we performed in response to the key audit matter described above are as follows:

1. We evaluated the professional competence, capability and objectivity of the external independent appraisers, and we verified the qualification of the appraisers.
2. We appointed an internal valuation specialist to evaluate the reasonableness of the appraisal reports adopted by its management, including the appraisal methods, main parameters and discount rate of the appraisal reports.

Impairment Assessment on Loans

Cathay United Bank Co., Ltd. is a subsidiary of Cathay Financial Holding Co., Ltd. Its domestic loans were considered material to the consolidated financial statements as a whole. As the assessment of impairment of loans involves accounting estimates and management's significant judgment, and as the impairment assessment on loans under the relevant regulations issued by the authorities is substantially larger than that under IFRS 9, we determined the impairment of the loans under the relevant regulations prescribed by the authorities as a key audit matter.

Its management regularly assesses the impairment on its loans. Recognition of impairment loss on loans is based on compliance with regulations issued by the authorities regarding the classification of credit assets and the provision of impairment loss. For the accounting policies and relevant information on the impairment assessment of loans, refer to Notes 4, 5 and 12 to the accompanying consolidated financial statements.

The main audit procedures we performed in response to the key audit matter described above are as follows:

1. We obtained an understanding of and tested its internal controls for impairment assessment on loans.
2. We tested the classification of the credit assets into their respective categories out of the total five categories and confirmed that such classification complies with the relevant regulations issued by the authorities.
3. We performed the tests on selected samples and confirmed the appropriateness of impairment by the length of the overdue period and the value of the collateral for each respective loan.
4. We calculated the provision of impairment loss by classifying the credit assets into their respective categories and confirmed that such provision complies with the relevant regulations issued by the authorities.

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

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Financial Holding Companies, Regulations Governing the Preparation of Financial Reports by Insurance Enterprises, Regulations Governing the Preparation of Financial Reports by Securities Firms, Regulations Governing the Preparation of Financial Reports by Futures Commission Merchants, Regulations Governing the Preparation of Financial Reports by Public Banks and International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group'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 Group or to cease operations, or has no realistic alternative but to do so.

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

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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 consolidated financial statements.

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

1. Identify and assess the risks of material misstatement of the consolidated 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 Group'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 Group'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 consolidated 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 Group to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient and appropriate audit evidence regarding the financial information of entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision, and performance of the group audit. We remain solely responsible for our audit opinion.

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

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 consolidated financial statements for the year ended December 31, 2025 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.

The engagement partners on the audits resulting in this independent auditors' report are Shu-Wan Lin and Shiu-Ran Cheng.

Deloitte & Touche
Taipei, Taiwan
Republic of China

March 11, 2026

Notice to Readers

The accompanying consolidated financial statements are intended only to present the consolidated financial position, financial performance and cash flows in accordance with 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 consolidated financial statements are those generally applied in the Republic of China.

For the convenience of readers, the independent auditors' report and the accompanying consolidated financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. If there is any conflict between the English version and the original Chinese version or any difference in the interpretation of the two versions, the Chinese-language independent auditors' report and consolidated financial statements shall prevail.

CATHAY FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS DECEMBER 31, 2025 AND 2024 (In Thousands of New Taiwan Dollars)

ASSETS	2025		2024	
	Amount	%	Amount	%
CASH AND CASH EQUIVALENTS (Notes 4, 6 and 30)	\$ 361,911,485	3	\$ 331,924,124	2
DUE FROM THE CENTRAL BANK AND CALL LOANS TO BANKS	428,777,214	3	304,995,700	2
FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (Notes 4, 5, 7, 30 and 31)	1,997,543,473	14	2,029,794,871	15
FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME (Notes 4, 5, 8 and 30)	1,287,714,996	9	1,032,941,639	8
DEBT INSTRUMENTS AT AMORTIZED COST (Notes 4, 5, 9 and 31)	4,777,286,517	33	4,905,021,138	36
FINANCIAL ASSETS FOR HEDGING (Notes 4 and 5)	36,010	-	6,615	-
NOTES AND BONDS PURCHASED UNDER RESALE AGREEMENTS (Note 4)	42,827,566	-	39,225,129	-
RECEIVABLES, NET (Notes 4, 5, 10 and 30)	324,847,287	2	306,818,735	2
CURRENT TAX ASSETS	1,905,715	-	1,724,232	-
DISCOUNT AND LOANS, NET (Notes 4, 5, 12 and 30)	3,308,740,819	23	3,081,678,906	22
REINSURANCE CONTRACT ASSETS, NET	28,171,081	-	19,634,708	-
INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD, NET (Notes 4, 14, 30 and 31)	80,736,244	1	62,945,904	-
OTHER FINANCIAL ASSETS, NET (Notes 4 and 25)	861,044,551	6	810,353,665	6
INVESTMENT PROPERTIES, NET (Notes 4, 5, 15, 30 and 31)	504,777,190	3	481,132,365	4
PROPERTY AND EQUIPMENT, NET (Notes 4, 16 and 31)	110,058,881	1	109,547,868	1
RIGHT-OF-USE ASSETS, NET (Notes 4, 17 and 30)	5,785,403	-	5,124,668	-
INTANGIBLE ASSETS, NET (Notes 4 and 18)	31,483,314	-	33,152,377	-
DEFERRED TAX ASSETS (Notes 4 and 28)	78,667,439	1	87,844,767	1
OTHER ASSETS, NET (Notes 30 and 31)	<u>109,303,168</u>	<u>1</u>	<u>123,282,926</u>	<u>1</u>
TOTAL	<u>\$ 14,341,618,353</u>	<u>100</u>	<u>\$ 13,767,150,337</u>	<u>100</u>
 LIABILITIES AND EQUITY				
DEPOSITS FROM THE CENTRAL BANK AND BANKS	\$ 178,790,871	1	\$ 184,682,667	1
FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS (Notes 4, 5 and 7)	164,077,562	1	203,998,439	2
FINANCIAL LIABILITIES FOR HEDGING (Notes 4 and 5)	919,871	-	2,591,575	-
NOTES AND BONDS SOLD UNDER REPURCHASE AGREEMENTS (Note 4)	14,199,142	-	21,953,912	-
COMMERCIAL PAPER PAYABLE, NET (Note 19)	85,062,693	1	91,876,330	1
PAYABLES (Note 30)	114,103,621	1	101,378,430	1
CURRENT TAX LIABILITIES (Note 4)	23,987,999	-	6,651,714	-
DEPOSITS AND REMITTANCES (Notes 20 and 30)	4,331,649,468	30	3,783,367,486	27
BONDS PAYABLE (Note 21)	288,903,582	2	248,957,330	2
OTHER BORROWINGS (Note 22)	47,378,891	-	39,908,290	-
PROVISIONS (Notes 4, 23 and 24)	7,155,232,073	50	7,191,592,811	52
OTHER FINANCIAL LIABILITIES (Notes 4 and 25)	916,650,273	7	855,810,849	6
LEASE LIABILITIES (Notes 4, 17 and 30)	20,537,826	-	19,654,750	-
DEFERRED TAX LIABILITIES (Notes 4 and 28)	41,860,708	-	73,089,394	1
OTHER LIABILITIES (Note 30)	<u>23,875,683</u>	<u>-</u>	<u>35,109,655</u>	<u>-</u>
Total liabilities	<u>13,407,230,263</u>	<u>93</u>	<u>12,860,623,632</u>	<u>93</u>
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY (Notes 4 and 26)				
Share capital				
Ordinary shares	146,692,102	1	146,692,102	1
Preference shares	15,333,000	-	15,333,000	-
Capital surplus	203,119,254	1	203,143,822	1
Retained earnings				
Legal reserve	89,275,069	1	78,018,683	1
Special reserve	422,149,878	3	230,128,217	2
Unappropriated earnings	126,383,769	1	273,370,397	2
Other equity	<u>(74,666,564)</u>	<u>-</u>	<u>(57,994,700)</u>	<u>-</u>
Total equity attributable to owners of the Company	928,286,508	7	888,691,521	7
NON-CONTROLLING INTERESTS (Notes 4 and 26)	<u>6,101,582</u>	<u>-</u>	<u>17,835,184</u>	<u>-</u>
Total equity	<u>934,388,090</u>	<u>7</u>	<u>906,526,705</u>	<u>7</u>
TOTAL	<u>\$ 14,341,618,353</u>	<u>100</u>	<u>\$ 13,767,150,337</u>	<u>100</u>

The accompanying notes are an integral part of the consolidated financial statements.

CATHAY FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024

(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2025		2024	
	Amount	%	Amount	%
INTEREST INCOME (Notes 4 and 30)	\$ 337,809,583	96	\$ 329,545,489	92
INTEREST EXPENSE (Notes 4 and 30)	<u>(70,438,925)</u>	<u>(20)</u>	<u>(67,423,542)</u>	<u>(19)</u>
NET INTEREST INCOME	<u>267,370,658</u>	<u>76</u>	<u>262,121,947</u>	<u>73</u>
NET INCOME AND GAINS OTHER THAN INTEREST INCOME				
Net gain on service fee and commission fee (Notes 4, 25, 27 and 30)	18,278,064	5	15,076,034	4
Net gain (loss) on insurance operations (Notes 4, 27 and 30)	4,757,880	1	(35,559,826)	(10)
Gain (loss) on financial assets and liabilities at fair value through profit or loss (Notes 4 and 7)	186,816,578	53	(98,983,835)	(28)
Gain on investment properties (Notes 4, 15 and 30)	20,998,793	6	13,308,151	4
Realized gain on financial assets at fair value through other comprehensive income (Note 4)	9,981,079	3	8,413,668	2
Net gain (loss) on derecognition of financial assets at amortized cost (Notes 4 and 9)	2,256,804	1	(516,617)	-
Foreign exchange (loss) gain (Note 4)	(121,094,294)	(34)	213,837,144	60
Impairment loss on assets (Note 4)	(1,349,359)	-	(1,919,691)	-
Share of profit of associates and joint ventures accounted for using the equity method (Notes 4 and 14)	3,062,398	1	2,554,927	1
Gain (loss) on reclassification using the overlay approach (Notes 4 and 7)	28,932,079	8	(16,764,960)	(5)
Net other non-interest loss (Note 30)	<u>(69,605,765)</u>	<u>(20)</u>	<u>(3,850,025)</u>	<u>(1)</u>
PROFIT FROM OPERATIONS	<u>350,404,915</u>	<u>100</u>	<u>357,716,917</u>	<u>100</u>
NET CHANGES IN INSURANCE LIABILITY RESERVE (Notes 23 and 27)	<u>(115,062,010)</u>	<u>(33)</u>	<u>(114,344,275)</u>	<u>(32)</u>
PROVISION FOR BAD DEBT, COMMITMENTS AND GUARANTEE RESERVE	<u>(8,191,912)</u>	<u>(2)</u>	<u>(9,279,241)</u>	<u>(3)</u>
OPERATING EXPENSES (Notes 27 and 30)				
Employee benefit expenses	(65,175,001)	(19)	(61,888,839)	(17)
Depreciation and amortization expenses	(8,840,057)	(3)	(8,262,327)	(2)
Other general and administrative expenses	<u>(40,163,899)</u>	<u>(11)</u>	<u>(37,099,480)</u>	<u>(10)</u>
Total operating expenses	<u>(114,178,957)</u>	<u>(33)</u>	<u>(107,250,646)</u>	<u>(29)</u>

(Continued)

CATHAY FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024

(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2025		2024	
	Amount	%	Amount	%
PROFIT BEFORE INCOME TAX FROM CONTINUING OPERATIONS	\$ 112,972,036	32	\$ 126,842,755	36
INCOME TAX EXPENSE (Notes 4 and 28)	<u>(5,338,904)</u>	<u>(1)</u>	<u>(16,625,802)</u>	<u>(5)</u>
NET PROFIT FROM CONTINUING OPERATIONS	107,633,132	31	110,216,953	31
GAIN FROM DISCONTINUED OPERATIONS (Note 11)	<u>-</u>	<u>-</u>	<u>1,009,965</u>	<u>-</u>
NET INCOME	<u>107,633,132</u>	<u>31</u>	<u>111,226,918</u>	<u>31</u>
OTHER COMPREHENSIVE LOSS (Notes 4 and 28)				
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit plans	716,867	1	2,703,760	1
Gain on equity instruments at fair value through other comprehensive income	3,888,794	1	27,499,018	8
Changes in the fair value attributable to changes in the credit risk of financial liabilities designated as at fair value through profit or loss	296,411	-	517,113	-
Share of other comprehensive income (loss) of associates and joint ventures accounted for using the equity method for items that will not be reclassified subsequently to profit or loss	166,603	-	(62,019)	-
Income tax relating to items that will not be reclassified subsequently to profit or loss (Notes 4 and 28)	259,507	-	(1,048,786)	-
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translation of the financial statements of foreign operations	(3,510,061)	(1)	5,110,160	1
Loss on hedging instruments	(1,553,736)	-	(1,088,655)	-
Gain (loss) on debt instruments at fair value through other comprehensive income	20,819,276	6	(27,471,119)	(8)
Share of other comprehensive (loss) income of associates and joint ventures accounted for using the equity method for items that may be reclassified subsequently to profit or loss	(4,162,296)	(1)	1,563,020	-

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CATHAY FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2025		2024	
	Amount	%	Amount	%
Other comprehensive (loss) income reclassified using overlay approach	\$ (28,932,079)	(8)	\$ 16,764,960	5
Income tax relating to items that may be reclassified subsequently to profit or loss (Notes 4 and 28)	<u>(2,378,074)</u>	<u>(1)</u>	<u>1,389,280</u>	<u>-</u>
Total other comprehensive (loss) income for the period, net of income tax	<u>(14,388,788)</u>	<u>(4)</u>	<u>25,876,732</u>	<u>7</u>
TOTAL COMPREHENSIVE INCOME	<u>\$ 93,244,344</u>	<u>27</u>	<u>\$ 137,103,650</u>	<u>38</u>
NET INCOME ATTRIBUTABLE TO:				
Owners of the Company	\$ 107,141,920	31	\$ 110,269,745	31
Non-controlling interests	<u>491,212</u>	<u>-</u>	<u>957,173</u>	<u>-</u>
	<u>\$ 107,633,132</u>	<u>31</u>	<u>\$ 111,226,918</u>	<u>31</u>
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:				
Owners of the Company	\$ 94,625,249	27	\$ 131,792,634	37
Non-controlling interests	<u>(1,380,905)</u>	<u>-</u>	<u>5,311,016</u>	<u>1</u>
	<u>\$ 93,244,344</u>	<u>27</u>	<u>\$ 137,103,650</u>	<u>38</u>
EARNINGS PER SHARE (Note 29)				
From continuing and discontinued operations				
Basic earnings per share	<u>\$ 7.06</u>		<u>\$ 7.29</u>	
From continuing operations				
Basic earnings per share	<u>\$ 7.06</u>		<u>\$ 7.22</u>	

The accompanying notes are an integral part of the consolidated financial statements.

(Concluded)

CATHAY FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024
(In Thousands of New Taiwan Dollars)

	Equity Attributable to Owners of the Company										Other Equity				Total	Non-controlling Interests	Total Equity
	Share Capital		Capital Surplus	Retained Earnings			Exchange Differences on the Translation of Financial Statements of Foreign Operations	Unrealized Gain (Loss) on Financial Assets at Fair Value through Other Comprehensive Income	Gain (Loss) on Hedging Instruments	Changes in the Fair Value Attributable to Changes in the Credit Risk of Financial Liabilities Designated as at Fair Value Through Profit or Loss	Remeasurement of Defined Benefit Plans	Property Revaluation Surplus	Other Comprehensive Income (Loss) on Reclassification Using Overlay Approach	Others			
	Ordinary Shares	Preferred Shares		Legal Reserve	Special Reserve	Unappropriated Earnings											
BALANCE ON JANUARY 1, 2024	\$ 146,692,102	\$ 15,333,000	\$ 202,793,453	\$ 72,994,637	\$ 378,461,911	\$ 50,240,458	\$ (12,961,984)	\$ (14,758,415)	\$ 510,499	\$ (833,793)	\$ (1,117,660)	\$ 12,612,706	\$ (60,150,205)	\$ (1,762,024)	\$ 788,054,685	\$ 13,390,967	\$ 801,445,652
Effects of the initial application of IAS 29 financial reporting in hyperinflationary economies	-	-	-	-	-	(380,719)	-	-	-	-	-	-	-	-	(380,719)	-	(380,719)
BALANCE ON JANUARY 1, 2024 AS RESTATED	146,692,102	15,333,000	202,793,453	72,994,637	378,461,911	49,859,739	(12,961,984)	(14,758,415)	510,499	(833,793)	(1,117,660)	12,612,706	(60,150,205)	(1,762,024)	787,673,966	13,390,967	801,064,933
Appropriation of 2023 earnings	-	-	-	5,024,046	-	(5,024,046)	-	-	-	-	-	-	-	-	-	-	-
Legal reserve	-	-	-	5,024,046	-	(5,024,046)	-	-	-	-	-	-	-	-	-	-	-
Special reserve	-	-	-	-	(148,333,694)	148,333,694	-	-	-	-	-	-	-	-	-	-	-
Cash dividends on ordinary shares	-	-	-	-	-	(29,338,420)	-	-	-	-	-	-	-	-	(29,338,420)	-	(29,338,420)
Cash dividends on preferred shares	-	-	-	-	-	(3,404,403)	-	-	-	-	-	-	-	-	(3,404,403)	-	(3,404,403)
Changes in capital surplus from investments in associates and joint ventures accounted for using the equity method	-	-	350,369	-	-	(135,700)	-	(8,949)	-	-	-	-	-	-	205,720	-	205,720
Disposal of subsidiaries	-	-	-	-	-	94	-	(94)	-	-	-	-	-	1,762,024	1,762,024	-	1,762,024
Net income for the year ended December 31, 2024	-	-	-	-	-	110,269,745	-	-	-	-	-	-	-	-	110,269,745	957,173	111,226,918
Other comprehensive income (loss) for the year ended December 31, 2024, net of income tax	-	-	-	-	-	-	5,376,815	4,434,678	(864,766)	413,691	2,193,451	(3,706)	9,972,726	-	21,522,889	4,353,843	25,876,732
Total comprehensive income (loss) for the year ended December 31, 2024	-	-	-	-	-	110,269,745	5,376,815	4,434,678	(864,766)	413,691	2,193,451	(3,706)	9,972,726	-	131,792,634	5,311,016	137,103,650
Disposal of equity instruments at fair value through other comprehensive income	-	-	-	-	-	2,809,694	-	(2,809,694)	-	-	-	-	-	-	-	-	-
Changes in non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(866,799)	(866,799)
BALANCE ON DECEMBER 31, 2024	146,692,102	15,333,000	203,143,822	78,018,683	230,128,217	273,370,397	(7,585,169)	(13,142,474)	(354,267)	(420,102)	1,075,791	12,609,000	(50,177,479)	-	888,691,521	17,835,184	906,526,705
Appropriation of 2024 earnings	-	-	-	11,256,386	-	(11,256,386)	-	-	-	-	-	-	-	-	-	-	-
Legal reserve	-	-	-	11,256,386	-	(11,256,386)	-	-	-	-	-	-	-	-	-	-	-
Special reserve	-	-	-	-	192,021,661	(192,021,661)	-	-	-	-	-	-	-	-	-	-	-
Cash dividends on ordinary shares	-	-	-	-	-	(51,342,235)	-	-	-	-	-	-	-	-	(51,342,235)	-	(51,342,235)
Cash dividends on preferred shares	-	-	-	-	-	(3,595,916)	-	-	-	-	-	-	-	-	(3,595,916)	-	(3,595,916)
Changes in capital surplus from investments in associates and joint ventures accounted for using the equity method	-	-	(16,248)	-	-	4,736	-	(4,736)	-	-	-	-	-	-	(16,248)	-	(16,248)
Disposal of subsidiaries	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(9,964,043)	(9,964,043)
Changes in ownership interests in subsidiaries	-	-	(8,320)	-	-	(67,543)	-	-	-	-	-	-	-	-	(75,863)	(309,600)	(385,463)
Net income for the year ended December 31, 2025	-	-	-	-	-	107,141,920	-	-	-	-	-	-	-	-	107,141,920	491,212	107,633,132
Other comprehensive (loss) income for the year ended December 31, 2025, net of income tax	-	-	-	-	-	-	(2,429,485)	22,528,509	(1,242,697)	237,128	570,524	-	(32,180,650)	-	(12,516,671)	(1,872,117)	(14,388,788)
Total comprehensive income (loss) for the year ended December 31, 2025	-	-	-	-	-	107,141,920	(2,429,485)	22,528,509	(1,242,697)	237,128	570,524	-	(32,180,650)	-	94,625,249	(1,380,905)	93,244,344
Disposal of equity instruments at fair value through other comprehensive income	-	-	-	-	-	4,149,709	-	(4,149,709)	-	-	-	-	-	-	-	-	-
Others	-	-	-	-	-	748	-	-	-	-	-	(748)	-	-	-	-	-
Changes in non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(79,054)	(79,054)
BALANCE ON DECEMBER 31, 2025	\$ 146,692,102	\$ 15,333,000	\$ 203,119,254	\$ 89,275,069	\$ 422,149,878	\$ 126,383,769	\$ (10,014,654)	\$ 5,231,590	\$ (1,596,964)	\$ (182,974)	\$ 1,646,315	\$ 12,608,252	\$ (82,358,129)	\$ -	\$ 928,286,508	\$ 6,101,582	\$ 934,388,090

The accompanying notes are an integral part of the consolidated financial statements.

CATHAY FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024 (In Thousands of New Taiwan Dollars)

	2025	2024
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before income tax from continuing operations	\$ 112,972,036	\$ 126,842,755
Income (loss) before income tax from discontinued operations	-	2,500,697
Adjustments for:		
Depreciation expense	5,904,313	5,441,032
Amortization expense	2,935,744	2,994,882
Bad debt expense	8,191,912	9,279,241
Net (gain) loss on financial assets and liabilities at fair value through profit or loss	(172,377,479)	111,811,872
Interest expense	70,438,925	67,449,755
Net (gain) loss on derecognition of financial assets at amortized cost	(2,256,804)	516,617
Interest income	(337,809,583)	(329,579,140)
Dividend income	(22,320,674)	(19,851,641)
Net changes in insurance liabilities	55,023,643	226,826,048
Net changes in other provisions	71,658,752	6,741,061
Share of profit or loss of associates and joint ventures accounted for using the equity method	(3,062,398)	(2,554,927)
(Gain) loss on reclassification using the overlay approach	(28,932,079)	16,764,960
Loss (gain) on disposal and retirement of property and equipment	19,160	(52,872)
Gain on disposal of investment properties	(4,734)	(1,740)
Gain on disposal of intangible assets	-	(502)
Gain on disposal of investments	(1,786,937)	(1,060,471)
Loss (gain) on disposal of investments accounted for using the equity method	1,527	(6,766)
Expected credit loss on financial assets	1,349,258	1,919,691
Expected credit loss on non-financial assets	101	-
Gain on sale of non-performing loan	(2,368)	(11,797)
Gain on changes in fair value of investment properties	(8,021,884)	(1,058,998)
Gain on disposal of subsidiaries and others	(323,266)	(2,500,742)
Net changes in operating assets and liabilities		
Due from the Central Bank and call loans to banks	(25,667,320)	(20,148,956)
Financial assets at fair value through profit or loss	334,539,282	343,750,819
Financial assets at fair value through other comprehensive income	(227,197,819)	(152,339,751)
Debt instruments at amortized cost	127,994,172	(176,176,637)
Financial assets for hedging	(9,587)	(74,149)
Receivables	(18,364,828)	(59,356,857)
Loans	(239,560,781)	(405,181,119)
Reinsurance assets	(8,527,332)	(4,231,786)
Other financial assets	(1,520,094)	(7,696,736)
Other assets	9,468,958	(56,047,060)
Deposits from the Central Bank and banks	(5,891,796)	67,551,813
Financial liabilities at fair value through profit or loss	(342,074,879)	(417,647,456)
Financial liabilities for hedging	(3,245,248)	(466,338)

(Continued)

CATHAY FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024 (In Thousands of New Taiwan Dollars)

	2025	2024
Notes and bonds sold under repurchase agreements	\$ (7,432,675)	\$ (4,194,837)
Payables	15,160,719	14,483,382
Deposits and remittances	548,281,982	286,384,798
Provisions for employee benefits	(9,816)	(104,321)
Provisions	(2,578)	(116,086)
Other financial liabilities	11,680,501	(8,481,583)
Other liabilities	<u>(10,844,700)</u>	<u>2,532,854</u>
Cash used in operations	(91,626,674)	(375,150,991)
Interest received	340,004,962	330,271,178
Dividends received	23,630,046	20,439,144
Interest paid	(72,738,785)	(67,704,578)
Income tax (paid) refund	<u>(11,012,377)</u>	<u>3,186</u>
Net cash generated from (used in) operating activities	<u>188,257,172</u>	<u>(92,142,061)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of financial assets at fair value through other comprehensive income	(31,526,959)	(20,634,568)
Proceeds from disposal of financial assets at fair value through other comprehensive income	30,119,694	17,502,451
Proceeds from liquidation or capital reduction of financial assets at fair value through other comprehensive income	13,946	13,242
Acquisition of financial assets at fair value through profit or loss	(909,792)	(969,680)
Proceeds from disposal of financial assets at fair value through profit or loss	558,379	802,906
Acquisition of investments accounted for using the equity method	(10,346,859)	(3,761,119)
Proceeds from disposal of investments accounted for using the equity method	250,461	26,520
Net cash outflow on acquisition of subsidiaries (after deduction of cash and cash equivalents balances acquired)	637	-
Proceeds from disposal of subsidiaries	(15,663,780)	(3,787,537)
Proceeds from capital reduction of investments accounted for using the equity method	206,578	295,934
Acquisition of property and equipment	(4,659,196)	(4,978,849)
Proceeds from disposal of property and equipment	667	157,444
Acquisition of intangible assets	(671,371)	(960,182)
Proceeds from disposal of intangible assets	-	10,543
Acquisition of investment properties	(14,783,032)	(16,563,310)
Proceeds from disposal of investment properties	102,000	13,520
Proceeds from sale of non-performing loan	53,539	38,790
Dividends received	<u>45,961</u>	<u>45,251</u>
Net cash used in investing activities	<u>(47,209,127)</u>	<u>(32,748,644)</u>

(Continued)

CATHAY FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024 (In Thousands of New Taiwan Dollars)

	2025	2024
CASH FLOWS FROM FINANCING ACTIVITIES		
(Decrease) increase in commercial paper payable	\$ (6,822,953)	\$ 15,367,554
Proceeds from issuance of convertible bonds	40,000,000	90,739,712
Repayment of convertible bonds	(4,300,000)	(4,000,000)
Proceeds from issuance of bank debentures	5,900,000	-
Repayment of financial debentures	-	(14,400,000)
Increase in other borrowings	7,131,899	26,867,766
Repayment of the principal portion of lease liabilities	(1,725,588)	(1,660,919)
Dividends paid	(54,938,151)	(32,742,823)
Acquisition of ownership interests in subsidiaries	(386,100)	-
Changes in non-controlling interests	<u>(79,054)</u>	<u>(335,906)</u>
Net cash (used in) generated from financing activities	<u>(15,219,947)</u>	<u>79,835,384</u>
EFFECTS OF EXCHANGE RATE AND PURCHASING POWER CHANGES ON CASH AND CASH EQUIVALENTS		
	<u>5,883,511</u>	<u>130,830</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	131,711,609	(44,924,491)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	<u>557,527,266</u>	<u>602,451,757</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	<u>\$ 689,238,875</u>	<u>\$ 557,527,266</u>
Reconciliation of cash and cash equivalents:		
	December 31	
	2025	2024
Cash and cash equivalents presented in the consolidated balance sheets	\$ 361,911,485	\$ 331,924,124
Due from the Central Bank and call loans to banks qualified for cash and cash equivalents under the definition of IAS 7	284,499,824	186,378,013
Notes and bonds purchased under resale agreements qualified for cash and cash equivalents under the definition of IAS 7	<u>42,827,566</u>	<u>39,225,129</u>
Cash and cash equivalents at the end of the year	<u>\$ 689,238,875</u>	<u>\$ 557,527,266</u>

The accompanying notes are an integral part of the consolidated financial statements.

(Concluded)

CATHAY FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024 (In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

1. GENERAL INFORMATION

On December 31, 2001, Cathay Financial Holding Co., Ltd. (the “Company” or “Cathay Financial Holdings”) was incorporated through a share swap with Cathay Life Insurance Co., Ltd. (“Cathay Life”) pursuant to the Financial Holding Company Act, Company Act and related laws and regulations and Cathay Life became a wholly-owned subsidiary of the Company. On the same day, Cathay Life’s shares were delisted and the Company’s shares have been listed on the Taiwan Stock Exchange.

On April 22, 2002, Cathay Century Insurance Co., Ltd. (“Cathay Century”) and Cathay Commercial Bank Co., Ltd. (“Cathay Bank”) became wholly-owned subsidiaries of the Company through share swaps. On December 18, 2002, United World Chinese Commercial Bank Co., Ltd. (“UWCCB”) also became a wholly-owned subsidiary of the Company through a share swap. On October 27, 2003, UWCCB was merged with Cathay Bank in accordance with the Financial Institutions Merger Act and related laws and regulations; UWCCB was the surviving company and was re-named to Cathay United Bank Co., Ltd. (“Cathay United Bank”). The Company acquired all issued shares of Lucky Bank Inc. through a share swap on August 25, 2006. To expand its business scale and improve competitiveness, Cathay United Bank merged with Lucky Bank Inc. on January 1, 2007 and acquired specific assets, liabilities, and business of China United Trust & Investment Corporation on December 29, 2007.

On May 12, 2004, the Company incorporated Cathay Securities Corporation (“Cathay Securities”) as a wholly-owned subsidiary. Cathay Venture Inc. (“Cathay Venture”) was incorporated on April 10, 2003; as resolved by the board of directors on August 10, 2009, Cathay Venture was merged with Cathay VC Inc., Cathay II NC Inc. and Cathay Capital Management Inc., in which Cathay Venture was the surviving company. On June 13, 2011, the Company was approved to acquire Cathay Securities Investment Trust Co., Ltd. (“Cathay Securities Investment Trust”) by the Financial Supervisory Commission (“FSC”) and acquired all issued shares of Cathay Securities Investment Trust by cash on June 24, 2011.

Cathay Life participated in and won the bid for the takeover of the assets, liabilities and operations of Global Life Insurance Co., Ltd. (“Global Life”) and Singfor Life Insurance Co., Ltd. (“Singfor Life”), which was held by the Taiwan Insurance Guaranty Fund. Cathay Life entered into the general assignment and assumption agreement on March 27, 2015. Cathay Life assumed all assets, liabilities and operations of Global Life and Singfor Life, except for their reserved assets and liabilities on July 1, 2015.

Since July 29, 2003, the Company has listed a portion of its ordinary shares on the Luxembourg Stock Exchange in the form of Global Depositary Shares (GDSs). The Company’s registered office and the main business location is at No. 296, Jen Ai Road, Section 4, Taipei, R.O.C. The Company is mainly engaged in the business of financial holding company.

The consolidated financial statements are presented in the Company’s functional currency, the New Taiwan dollars.

2. APPROVAL OF FINANCIAL STATEMENTS

The consolidated financial statements were approved by the Company’s board of directors and authorized for issue on March 11, 2026.

3. APPLICATION OF NEW, AMENDED AND REVISED STANDARDS AND INTERPRETATIONS

- a. Initial application of the amendments to the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) (collectively, the “IFRS Accounting Standards”) endorsed and issued into effect by the Financial Supervisory Commission (FSC).

Identification of related parties

In accordance with the Q&A “Identification of Related Parties” issued by the ARDF in June 2025, the Group has reassessed its relationship with funds managed by the investment trust subsidiary to determine whether it exercises control or significant influence, or if it solely provides key management services to them. Since the Group only provides key management services to certain managed funds, the previous identification of related parties based on the Q&A issued by the ARDF in July 2013 was revised. Accordingly, these funds are no longer identified as related parties of the Group, effective from January 1, 2025. Furthermore, in accordance with the Q&A issued by the FSC, comparative information for the year 2024 needs not to be restated, which means the identified and disclosed related party relationships and transactions in prior financial statements are not required to be adjusted retrospectively.

- b. The Regulations Governing the Preparation of Financial Reports by Insurance Enterprises and IFRS Accounting Standards endorsed by the FSC for application starting from 2026

New, Amended and Revised Standards and Interpretations	Effective Date Announced by IASB
Amendments to IFRS 9 and IFRS 7 “Amendments to the Classification and Measurement of Financial Instruments”	January 1, 2026
Amendments to IFRS 9 and IFRS 7 “Contracts Referencing Nature-dependent Electricity”	January 1, 2026
Annual Improvements to IFRS Accounting Standards - Volume 11	January 1, 2026
IFRS 17 “Insurance Contracts” (including the 2020 and 2021 amendments to IFRS 17)	January 1, 2023

- 1) IFRS 17 “Insurance Contracts” (including the 2020 and 2021 amendments to IFRS 17)

Under the current financial reporting framework, insurance contracts and financial instruments with or without discretionary participation features are accounted for in accordance with the requirements of IFRS 4 and the Regulations Governing the Setting Aside of Various Reserves by Insurance Enterprises. The related policy reserves are determined and certified by qualified actuaries approved by the FSC. Please refer to Note 4, summary of material accounting policy information.

In accordance with the regulations of the FSC, the date of initial application of IFRS 17 is January 1, 2026. IFRS 17 establishes the principles for the recognition, measurement, presentation and disclosure of insurance contracts and will replace IFRS 4. IFRS 17 applies to insurance contracts issued by an entity (including reinsurance contracts), reinsurance contracts held, and investment contracts with discretionary participation features issued by an entity, provided that the entity also issues insurance contracts. IFRS 17 introduces a consistent measurement model for insurance liabilities. The standard provides three measurement approaches: The General Measurement Model, the Variable Fee Approach, and the Premium Allocation Approach. The Variable Fee Approach applies to insurance contracts with direct participation features. In addition, when certain eligibility criteria are met, an entity may elect to apply the Premium Allocation Approach as a simplified method for measuring groups of insurance contracts.

The General Measurement Model estimates the amount, timing, and uncertainty of the future cash flows of a group of insurance contracts based on current assumptions, and includes a risk adjustment for non-financial risk to reflect the compensation required for bearing the uncertainty. The model considers the market interest rates and the effects of options and guarantees embedded in insurance contracts on the related cash flows. The model also determines the contractual service margin (“CSM”), which represents the unearned profit that the entity recognizes as it provides services under the insurance contracts.

The Group applies the transition requirements of IFRS 17 in the preparation of its financial statements. As a general principle, the Group applies the full retrospective approach. Where the application of the full retrospective approach is impracticable, the Group applies either the modified retrospective approach or the fair value approach, as appropriate.

When applying the full retrospective approach, the Group identifies, recognizes, and measures each group of insurance contracts as of January 1, 2025 as if IFRS 17 had always been applied. When applying the modified retrospective approach, the Group uses reasonable and supportable information to achieve results that are as close as possible to those obtained under the full retrospective approach. When applying the fair value approach, the Group also uses reasonable and supportable information, and determines the contractual service margin or loss component of the liability for remaining coverage as of January 1, 2025 based on the difference between the fair value of the group of insurance contracts at that date and the fulfillment cash flows measured as of the same date.

Prior to the application of IFRS 17, in order to mitigate the potential impacts and inconsistencies arising from the earlier effective date of IFRS 9 relative to IFRS 17, the Group elected to apply the overlay approach to the designated financial assets in accordance with IFRS 4. Upon the application of IFRS 17, the Group will discontinue the application of the overlay approach.

Redesignation of financial assets

At the date of initial application of IFRS 17, an entity that has already applied IFRS 9 may redesignate financial assets that meet the requirements of paragraph C29 of IFRS 17. In addition, for financial assets that were derecognized during the comparative period prior to the date of initial application of IFRS 17, an entity may elect to apply the classification overlay approach on an instrument-by-instrument basis as if those financial assets had been redesignated in accordance with paragraph C29 of IFRS 17 during the comparative period.

The Group expects to assess the redesignation of relevant financial assets based on the financial assets held as of January 1, 2026 and the facts and circumstances existing on that date.

The Group has elected not to restate the comparative information for the year ended December 31, 2025 in relation to the redesignation of financial assets. Any difference between the previous carrying amounts of those financial assets and their carrying amounts at the date of initial application will be recognized in opening retained earnings (or other appropriate components of equity) at the date of initial application. The Group will disclose the classification changes under IFRS 9 and the related reconciliation information in the 2026 financial statements.

As of the date of issuance of the consolidated financial statements, the Group had performed a preliminary assessment of the impact of adopting IFRS 17 and estimated that, on the transition date (i.e., January 1, 2025), equity attributable to owners of the Company would increase by approximately \$69.9 billion, while non-controlling interests would decrease by approximately \$6.0 billion, resulting in a net increase in total equity of approximately \$63.9 billion. In addition, the Group has completed its assessment of the impact of IFRS 17 on its financial position and financial performance for the year ended December 31, 2025 as of the date of initial application (i.e., January 1, 2026). Reflecting changes in market interest rates and the resulting impact on insurance contract liabilities, as well as the redesignation of financial assets to support investment stability and

asset-liability management objectives, the Group expects that, as of the initial application date, equity attributable to owners of the Company and total equity would decrease by approximately \$252 billion.

2) Amendments to the Regulations Governing the Preparation of Financial Reports by Insurance Enterprises

Cathay Life's circumstances in which its foreign-currency-denominated assets correspond to its New Taiwan dollar-denominated liabilities meet the conditions set out in the Insurance Bureau's interpretation, Bao Tsai No. 1140495239 dated January 2, 2026. In accordance with the amended Regulations Governing the Preparation of Financial Reports issued by FSC and as resolved by the Board of Directors on January 22, 2026, effective from January 1, 2026, for Cathay Life's investments in debt instruments at amortized cost with no designation of foreign currency risk hedging components, Cathay Life adopts the straight-line amortization of the unrealized exchange differences, on an individual basis, over the expected remaining life. The unamortized cumulative unrealized exchange net gain (loss) is recognized in other assets or other liabilities, as appropriate. Upon derecognition of the debt instruments, the entire amount is recognized in exchange gains or losses for the period.

Except for the above impact, as of the date the consolidated financial statements were authorized for issue, the Group has assessed that the application of other standards and interpretations will not have a material impact on the Group's financial position and financial performance.

c. The IFRS Accounting Standards in issue but not yet endorsed and issued into effect by the FSC

<u>New, Amended and Revised Standards and Interpretations</u>	<u>Effective Date Announced by IASB (Note 1)</u>
Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets between an Investor and its Associate or Joint Venture"	To be determined by IASB
IFRS 18 "Presentation and Disclosure in Financial Statements"	January 1, 2027 (Note 2)
IFRS 19 "Subsidiaries without Public Accountability: Disclosures" (including the 2025 amendments to IFRS 19)	January 1, 2027
Amendments to IAS 21 "Translation to a Hyperinflationary Presentation Currency"	January 1, 2027

Note 1: Unless stated otherwise, the above IFRS Accounting Standards are effective for annual reporting periods beginning on or after their respective effective dates.

Note 2: On September 25, 2025, the FSC announced that IFRS 18 will take effect starting from January 1, 2028. Domestic entities could elect to apply IFRS 18 for an earlier period after the endorsement of IFRS 18 by the FSC.

IFRS 18 "Presentation and Disclosure in Financial Statements" and consequential amendments

IFRS 18 will supersede IAS 1 "Presentation of Financial Statements". The main changes comprise:

- To classify items of income and expenses presented in the statement of profit or loss into the operating, investing, financing, income taxes and discontinued operations categories, the Group shall assess whether it has specified main business activities of investing in particular types of assets and providing financing to customers.
- The statement of profit or loss shall present totals and subtotals for operating profit or loss, profit or loss before financing and income taxes and profit or loss.

- Provides guidance to enhance the requirements of aggregation and disaggregation: The Group shall identify the assets, liabilities, equity, income, expenses and cash flows that arise from individual transactions or other events and shall classify and aggregate them into groups based on shared characteristics, so as to result in the presentation in the primary financial statements of line items that have at least one similar characteristic. The Group shall disaggregate items with dissimilar characteristics in the primary financial statements and in the notes. The Group labels items as “other” only if it cannot find a more informative label.
- Disclosures on Management-defined Performance Measures (MPMs): When in public communications outside financial statements and communicating to users of financial statements management’s view of an aspect of the financial performance of the Group as a whole, the Group shall disclose related information about its MPMs in a single note to the financial statements, including the description of such measures, calculations, reconciliations to the subtotal or total specified by IFRS Accounting Standards and the income tax and non-controlling interests effects of related reconciliation items.

In addition, the following consequential amendments have been made to IAS 7 “Statement of Cash Flows”:

- The Group shall use operating profit or loss as the starting point when presenting cash flows from operating activities under the indirect method.
- Interest and dividends received by the Group shall be classified as investing activities, while interest and dividends paid shall be classified as financing activities. However, if, after assessment, the Group has a specific main operating activity, it shall determine how to classify dividends received, interest received and interest paid in the statement of cash flows by referring to how it classifies dividend income, interest income and interest expense in the statement of profit or loss. The total of each of these cash flows shall be classified in a single category in the statement of cash flows.

Except for the above impact, as of the date the consolidated financial statements were authorized for issue, the Group is continuously assessing the other impacts of the above amended standards and interpretations on the Group’s financial position and financial performance and will disclose the relevant impact when the assessment is completed.

4. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION

Statement of Compliance

The consolidated financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Financial Holding Companies, Regulations Governing the Preparation of Financial Statements by Insurance Enterprises, Guidelines Governing the Preparation of Financial Reports by Public Banks, Guidelines Governing the Preparation of Financial Statements by Securities Firms, Regulations Governing the Preparation of Financial Reports by Futures Commission Merchants and IFRS Accounting Standards as endorsed and issued into effect by the FSC.

Basis of Preparation

The consolidated financial statements have been prepared on the historical cost basis except for financial instruments and investment properties which are measured at fair value, and net defined benefit liabilities (assets) which are measured at the fair value of plan assets less the present value of the defined benefit obligation.

The fair value measurements, which are grouped into Levels 1 to 3 based on the degree to which the fair value measurement inputs are observable and based on the significance of the inputs to the fair value measurement in its entirety, are described as follows:

- a. Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities;
- b. Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for an asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and
- c. Level 3 inputs are unobservable inputs for an asset or liability.

Basis of Consolidation

The consolidated financial statements incorporate the financial statements of the Company and the entities controlled by the Company (i.e., its subsidiaries).

Income and expenses of subsidiaries acquired or disposed of during the period are included in the consolidated statement of comprehensive income from the effective dates of acquisitions up to the effective dates of disposals, as appropriate.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those of the Group.

All intra-group transactions, balances, income and expenses are eliminated in full upon consolidation. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the interests of the Group and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognized directly in equity and attributed to the owners of the Company.

When the Group loses control of a subsidiary, a gain or loss is recognized in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and any investment retained in the former subsidiary at its fair value at the date when control is lost and (ii) the assets (including any goodwill) and liabilities and any non-controlling interests of the former subsidiary at their carrying amounts at the date when control is lost. The Group accounts for all amounts recognized in other comprehensive income in relation to that subsidiary on the same basis as would be required had the Group directly disposed of the related assets or liabilities.

The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition of a joint venture.

See Note 13 for detailed information on subsidiaries (including percentages of ownership and main businesses).

Business Combinations

Acquisitions of businesses are accounted for using the acquisition method. Acquisition-related costs are generally recognized in profit or loss as they are incurred.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interests in the acquiree over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed.

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation may be initially measured either at fair value or at the non-controlling interests' proportionate share of the recognized amounts of the acquiree's identifiable net assets. Other types of non-controlling interests are measured at fair value.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted retrospectively during the measurement period, or additional assets or liabilities are recognized, to reflect new information obtained about facts and circumstances that existed as of the acquisition date that, if known, would have affected the amounts recognized as of that date.

Foreign Currencies

In preparing the financial statements of each individual entity, transactions in currencies other than the entity's functional currency (i.e., foreign currencies) are recognized at the rates of exchange prevailing at the dates of the transactions.

At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Exchange differences on monetary items arising from settlement or translation are recognized in profit or loss in the period in which they arise except for exchange differences on monetary items receivable from or payable to a foreign operation for which settlement is neither planned nor likely to occur (therefore forming part of the net investment in the foreign operation), which are recognized initially in other comprehensive income and reclassified from equity to profit or loss on disposal of the net investment.

Non-monetary items denominated in foreign currencies that are measured at fair value are retranslated at the rates prevailing at the date when the fair value is determined. Exchange differences arising from the retranslation of non-monetary items are included in profit or loss for the period except for exchange differences arising from the retranslation of non-monetary items in respect of which gains and losses are recognized directly in other comprehensive income; in which cases, the exchange differences are also recognized directly in other comprehensive income.

Non-monetary item denominated in a foreign currency and measured at historical cost is stated at the reporting currency as originally translated from the foreign currency.

For the purpose of presenting consolidated financial statements, the financial statements of the Company's foreign operations (including subsidiaries, associates and joint ventures in other countries) that are prepared using functional currencies which are different from the currency of the Company are translated into the presentation currency, the New Taiwan dollar, as follows: Assets and liabilities are translated at the exchange rates prevailing at the end of the reporting period; and income and expense items are translated at the exchange rates at the dates of the transactions or at the average exchange rates for the period. The resulting currency translation differences are recognized in other comprehensive income (attributed to the owners of the Company and non-controlling interests as appropriate).

On the disposal of a foreign operation (i.e., a disposal of the Company's entire interest in a foreign operation, or a disposal involving the loss of control over a subsidiary that includes a foreign operation, or a partial disposal of an interest in an associate that includes a foreign operation of which the retained interest becomes a financial asset), all of the exchange differences accumulated in equity in respect of that operation attributable to the owners of the Company are reclassified to profit or loss.

In a partial disposal of a subsidiary that does not result in the Company losing control over the subsidiary, the proportionate share of accumulated exchange differences is re-attributed to the non-controlling interests of the subsidiary and is not recognized in profit or loss. For all other partial disposals, the proportionate share of the accumulated exchange differences recognized in other comprehensive income is reclassified to profit or loss.

Hyperinflationary Economies

When preparing consolidated financial statements, if the functional currency of a foreign operation within the consolidated group belongs to a highly inflationary economy, the financial statements of that foreign operation should first be adjusted to reflect the current measuring unit as of the balance sheet date. Gains or losses arising from the net monetary position should be recognized in profit or loss for the period. Subsequently, all amounts in the financial statements should be translated into the presentation currency using the closing exchange rate as of the balance sheet date.

Upon the initial application of IAS 29 “Financial Reporting in Hyperinflationary Economies” and in subsequent periods, the restatement impact on the opening financial information of the foreign operation should be adjusted to retained earnings under equity. Any exchange differences arising from the translation of financial statements should be recorded in other comprehensive income.

Since neither the functional currency nor the presentation currency (New Taiwan dollar) of the consolidated group is classified as a currency of a highly inflationary economy, the comparative financial information of the foreign operation remains as presented in the financial statements of previous reporting periods.

Investments in Associates and Joint Ventures

An associate is an entity over which the Group has significant influence and which is neither a subsidiary nor an interest in a joint venture. A joint venture is a joint arrangement whereby the Group and other parties that have joint control of the arrangement have rights to the net assets of the arrangement. The Group uses the equity method to account for its investments in associates and joint ventures.

Under the equity method, investments in an associate and a joint venture are initially recognized at cost and adjusted thereafter to recognize the Group’s share of the profit or loss and other comprehensive income of the associate and joint venture. The Group also recognizes the changes in the Group’s share of the equity of associates and joint ventures.

Any excess of the cost of acquisition over the Group’s share of the net fair value of the identifiable assets and liabilities of an associate and a joint venture at the date of acquisition is recognized as goodwill, which is included within the carrying amount of the investment and is not amortized. Any excess of the Group’s share of the net fair value of the identifiable assets and liabilities over the cost of acquisition, after reassessment, is recognized immediately in profit or loss.

When the Group subscribes for additional new shares of an associate and a joint venture at a percentage different from its existing ownership percentage, the resulting carrying amount of the investment differs from the amount of the Group’s proportionate interest in the associate and joint venture. The Group records such a difference as an adjustment to investments with the corresponding amount charged or credited to capital surplus - changes in capital surplus from investments in associates and joint ventures accounted for using the equity method. If the Group’s ownership interest is reduced due to its additional subscription of the new shares of the associate and joint venture, the proportionate amount of the gains or losses previously recognized in other comprehensive income in relation to that associate and joint venture is reclassified to profit or loss on the same basis as would be required had the investee directly disposed of the related assets or liabilities. When the adjustment should be debited to capital surplus, but the capital surplus recognized from investments accounted for using the equity method is insufficient, the shortage is debited to retained earnings.

When the Group's share of losses of an associate and a joint venture equals or exceeds its interest in that associate and joint venture (which includes any carrying amount of the investment accounted for using the equity method and long-term interests that, in substance, form part of the Group's net investment in the associate and joint venture), the Group discontinues recognizing its share of further loss, if any. Additional losses and liabilities are recognized only to the extent that the Group has incurred legal obligations, or constructive obligations, or made payments on behalf of that associate and joint venture.

The entire carrying amount of an investment (including goodwill) is tested for impairment as a single asset by comparing its recoverable amount with its carrying amount. Any impairment loss recognized is not allocated to any asset, including goodwill, that forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognized to the extent that the recoverable amount of the investment subsequently increases.

The Group discontinues the use of the equity method from the date on which its investment ceases to be an associate and a joint venture. Any retained investment is measured at fair value at that date, and the fair value is regarded as the investment's fair value on initial recognition as a financial asset. The difference between the previous carrying amount of the associate and joint venture attributable to the retained interest and its fair value is included in the determination of the gain or loss on disposal of the associate and joint venture. The Group accounts for all amounts previously recognized in other comprehensive income in relation to that associate and joint venture on the same basis as would be required had that associate directly disposed of the related assets or liabilities. If an investment in an associate becomes an investment in a joint venture or an investment in a joint venture becomes an investment in an associate, the Group continues to apply the equity method and does not remeasure the retained interest.

When the Group transacts with its associate and joint venture, profits and losses resulting from the transactions with the associate and joint venture are recognized in the Group's consolidated financial statements only to the extent of interests in the associate and joint venture that are not related to the Group.

Property and Equipment

Property and equipment are initially measured at cost and subsequently measured at cost less accumulated depreciation and accumulated impairment loss.

Property and equipment in the course of construction are measured at cost less any recognized impairment loss. Cost includes professional fees and borrowing costs eligible for capitalization. Such assets are depreciated and classified to the appropriate categories of property and equipment when completed and ready for their intended use.

Except for freehold land which is not depreciated, the depreciation of property and equipment is recognized using the straight-line method. Each significant part is depreciated separately. The estimated useful lives, residual values and depreciation methods are reviewed at the end of each reporting period, with the effects of any changes in the estimates accounted for on a prospective basis.

On derecognition of an item of property and equipment, the difference between the sales proceeds and the carrying amount of the asset is recognized in profit or loss.

Investment Properties

Investment properties are properties held to earn rental and/or for capital appreciation. Investment properties include right-of-use assets and properties under construction that meet the definition of investment properties. Investment properties also include land held for a currently undetermined future use.

Freehold investment properties and investment properties acquired through leases are measured initially at cost, including transaction costs. All investment properties are subsequently measured using the fair value model. Changes in the fair value of investment properties are included in profit or loss for the year in which they arise.

Investment properties under construction, of which the fair value is not reliably measurable, are measured at cost less accumulated impairment loss until such time as either the fair value becomes reliably measurable or construction is completed (whichever comes earlier).

The Group transfers properties to or from investment properties according to the actual use of the properties.

For a transfer of classification from investment properties to property and equipment, the deemed cost of an item of property for subsequent accounting is its fair value at the commencement of owner-occupation. For a transfer of classification from property and equipment to investment properties at the end of owner-occupation or the actual use of the properties, any difference between the fair value of an item of property at the transfer date and its previous carrying amount is recognized in other comprehensive income and accumulated in gain on property revaluation under other equity that will be transferred directly to retained earnings when the asset is derecognized.

On derecognition of an investment property, the difference between the net disposal proceeds and the carrying amount of the asset is included in profit or loss.

Goodwill

Goodwill arising from the acquisition of a business is measured at cost as established at the date of acquisition of the business less accumulated impairment loss.

For the purposes of impairment testing, goodwill is allocated to each of the Group's cash-generating units or groups of cash-generating units (referred to as "cash-generating units") that are expected to benefit from the synergies of the combination.

A cash-generating unit to which goodwill has been allocated is tested for impairment annually or more frequently whenever there is an indication that the unit may be impaired, by comparing its carrying amount, including the attributed goodwill, with its recoverable amount. However, if the goodwill allocated to a cash-generating unit was acquired in a business combination during the current annual period, that unit shall be tested for impairment before the end of the current annual period. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then pro rata to the other assets of the unit based on the carrying amount of each asset in the unit. Any impairment loss is recognized directly in profit or loss. Any impairment loss recognized for goodwill is not reversed in subsequent periods.

If goodwill has been allocated to a cash-generating unit and the Group disposes of an operation within that unit, the goodwill associated with the operation which is disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal and is measured on the basis of the relative values of the operation disposed of and the portion of the cash-generating unit retained.

Intangible Assets

a. Intangible assets acquired separately

Intangible assets with finite useful lives that are acquired separately are initially measured at cost and subsequently measured at cost less accumulated amortization and accumulated impairment loss. Amortization is recognized on a straight-line basis. The estimated useful lives, residual values, and amortization methods are reviewed at the end of each reporting period, with the effect of any changes in the estimates accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are measured at cost less accumulated impairment loss.

b. Intangible assets acquired in a business combination

Intangible assets acquired in a business combination and recognized separately from goodwill are initially recognized at their fair value at the acquisition date. Subsequent to initial recognition, they are measured on the same basis as intangible assets that are acquired separately.

c. Derecognition of intangible assets

On derecognition of an intangible asset, the difference between the net disposal proceeds and the carrying amount of the asset is recognized in profit or loss.

Impairment of Property and Equipment, Right-of-use Assets and Intangible Assets Other Than Goodwill

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

Intangible assets with indefinite useful lives and those not yet available for use are tested for impairment at least annually and whenever there is an indication that the assets may be impaired.

The recoverable amount is the higher of fair value less costs to sell and value in use. If the recoverable amount of an asset or cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash-generating unit is reduced to its recoverable amount, with the resulting impairment loss recognized in profit or loss.

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

Financial Instruments

Financial assets and financial liabilities are recognized when the Group becomes a party to the contractual provisions of the instruments.

Transaction costs that are directly attributable to the acquisition or issuance of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss (FVTPL)) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at FVTPL are recognized immediately in profit or loss.

a. Financial assets

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

1) Measurement categories

Financial assets are classified into the following categories: Financial assets at FVTPL, financial assets at amortized cost and investments in debt instruments and equity instruments at fair value through other comprehensive income (FVTOCI).

a) Financial assets at FVTPL

Financial assets are classified as at FVTPL when such financial assets are mandatorily classified or designated as at FVTPL. Financial assets mandatorily classified as at FVTPL include investments in equity instruments which are not designated as at FVTOCI and debt instruments that do not meet the amortized cost criteria or the FVTOCI criteria.

Financial assets at FVTPL are subsequently measured at fair value, with any gains or losses (includes any dividends and interest earned on such financial assets) arising on remeasurement recognized in profit or loss. Fair value is determined in the manner described in Note 38.

In addition, to reduce the fluctuations in profit or loss as a result of IFRS 9 being applied earlier than IFRS 17, the Group elects to remove profit or loss arising from changes in fair value in subsequent measurement and present it in other comprehensive income based on overlay approach under IFRS 4. Overlay approach is applied to financial assets if all of the following conditions are met:

- i. The financial assets are held in respect of activities related to IFRS 4;
- ii. The financial assets are measured at FVTPL under IFRS 9, but would not have been measured at FVTPL under IAS 39; and
- iii. The financial assets are designated to apply overlay approach at the first application of IFRS 9, in the initial recognition of a new financial asset or when a financial asset starts to meet the conditions.

b) Financial assets at amortized cost

Financial assets that meet the following conditions are subsequently measured at amortized cost:

- i. The financial assets are held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- ii. The contractual terms of the financial assets give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Subsequent to initial recognition, financial assets at amortized cost are measured at amortized cost, which equals the gross carrying amount determined using the effective interest method less any impairment loss. Exchange differences are recognized in profit or loss.

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

- i. Purchased or originated credit-impaired financial asset, for which interest income is calculated by applying the credit-adjusted effective interest rate to the amortized cost of such financial assets; and

- ii. Financial asset that is not credit impaired on purchase or origination but has subsequently become credit impaired, for which interest income is calculated by applying the effective interest rate to the amortized cost of such financial assets in subsequent reporting periods.

A financial asset is credit impaired when one or more of the following events have occurred:

- i. Significant financial difficulty of the issuer or the borrower;
- ii. Breach of contract, such as a default;
- iii. It is becoming probable that the borrower will enter bankruptcy or undergo a financial reorganization; or
- iv. The disappearance of an active market for that financial asset because of financial difficulties.

Cash and cash equivalents include cash on hand, cash in banks and time deposits or investments which are highly liquid, readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. Time deposits with maturities within 12 months, which are readily convertible to a known amount of cash and subject to an insignificant risk of changes in value are classified as cash equivalents.

Bank balances used by the Group that are subject to third-party contractual restrictions are included as part of cash unless the restrictions result in a bank balance that no longer meets the definition of cash.

c) Investments in debt instruments at FVTOCI

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

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

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

d) Investments in equity instruments at FVTOCI

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

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

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

2) Impairment of financial assets

The Group recognizes a loss allowance for expected credit losses (ECLs) on financial assets at amortized cost (including receivables and loans) and investments in debt instruments that are measured at FVTOCI.

The Group always recognizes lifetime ECLs for receivables. For all other financial instruments, the Group recognizes lifetime ECLs when there has been a significant increase in credit risk since initial recognition. If, on the other hand, the credit risk on a financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12-month ECLs.

ECLs reflect the weighted average of credit losses with the respective risks of default occurring as the weights. Lifetime ECLs represent the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECLs represent the portion of lifetime ECLs that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

The Group uses the total carrying amount of financial assets at amortized cost (including receivables and loans), investments in debt instruments at FVTOCI, and off balance sheet commitments to measure the amount of exposure at default (EAD).

The impairment loss of all financial assets is recognized in profit or loss by a reduction in their carrying amounts through a loss allowance account, except for investments in debt instruments that are measured at FVTOCI, for which the loss allowance is recognized in other comprehensive income and the carrying amounts of such financial assets are not reduced.

In addition, in accordance with the Regulations Governing the Procedures for Insurance Enterprises to Evaluate Assets and Deal with Non-performing/Non-accrual Loans, Cathay Life and Cathay Century classify their credit assets as normal ("First Category"), assets that require special attention ("Second Category"), assets that are substandard ("Third Category"), assets that are doubtful ("Fourth Category") and assets for which there is loss ("Fifth Category") based on the borrower's financial conditions and the delay for payment of principal and interests as well as the status of the loan collaterals and the length of time overdue. The minimum amounts of allowance for bad debts are based upon each of the following categories:

- a) The sum of 0.5% of the First Category loan assets excluding life insurance policy loans, premium loans and loans to government agencies, 2% of the Second Category of loan assets, 10% of the Third Category of loan assets, as well as 50% and 100% of the Fourth and Fifth category loan assets.
- b) 1% of the sum of all five categories of loan assets excluding life insurance policy loans, premium loans and loans to government agencies.
- c) Total unsecured portion of non-performing loans and non-accrual loans.

Besides, pursuant to Jin Guan Bao Tsai No. 10402506096, Cathay Life and Cathay Century shall keep the ratio of the allowance for bad debt over the loans at 1.5% or above to strengthen their ability against loss exposure to specific loan assets.

According to the Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/Non-accrual Loans, Cathay United Bank assesses the customers' financial position, the overdue payments of the principal and interest and the value of collaterals to classify credit assets into normal credit assets (excluding loans to the R.O.C. government) and unsound assets which should be further classified by special mention, substandard, doubtful and losses, for which minimum provisions of 1%, 2%, 10%, 50% and 100% of the outstanding balance, respectively. Furthermore, the FSC stipulates that banks should recognize the provision by at least 1.5% of normal credit assets in the mainland China (including short-term advances for trade finance) and loans for the mortgage and construction loans that have been classified as normal assets, and further determine the allowance for losses based on the higher of the above-mentioned provision and the assessment of the expected credit losses.

Cathay United Bank and its subsidiaries write off credits deemed uncollectable after the write-off is proposed and approved by the board of directors. Recoveries of credits written off are recognized as a reversal of loss provision in current period.

3) Derecognition of financial assets

The Group derecognizes a financial asset only when the contractual rights to the cash flows from the asset expire or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party.

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

b. Equity instruments

Debt and equity instruments issued by the Group are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments issued by the Group are recognized at the proceeds received, net of direct issue costs.

The repurchase of the Company's own equity instruments is recognized in and deducted directly from equity, and its carrying amounts are calculated based on weighted average by share types and calculated separately by repurchase category. No gain or loss is recognized in profit or loss on the purchase, sale, issuance or cancellation of the Company's own equity instruments.

c. Financial liabilities

1) Subsequent measurement

Except the following situations, all financial liabilities are measured at amortized cost using the effective interest method:

Financial liabilities at FVTPL

Financial liabilities are classified as at FVTPL when such financial liabilities are either held for trading or are designated as at FVTPL.

Financial liabilities held for trading are stated at fair value, with any gain or loss arising on remeasurement (excluding any interest paid on such financial liabilities) recognized in profit or loss.

A financial liability may upon initial recognition be designated as at FVTPL only in one of the following circumstances:

- a) Such designation eliminates or significantly reduces a measurement or recognition mismatch that would otherwise arise; or
- b) The financial liability forms part of a group of financial assets or financial liabilities or both, which is managed and has performance evaluated on a fair value basis, in accordance with the Company's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- c) The contract contains one or more embedded derivatives so that the entire combined contract (asset or liability) can be designated as at FVTPL.

For a financial liability designated as at FVTPL, the amount of changes in fair value attributable to changes in the credit risk of the liability is presented in other comprehensive income and will not be subsequently reclassified to profit or loss. The remaining amount of changes in the fair value of that liability which incorporates any interest paid on such financial liability is presented in profit or loss. The gain or loss accumulated in other comprehensive income will be transferred to retained earnings when the financial liability is derecognized. If this accounting treatment related to credit risk would create or enlarge an accounting mismatch, all changes in the fair value of the liability are presented in profit or loss.

Fair value is determined in the manner described in Note 38.

Financial guarantee contracts

Financial guarantee contracts issued by the Group, if not designated as at FVTPL, are subsequently measured at the higher of the amount of the loss allowance reflecting expected credit losses and the amount initially recognized less, where appropriate, the cumulative amount of income recognized in accordance with the revenue recognition policies.

2) Derecognition of financial liabilities

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

d. Derivative financial instruments

The Group enters into a variety of derivative financial instruments to manage its exposure to interest rate and foreign exchange rate risks, including foreign exchange forward contracts, interest rate swaps, cross currency swaps and options.

Derivatives are initially recognized at fair value at the date on which the derivative contracts are entered into and are subsequently remeasured to their fair value at the end of each reporting period. The resulting gain or loss is recognized in profit or loss immediately unless the derivative is designated and effective as a hedging instrument; in which event, the timing of the recognition in profit or loss depends on the nature of the hedging relationship. When the fair value of a derivative financial instrument is positive, the derivative is recognized as a financial asset; when the fair value of a derivative financial instrument is negative, the derivative is recognized as a financial liability.

Derivatives embedded in hybrid contracts that contain financial asset hosts that is within the scope of IFRS 9 are not separated; instead, the classification is determined in accordance with the entire hybrid contract. Derivatives embedded in non-derivative host contracts that are not financial assets within the scope of IFRS 9 “Financial Instruments” (e.g., financial liabilities) are treated as separate derivatives when they meet the definition of a derivative, their risks and characteristics are not closely related to those of the host contracts, and the host contracts are not measured at FVTPL.

e. Modification of financial instruments

When the contractual cash flows of a financial instrument are renegotiated or modified, the Group assesses whether the modification will result in derecognition. If modification of a financial instrument results in derecognition, it is accounted for as derecognition of financial assets or liabilities. If the modification does not result in derecognition, the Group recalculates the gross carrying amount of the financial asset or the amortized cost of the financial liability based on the modified cash flows discounted at the original effective interest rate with any modification gain or loss recognized in profit or loss. The cost incurred is adjusted to the carrying amount of the modified financial asset or financial liability and amortized over the modified remaining period.

Hedge Accounting

The Group designates certain hedging instruments, which include derivatives, as either fair value hedges or cash flow hedges.

a. Fair value hedges

Gains or losses on derivatives that are designated and qualify as fair value hedges are recognized in profit or loss immediately, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk. The change in the fair value of the hedging instrument and the change in the hedged item attributable to the hedged risk are recognized in profit or loss in the line item relating to the hedged item.

The Group discontinues hedge accounting only when the hedging relationship ceases to meet the qualifying criteria; for instance, when the hedging instrument expires or is sold, terminated or exercised.

b. Cash flow hedges

The effective portion of gains or losses on derivatives that are designated and qualify as cash flow hedges is recognized in other comprehensive income. The gains or losses relating to the ineffective portion are recognized immediately in profit or loss.

The associated gains or losses that were recognized in other comprehensive income are reclassified from equity to profit or loss as reclassification adjustments in the line items relating to the hedged item in the same period in which the hedged item affects profit or loss. If a hedge of a forecasted transaction subsequently results in the recognition of a non-financial asset or a non-financial liability, the associated gains and losses that were recognized in other comprehensive income are removed from equity and included in the initial cost of the non-financial asset or non-financial liability.

The Group discontinues hedge accounting only when the hedging relationship ceases to meet the qualifying criteria; for instance, when the hedging instrument expires or is sold, terminated or exercised. The cumulative gain or loss on the hedging instrument that was previously recognized in other comprehensive income (from the year in which the hedge was effective) remains separately in equity until the forecasted transaction occurs. When a forecasted transaction is no longer expected to occur, the gains or losses accumulated in equity are recognized immediately in profit or loss.

Notes and Bonds Purchased/Sold Under Resale/Repurchase Agreements

Notes and bonds purchased under resale agreements and securities sold under repurchase agreements are generally treated as collateralized financing transactions. Interest earned on resale agreements or interest incurred on repurchase agreements is recognized on an accrual basis.

Separate Accounts Insurance Products

The Group sells separate account insurance products. The insurance premiums according to agreed terms paid by proposers, net of the expenses incurred by the insurer, are invested in separate accounts at allocation agreed with or directed by the proposers. The separate account assets is measured at fair value on the valuation date and in compliance with the relevant regulations and Template of Accounting Systems for Life Insurance Enterprises.

In accordance with the Regulation Governing the Preparation of Financial Reports by Insurance Enterprises, the assets and liabilities of separate accounts, which are generated either from insurance contracts or from insurance contracts with features of financial instrument, are recorded in separate account insurance product assets and separate account insurance product liabilities. The revenue and expenses of separate accounts, pursuant to IFRS 4, are recorded in separate account insurance product revenue and separate account insurance product expenses.

Insurance Liability

a. Cathay Life

Funds reserved for insurance contracts and financial instruments with or without a discretionary participation features are determined in accordance with the Regulations Governing the Setting Aside of Various Reserves by Insurance Enterprises and validated by the certified actuarial professionals approved by the FSC. For investment contracts with discretionary participation features, the guaranteed elements are not separately recognized from the discretionary participation features, and the whole contract is classified as a liability. The provision of reserve for short-term group insurance is based upon the greater of premium received or calculated according to Jin Guan Bao Tsai No. 11004925801. Provision of reserve for the other insurance liabilities is as follows:

1) Unearned premium reserve

For an unexpired in-force contract with a policy period shorter than one year or an injury insurance policy with a policy period longer than one year, the calculation of unearned premium reserve is based on the unexpired risk of each insurance.

2) Loss reserve

Loss reserve is provided for claims filed but not yet paid and claims not yet filed. The reserve for claims filed but not yet paid is assessed based on the actual relevant information of each case and provided by insurance type. The reserve for claims not yet filed is provided based on the past experiences of actual claims and expenses in line with the actuarial principles for injury insurance and health or life insurance policies with a policy period shorter than one year.

3) Policy reserve

Based on the life table and projected interest rates in the manual reported to the authority for each insurance type, life insurance policy reserve is calculated and provided according to the modified calculation method in Article 12 of the Regulations Governing the Setting Aside of Various Reserves by Insurance Enterprises, the manual of each insurance product reported to the authority and the relevant calculation methods approved by the authority.

In accordance with Jin Guan Bao Tsai No. 11004931041 issued on August 24, 2021, starting from the 2003 policy year, the downward adjustments of the bonus due to the offset between mortality gain (loss) and gain (loss) from the difference of interest rates should be calculated and recognized according to the regulations issued by the authorities.

In accordance with Jin Guan Bao Tsai No. 10102500530 issued on January 19, 2012, life insurance enterprises shall transfer a special reserve that equals to the unwritten allowance for doubtful account resulting from 3% business tax cut to life insurance policy reserve - allowance for doubtful account pertinent to 3% business tax cut from 2012. Besides, life insurance enterprises shall reclassify the recoverable special reserve for catastrophic events defined in Article 19 of the Regulations Governing the Setting Aside of Various Reserves by Insurance Enterprises to life insurance policy reserve - recovery of catastrophic event reserve.

When an insurance enterprise elects to measure investment property at fair value, it should also measure its insurance liabilities at fair value. If the results of the measurements indicate that the fair value of the insurance liabilities exceeds their book value, the insurance enterprise must set aside the difference to policy reserve and decrease retained earnings. Cathay Life changed its accounting policy for subsequent measurement of investment property from the cost method to the fair value method starting from 2014. In accordance with Jin Guan Bao Tsai No. 10302501161 issued by the FSC on March 21, 2014, the fair value of insurance liabilities measured did not exceed their book value and no additional insurance liabilities should be provided accordingly.

4) Special reserve

When selling participating life insurance policies, according to the Regulation for Allocation of Revenue and Expenses related to Participating/Nonparticipating Policy reported to the authority, Cathay Life is required to set aside a special reserve for dividend participation based on income before tax and dividends. On the date of declaration, dividends should be withdrawn from special reserve - participating policies dividends reserve. The excess dividends should be accounted as special reserve - provisions for risk of dividends.

The increments due to measuring the property at fair value, except for the portion in offsetting adverse effects of the first-time adoption of IFRS Accounting Standards on other accounts, the excess should be set aside as special reserve for revaluation increments of property under insurance liabilities.

5) Premium deficiency reserve

For life insurance, health insurance and annuity insurance policies with policy periods longer than one year commencing from 2001, when the gross premium is less than the net premium used in the calculation of policy reserve, a deficiency reserve is required to set aside such deficiencies for remaining payment periods as a premium deficiency reserve. The premium deficiency reserve of each life insurance category should be calculated and recorded according to the specific method reported to the authorities.

In addition, for unexpired in-force contracts with policy periods shorter than one year and injury insurance policies with policy periods longer than one year, if the probable claims and expenses are greater than the aggregate of unearned premium reserves and estimated future premiums, the premium deficiency reserve is set aside based on the deficiencies by insurance type.

6) Other reserve

Pursuant to IFRS 3 “Business Combinations”, Cathay Life recognizes other reserve to reflect the fair value of the life insurance contracts assumed at the time when the identifiable assets and assumed liabilities acquired from the business combination are recognized at fair value.

7) Liability adequacy reserve

The liability adequacy reserve is set aside based on the adequacy test of liability required by IFRS 4.

b. Cathay Lujiazui Life Insurance Co., Ltd. (“Cathay Lujiazui Life”)

In accordance with the Insurance Act of the People’s Republic of China, the insurance liabilities (including unearned premium reserves, loss reserves and policy reserves) are required and calculated based on the actuarial reports approved by National Financial Regulatory Administration.

c. Cathay Life Insurance (Vietnam) Co., Ltd. (“Cathay Life (Vietnam)”)

In accordance with the Insurance Act of Vietnam, the insurance liabilities (including unearned premium reserves, loss reserves and policy reserves) are required and calculated based on the actuarial reports approved by Vietnam government.

d. Cathay Century and its subsidiaries

Insurance liabilities provided for insurance contracts should be audited by the actuaries certified by the FSC and should also conform to the Regulations Governing the Setting Aside of Various Reserves by Insurance Enterprises, Regulations for the Management of the Various Reserves for Compulsory Automobile Liability Insurance, Enforcement Rules for the Risk Spreading Mechanism of Residential Earthquake Insurance and the Regulations for the Reserves for Nuclear Energy Insurance.

The descriptions of these reserves are as follows:

1) Unearned premium reserve

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

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

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

Unearned premiums reserve for Nuclear Energy Insurance contracts is provided in conformity with the Regulations for the Reserves of Nuclear Energy Insurance.

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

2) Loss reserve

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

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

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

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

3) Special reserve

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

In accordance with the Regulations for the Management of the Various Reserves for Compulsory Automobile Liability Insurance, Cathay Century shall set aside the special reserves as liabilities which is calculated based on the sum of retained earned pure premiums, recovery of loss reserve and the interest accrued of the beginning balance of the special reserve, minus the retained claims and the provision of loss reserve; if the sum of retained earned pure premiums, recovery of loss reserve and the interest accrued of the beginning balance of the special reserve in the preceding fiscal year is less than the sum of the retained claims and the provision of loss reserve, the deficit shall be amended with the cumulative recovery of the special reserve in the previous years. If any deficit remains, the balance shall be recorded as a memorandum entry and amended with the recovery of the special reserves in the subsequent years.

Furthermore, according to the Notice for the Improvement of the Reserves of Natural Disaster Insurances (commercial-business earthquake, typhoon and flood insurances enterprises) issued by the Financial Supervisory Commission on November 9, 2012, except for those special reserves of compulsory automobile insurances, nuclear energy insurances, residential earthquake insurances, commercial-business earthquake insurances and typhoon and flood insurances, the special reserves recognized as liabilities before December 31, 2012 were used to compensate the deficiencies of commercial-business earthquake insurances and typhoon and flood insurances to the required level and were recognized as liabilities. The remaining special reserves were reclassified as equity, net of tax according to IAS 12 starting from January 1, 2013. In addition, the above precautions were amended in accordance with Rule No. 11101405951 on June 30, 2022, and the name was changed

to “Directions for Strengthening Disaster Reserve by Non-Life Insurance Enterprises”. According to point eight of the Notice, when the actual claims net of the debit amounts to special reserves for catastrophic events exceed the expected claims after deducting the special reserve for major accidents, or the total accumulated deposit reaches the full water level, an appropriate amount should be written off or recovered from the special reserves for fluctuation of risk pursuant to the third point of the “Regulations Governing the Reserves for Commercial-business Earthquake Insurance and Typhoon and Flood Insurance”. The write off and recovery of special reserves for catastrophic events and fluctuation of risk provided under liabilities should be in conformity with the notice mentioned above.

a) Special reserves for catastrophic events

Special reserves for catastrophic events are provided at the rates for each insurance type required by the authorities.

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

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

b) Special reserves for fluctuation of risk

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

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

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

4) Premium deficiency reserve

For unexpired in-force contracts or unterminated incurred risks of each insurance, if the estimated amounts of the future claims and expenses exceed the sum of the unearned premium reserves and the expected future premium income, the deficiencies should be set aside as premium deficiency reserve.

5) Policy reserve

The minimum provision for policy reserve for health insurance with policy periods longer than one year is determined by Full Preliminary Term method. However, the method of provision for health insurance with a special nature is regulated by the authorities.

6) Liability adequacy reserve

The contracts that need to be tested for liability adequacy required by IFRS 4 should use estimated future cash flow based on the current information on each balance sheet date for the test, and the contracts with recognized insurance liability are tested for liability adequacy. If the test shows that the liability is inadequate, the entire deficiency is recognized in liability adequacy reserve.

Liability Adequacy Test

a. Cathay Life and its subsidiaries

Cathay Life and its subsidiaries' liability adequacy test is based on all insurance contracts and related requirements of ASP of IFRS 4 - contract classification and liability adequacy test announced by Actuarial Institute of Chinese Taipei. In this test, the amount of insurance liabilities net of deferred acquisition costs and related intangible assets is compared with the estimated present values of insurance contract cash flow at each reporting date. If the net book values are lower than the estimated present values, all insufficient amounts should be recognized in profit or loss.

b. Cathay Century and its subsidiaries

Cathay Century and its subsidiaries conduct liability adequacy testing at each balance sheet date based on product type groupings, employing the expected cost method. This assessment adheres to the actuarial practice standards issued by the Actuarial Institute of the Republic of China, utilizing current estimates of future cash flows from insurance contracts. If the evaluation indicates that the recognized insurance liabilities (net of related intangible assets) are insufficient, the shortfall is recognized as an expense for the period.

The liability adequacy testing conducted by Cathay Century and its subsidiaries does not incorporate discounting in its calculations.

Reserve for Insurance Contracts with the Nature of Financial Products

For non-separate account insurance products classified as financial instruments without discretionary participation features, the reserve should be recognized in accordance with the Regulations Governing the Setting Aside of Various Reserves by Insurance Enterprises and depository accounting.

Reserve for Foreign Exchange Valuation

Cathay Life provides reserve for foreign exchange valuation according to all of its foreign investments in accordance with the Regulations Governing the Setting Aside of Various Reserve by Insurance Enterprises and Direction for Foreign Exchange Volatility Reserve by Life Insurance Enterprises.

Revenue and the Related Expenses Recognition

a. Cathay Life and its subsidiaries

- 1) For Cathay Life's insurance contracts and financial instruments with discretionary participation features, the initial and renewal premium are only recognized as revenue collection and underwriting procedures finished, and subsequent collection on the appointed dates, respectively. The relevant acquisition costs, such as commission expenses and underwriting expenses, are recognized as current expenses when the insurance contracts become effective.

For non-separate account insurance products classified as financial instruments without discretionary participation features, the insurance premium collected is recognized as reserves for insurance contract with the nature of financial products on the balance sheet.

For separate account insurance products classified as financial instruments without discretionary participation features, the insurance premium collected net of preprocessing expense or investment management fees is entirely recognized as separate account insurance product liabilities on the balance sheet. The acquisition costs incurred due to investment management services for such insurance products, such as commissions and incremental costs directly attributable to the issue of new contracts, are deferred and recorded under deferred acquisition costs and amortized on a straight-line basis over the service period. The amortization is recognized under other operating costs.

- 2) Cathay Lujiazui Life

In accordance with the related accounting laws and regulations issued by the local government, Cathay Lujiazui Life records direct premiums as revenue at premium received and invoices issued. Related expenses, such as commissions and underwriting fees, are recognized on an accrual basis.

- 3) Cathay Life (Vietnam)

In accordance with the related accounting laws and regulations issued by the local government, Cathay Life (Vietnam) records direct premiums as revenue at premium received and invoices issued. Related expenses, such as commissions and underwriting fees, are recognized on an accrual basis.

b. Cathay United Bank and its subsidiaries

- 1) Recognition of interest revenue and expense

Except for the financial assets and liabilities at FVTPL, the interest revenue and interest expense arising from all interest-bearing financial instruments are calculated using the effective interest method in accordance with the relevant provisions and recognized in the consolidated statement of profit or loss under "interest revenue" and "interest expense" items.

- 2) Recognition of service fee revenue and expense

The service fee revenue and expense are recognized once after the completion of the provision of the loan or other services; the service fee earned by the execution of the major project is recognized at the completion of the major project, service fee revenue and expense related to subsequent lending services are either amortized over the service period or included in the calculation of the effective interest rate on loans and receivables.

3) Customer loyalty program

The points earned by customers under loyalty programs are treated as multiple-element revenue arrangements, in which consideration is allocated to the goods or services and the award credits based on their fair values. The consideration is not recognized as earnings at the time of the original sales transaction but at the time when the points are redeemed and the obligation is fulfilled.

c. Cathay Century and its subsidiaries

1) Insurance business revenue and acquisition costs

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

Taxes on the insurance premiums are recognized pursuant to the Value-added and Non-value-added Business Tax Act and Stamp Tax Act on an accrual basis.

2) Insurance claims expenses

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

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

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

Provision for loss reserve is not discounted.

d. Cathay Securities and its subsidiaries

Allocates the transaction price to each performance obligations and recognizes revenue when performance obligations are satisfied after identifying customer contracts.

Revenue are mainly generated from brokerage, underwriting and advisory services. The services are based on stand-alone or negotiated pricing and provided based on the number of times services are provided. These services belong to the category where performance obligations are fulfilled at a point in time; thus, revenue is recognized when performance obligations are fulfilled.

Contract fees are generally collected evenly over the contract period following the provision of services. When services have been rendered but the right to receive consideration is conditional, a contract asset is recognized. However, for certain contracts in which a portion of the consideration is received from customers at the time of signing, a contract liability is recognized.

The above contract liability is usually transferred to income within one year and does not result in a significant financial component.

Classification of Insurance Products

An insurance contract refers to a contract where the insurer accepts the insurance policyholder's transfer of a significant insurance risk and agrees to compensate the policyholder for any damages caused by a particular uncertain future event (insured event). The Group's identification of a significant insurance risk refers to any insured event that occurs and causes the Group to incur additional significant payments.

Insurance contracts with features of financial instruments are contracts that transfer significant financial risks. Financial risks refer to the risks that the changes in one or more specific indicators may cause, including interest rates, financial commodity prices, product prices, exchange rates, price index, rate index, credit ratings and other indicators. If the above indicators are not financial, these indicators exist in both sides under the contracts.

For a policy that meets the definition of an insurance contract in the initial phase, it is treated as an insurance contract before the right of ownership and obligations expired or extinguished, even if the exposure to insurance risk during the policy period has significantly decreased. However, if an insurance contract with features of financial instruments transfers a significant insurance risk to the Group subsequently, the Group should reclassify the contract as an insurance contract.

Insurance contracts and those with features of financial instruments are further classified into separate categories depending on whether or not the contracts have discretionary participation features. Discretionary participation features refer to a contractual right to receive additional payments in addition to guaranteed payments from the contract. The contractual rights have the following characteristics:

- a. Additional payments may be a significant portion of total contractual benefits.
- b. The amounts or timing for additional payments are contractually at the Group's discretion.
- c. Additional payments are contractually based on one of the following matters:
 - 1) The performance on a specified combination of contracts or a specified type of contract.
 - 2) The investment returns on a specified combination of assets held by the Group.
 - 3) The profit or loss of the Group, funds, or other entities.

When the embedded derivative instrument has economic characteristics and risks not closely related to those of the primary contracts, it should be recorded separately from the primary contracts and measured at fair value with changes in fair values recognized in profit or loss when incurred. However, if the embedded derivative instrument meets the definition of an insurance contract or the whole contract is measured at fair value with changes in fair values recognized in profit or loss when incurred, the Group does not separately recognize the embedded derivative instrument and the insurance contract.

Reinsurance

In order to limit the possible losses caused by certain events, the Group arranges reinsurance business based on its business needs and related insurance regulations. For reinsurance of ceded businesses, the Group cannot refuse to fulfill its obligations to the insured when the reinsurer fails to fulfill its obligations.

The Group holds the rights over the reinsurer including reinsurance assets, claims and payments recoverable from reinsurers and net due from reinsurers and ceding companies, and regularly assesses if the rights are impaired or unrecoverable. If an objective evidence, which occurred after initial recognition of reinsures assets, shows that the Group may not receive all amounts of receivables from the reinsurer and the unrecoverable amount can be reasonably estimated, the Group recognizes the difference between the recoverable amount of reinsurance assets and carrying value as an impairment loss.

For the classification of reinsurance contracts, the Group assesses whether or not such contracts transfer significant insurance risk to the reinsurer. If the reinsurance contract does not transfer a significant insurance risk to the reinsurer, the contract is recognized and measured in accordance with deposit accounting.

For a reinsurance contract that transfers a significant insurance risk, if the Group can measure its saving element separately, the insurance element and the saving element of the reinsurance contract are recognized separately. That is, the Group recognizes the contract premium received (or paid) less the amount of insurance as financial liabilities (or assets) rather than income (or expenses). The financial liabilities (or assets) are recognized at the fair values based on the present values of future cash flows.

Provisions

Provisions are recognized a present obligation (legal or constructive) as a result of a past event with a probable outflow of resource required to settle the obligation, and the amount can be measured reliably.

Provisions are measured at the best estimate of the discounted cash flows of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation.

Leases

At the inception of a contract, the Group assesses whether the contract is, or contains, a lease.

a. The Group as lessor

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

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

Variable lease payments that do not depend on an index or a rate are recognized as income in the periods in which they are incurred.

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

b. The Group as lessee

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

Right-of-use assets are initially measured at cost, which comprises the initial measurement of lease liabilities adjusted for lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs needed to restore the underlying assets, and less any lease incentives received. Right-of-use assets are subsequently measured at cost less accumulated depreciation and impairment losses and adjusted for any remeasurement of the lease liabilities. Right-of-use assets are presented on a separate line in the consolidated balance sheets, except for those that meet the definition of investment properties. With respect to the recognition and measurement of right-of-use assets that meet the definition of investment properties, refer to the accounting policies for investment properties.

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

Lease liabilities are initially measured at the present value of the lease payments, which comprise fixed payments, in-substance fixed payments, variable lease payments which depend on an index or a rate and payments of penalties for terminating a lease if the lease term reflects such termination, less any lease incentives receivable. The lease payments are discounted using the interest rate implicit in a lease, if that rate can be readily determined. If that rate cannot be readily determined, the lessee's incremental borrowing rate will be used.

Subsequently, lease liabilities are measured at amortized cost using the effective interest method, with interest expense recognized over the lease terms. When there is a change in a lease term or a change in future lease payments resulting from a change in an index or a rate used to determine those payments, the Group remeasures the lease liabilities with a corresponding adjustment to the right-of-use-assets. However, if the carrying amount of the right-of-use assets is reduced to zero, any remaining amount of the remeasurement is recognized in profit or loss. For a lease modification that is not accounted for as a separate lease, the Group accounts for the remeasurement of the lease liability by (a) decreasing the carrying amount of the right-of-use asset of lease modifications that decreased the scope of the lease, and recognizing in profit or loss any gain or loss on the partial or full termination of the lease; (b) making a corresponding adjustment to the right-of-use asset of all other lease modifications. Lease liabilities are presented on a separate line in the consolidated balance sheets.

Variable lease payments that do not depend on an index or a rate are recognized as expenses in the periods in which they are incurred.

Employee Benefits

a. Short-term employee benefits

Liabilities recognized in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related services.

b. Retirement benefits

Payments to defined contribution retirement benefit plans are recognized as expenses when employees have rendered services entitling them to the contributions.

Defined benefit costs (including service cost, net interest and remeasurement) under defined benefit retirement benefit plans are determined using the projected unit credit method. Service cost (including current service cost, past service cost, as well as gains and losses on settlements) and net interest on the net defined benefit liabilities (assets) are recognized as employee benefits expense in the period in which they occur or when the plan amendment or curtailment occurs or when the settlement occurs. Remeasurement, comprising actuarial gains and losses, the effect of the changes to the asset ceiling and the return on plan assets (excluding interest), is recognized in other comprehensive income in the period in which it occurs. Remeasurement recognized in other comprehensive income is reflected immediately in other equity and will not be reclassified to profit or loss.

Net defined benefit liabilities (assets) represent the actual deficit (surplus) in the Group's defined benefit plans. Any surplus resulting from this calculation is limited to the present value of any refunds from the plans or reductions in future contributions to the plans.

c. Termination benefits

A liability for a termination benefit is recognized at the earlier of when the Group can no longer withdraw the offer of the termination benefit and when the Group recognizes any related restructuring costs.

d. Employee preferential interest rate deposits

Cathay United Bank offers preferential interest rate deposits for its current employees, which include preferential deposits and post-retirement preferential deposits for its current employees as well as preferential deposits for its retired employees, limited to a certain amount. The difference between the preferential interest rate and the market rate is considered as employee benefits.

In accordance with Article 30 of the Regulations Governing the Preparation of Financial Reports by Public Banks, the excess of the interests incurred in post-employment preferential interest deposits over those imputed at the market rate should qualify as post-employment benefits under IAS 19 "Employee Benefits" since the beneficiaries are retired employees. The retirement benefits should be accrued by actuarial method.

Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

a. Current tax

Income tax payable (recoverable) is based on taxable profit (loss) for the year determined according to the applicable tax laws of each tax jurisdiction.

According to the Income Tax Act in the ROC, an additional tax on unappropriated earnings is provided for in the year the shareholders approve to retain earnings.

Adjustments of prior years' tax liabilities are added to or deducted from the current year's tax provision.

In accordance with Article 49 of the Financial Holding Company Act, the Company and its subsidiaries jointly filed income tax returns and surtax on unappropriated retained earnings since 2002 under the integrated income tax system with the Company as the taxpayer. Such effects on current tax and deferred tax are accounted for as receivables or payables.

b. Deferred tax

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities and the corresponding tax bases used in the computation of taxable profit. If a temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit, and at the time of the transaction, does not give rise to equal taxable and deductible temporary differences, the resulting deferred tax asset or liability is not recognized. In addition, a deferred tax liability is not recognized on taxable temporary differences arising from the initial recognition of goodwill.

Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences, unused loss carryforwards and unused tax credits to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized.

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries and associates and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are recognized only to the extent that it is probable that there will be sufficient taxable profits against which to utilize the benefits of the temporary differences and such temporary differences are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the assets to be recovered. A previously unrecognized deferred tax asset is also reviewed at the end of each reporting period and recognized to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liabilities are settled or the assets are realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities. If investment properties measured using the fair value model are non-depreciable assets, or are held under a business model whose objective is not to consume substantially all of the economic benefits embodied in the assets over time, the carrying amounts of such assets are presumed to be recovered entirely through sale.

The Group has applied the exception from the recognition and disclosure of deferred tax assets and liabilities relating to Pillar Two income taxes. Accordingly, the Group neither recognizes nor discloses information about deferred tax assets and liabilities related to Pillar Two income taxes.

c. Current and deferred taxes for the year

Current and deferred taxes are recognized in profit or loss, except when they relate to items that are recognized in other comprehensive income or directly in equity; in which case, the current and deferred taxes are also recognized in other comprehensive income or directly in equity, respectively.

Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

5. MATERIAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, management is required to make judgments, estimations, and assumptions on the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered relevant. Actual results may differ from these estimates.

When developing material accounting estimates, the Group considers the possible impact of inflation and interest rate fluctuations on the cash flow projection, discount rates and other relevant material estimates. The estimates and underlying assumptions are reviewed on an ongoing basis.

a. Estimated impairment of financial assets

1) Cathay Life and its subsidiaries

The provision for impairment of receivables, loans and investments in debt instruments are based on Cathay Life and its subsidiaries' assumptions on probability of default and expected credit loss rates. The Group uses judgment in making these assumptions and in selecting the inputs to the impairment calculation based on historical experience, existing market conditions as well as forward looking estimates as of the end of each reporting period. Where the actual future cash inflows are less than expected, a material impairment loss may arise. For details of the key assumptions and inputs used, see Note 38.

2) Cathay United Bank and its subsidiaries

The estimated impairment of loans is made with reference to the collateral status of the credit assets, the amount of the principal and interest due, and the length of the overdue period. Changes in credit ratings on individual assets and the status of the collection are also considered during classification of the loans. The Group uses judgment in making these assumptions and in selecting the inputs to the impairment assessment, based on the Group's historical experience, existing market conditions as well as forward looking estimates (i.e., probability of default and expected credit loss rates) as of the end of each reporting period. For details of the key assumptions and inputs used, refer to Note 38.

b. Fair value measurements and valuation processes

Where some of the Group's assets and liabilities measured at fair value have no quoted prices in active markets, the Group, in accordance with relevant regulations and judgments, determines the appropriate valuation techniques for the fair value measurements and whether to engage third party qualified valuers.

Where Level 1 inputs are not available, the Group or engaged valuers determine the appropriate inputs by referring to the analyses of the financial position and the operating results of the investees, recent transaction prices, prices of the same equity instruments not quoted in active markets, quoted prices of similar instruments in active markets, and valuation multiples of comparable entities/market prices or rates and specific features of derivatives, the existing lease contracts and rentals of similar properties in the vicinity of the Group's investment properties. If the actual changes of inputs in the future differ from expectation, the fair value might vary accordingly. The Group updates inputs every quarter to confirm the appropriateness of the fair value measurement.

Information about the valuation techniques and inputs used in determining the fair value of various assets and liabilities is disclosed in Notes 15 and 38.

c. Valuation of insurance contract liabilities

1) Cathay Life and its subsidiaries

Policy reserves for insurance contracts and investment contracts with discretionary participation features are based on actuarial models and assumptions made as the insurance contracts were established, which include the mortality rate, discount rate, lapse rate, morbidity rate, etc. The assumptions are made based on the related laws and regulations.

The management examines these estimates regularly and makes adjustments when necessary, but actual results may differ from these estimates.

2) Cathay Century and its subsidiaries

Loss reserves are estimated for possible claims of both filed but not yet paid and not yet filed of all insurance contracts. Such estimates are made based on historical data, actuarial analysis, financing modeling and other analytical techniques and are adjusted when necessary; however, the actual results may differ from these estimates.

6. CASH AND CASH EQUIVALENTS

	<u>December 31</u>	
	2025	2024
Cash on hand	\$ 23,534,366	\$ 30,871,761
Cash in banks	168,592,194	107,970,367
Time deposits	51,669,531	56,242,190
Checks for clearing	1,874,355	2,086,510
Cash equivalents	304,347	4,436,161
Due from banks	116,127,338	130,489,730
Less: Loss allowance	<u>(190,646)</u>	<u>(172,595)</u>
	<u>\$ 361,911,485</u>	<u>\$ 331,924,124</u>

7. FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	<u>December 31</u>	
	2025	2024
<u>Financial assets mandatorily classified as at FVTPL</u>		
Stocks	\$ 481,481,925	\$ 536,998,231
Funds and beneficiary certificates	874,548,979	852,368,978
Government bonds	24,422,188	14,975,857
Corporate bonds	31,313,306	22,952,745
Financial debentures	69,760,482	51,637,639
Overseas bonds	218,723,725	326,923,712
Short-term notes	209,516,588	108,533,551
Futures trading margin	1,903,121	1,435,616
Structured time deposits	14,308,859	13,966,047
Derivative instruments	<u>71,564,300</u>	<u>100,002,495</u>
	<u>\$ 1,997,543,473</u>	<u>\$ 2,029,794,871</u>

Financial liabilities at FVTPL

Designated as at FVTPL		
Bonds	\$ 41,480,624	\$ 42,151,047
Held for trading		
Derivative instruments	122,018,789	160,407,697
Security lending payable (non-hedging)	539,032	1,437,825
Security lending payable (hedging)	<u>39,117</u>	<u>1,870</u>
	<u>\$ 164,077,562</u>	<u>\$ 203,998,439</u>

- a. The Group elected to present the profit or loss of the designated financial assets using the overlay approach under IFRS 4 “Insurance Contracts”. Financial assets designated for the overlay approach by the Group for investing activities relating to insurance contracts issued by the Group are as follows:

	December 31	
	2025	2024
<u>Financial assets mandatorily classified as at FVTPL</u>		
Stocks	\$ 461,771,189	\$ 523,740,270
Funds and beneficiary certificates	857,275,390	841,553,516
Financial debentures	21,081,160	20,678,808
Overseas bonds	218,183,372	326,747,980
Structured time deposits	<u>14,308,859</u>	<u>13,966,047</u>
	<u>\$ 1,572,619,970</u>	<u>\$ 1,726,686,621</u>

Reclassifications from profit or loss to other comprehensive income of the financial assets designated to apply overlay approach for the years ended December 31, 2025 and 2024 are as below:

	For the Year Ended December 31	
	2025	2024
Gain due to application of IFRS 9 to profit or loss	\$ 137,939,981	\$ 176,551,641
Gain if applying IAS 39 to profit or loss	<u>(166,872,060)</u>	<u>(159,786,681)</u>
(Gain) loss reclassified due to application of overlay approach	<u>\$ (28,932,079)</u>	<u>\$ 16,764,960</u>

Due to application of overlay approach, the amounts of gain and loss on financial assets and liabilities at FVTPL for the years ended December 31, 2025 and 2024 increased from gain of \$186,816,578 thousand to gain of \$215,748,657 thousand and from loss of \$98,983,835 thousand to loss of \$115,748,795 thousand, respectively.

- b. Financial liabilities designated as at FVTPL

In September 2014, Cathay United Bank was authorized to issue subordinated financial debentures amounting to US\$990 million; as of October 8, 2014, the issued subordinated financial debentures amounted to US\$660 million (perpetual) and US\$330 million (fifteen years) with a fixed interest rate of 5.10% and 4.00%, respectively, and the interest is payable annually. Cathay United Bank is authorized by the regulatory authority to redeem the US\$660 million of bonds at book value after 12 years and after fulfilling the specified conditions.

In March 2017, Cathay United Bank was authorized to issue unsubordinated financial debentures amounting to US\$300 million (thirty years), which were subsequently issued on November 24, 2017. In addition to the redemption of bonds by the exercise of call options, the bonds are redeemable on maturity; the bonds were issued in the form of zero-coupon bonds, and the internal rate of return is 4.10%.

Cathay United Bank converted fixed interest rates into floating interest rates with interest rate swap contracts to hedge against the fair value risk resulting from interest rate fluctuations. For the years ended December 31, 2025 and 2024, such interest rate swaps were valued with a net gains of \$966,019 thousand and net losses of \$1,319,621 thousand, respectively.

- c. As of December 31, 2025, Cathay Securities and its subsidiaries sold certain financial assets at FVTPL under repurchase agreements with notional amount of \$399,488 thousand.
- d. Refer to Note 31 for the financial assets at FVTPL that were pledged as collateral.

8. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	<u>December 31</u>	
	<u>2025</u>	<u>2024</u>
Investments in equity instrument at FVTOCI		
Stocks	\$ 182,145,555	\$ 191,008,412
Investments in debt instrument at FVTOCI		
Government bonds	196,645,469	176,895,650
Corporate bonds	101,033,851	99,145,838
Financial debentures	48,148,884	58,034,097
Overseas bonds	732,154,755	485,102,692
Asset-backed securities	31,028,033	30,790,555
Negotiable certificates of deposits	8,748,773	6,014,913
Less: Litigation deposits	(34,764)	(44,824)
Less: Deposits in the Central Bank	(2,104,085)	(2,010,987)
Less: Derivative collateral	<u>(10,051,475)</u>	<u>(11,994,707)</u>
	<u>1,105,569,441</u>	<u>841,933,227</u>
	<u>\$ 1,287,714,996</u>	<u>\$ 1,032,941,639</u>

- a. These investments in equity instruments are not held for trading and thus were designated as financial assets at FVTOCI.
- b. Dividend income recognized relating to investments in equity instruments at FVTOCI for the years ended December 31, 2025 and 2024 were \$8,203,829 thousand and \$7,361,066 thousand, respectively. Those related to investment derecognized for the years ended December 31, 2025 and 2024 were \$913,554 thousand and \$1,226,470 thousand, respectively.
- c. In consideration of the investment strategy, the Group sold equity instruments at FVTOCI at fair values of \$79,106,793 thousand and \$49,938,545 thousand at the time of sale, and transferred unrealized gain of \$4,149,709 thousand and \$2,809,694 thousand from other equity to retained earnings for the years ended December 31, 2025 and 2024, respectively.
- d. As of December 31, 2025 and 2024, certain financial assets at FVTOCI of Cathay United Bank and its subsidiaries were sold under repurchase agreements with notional amounts of \$1,497,500 thousand and \$8,862,877 thousand, respectively. The proceeds amounting to \$1,661,079 thousand and \$7,657,552 thousand, respectively, were recorded as notes and bonds sold under repurchase agreements and were repurchased for \$1,665,655 thousand and \$7,726,277 thousand before the end of June 2025 and May 2024, respectively.
- e. As of December 31, 2025 and 2024, Cathay United Bank and its subsidiaries had no domestic listed shares lent under securities lending agreements from equity instrument investments measured at FVTOCI. As of December 31, 2024, investments in equity instruments at FVTOCI of Cathay United Bank and its subsidiaries had been loaned out under security lending agreements with the fair value of \$135,038 thousand. In accordance with the terms of the agreements, the equities are scheduled to be returned by the end of June 2025.

- f. As of December 31, 2025 and 2024, Cathay Securities and its subsidiaries sold certain debt instruments at FVTOCI - current under repurchase agreements with notional amounts of \$12,228,948 thousand and \$11,707,484 thousand, respectively.
- g. Refer to Note 38 for information relating to the credit risk management and impairment of debt instruments at FVTOCI.

9. DEBT INSTRUMENTS AT AMORTIZED COST

	<u>December 31</u>	
	<u>2025</u>	<u>2024</u>
Time deposits	\$ 34,506,666	\$ 34,391,633
Financial debentures	76,697,408	112,357,284
Corporate bonds	52,733,148	55,438,151
Government bonds	60,660,060	71,638,017
Overseas bonds	4,036,571,197	4,270,578,807
Financial asset beneficiary certificates	404,958	1,792,000
Asset-backed securities	106,595,453	74,591,605
Short-term notes	454,425,000	332,120,275
Less: Guarantee deposits	(26,297,410)	(23,267,646)
Less: Deposits in the Central Bank	(7,447,898)	(7,455,267)
Less: Derivative collateral	(7,819,059)	(13,456,870)
Less: Loss allowance (Note)	<u>(3,743,006)</u>	<u>(3,706,851)</u>
	<u>\$ 4,777,286,517</u>	<u>\$ 4,905,021,138</u>

Note: Loss allowance for guarantee deposits paid in bonds is not included. As of December 31, 2025 and 2024, the amounts were \$4,396 thousand and \$6,686 thousand, respectively.

- a. For the years ended December 31, 2025 and 2024, the Group redeemed bonds before maturity due to early redemptions, which resulted in gains on redemption of \$64 thousand and \$0 thousand, respectively; disposed of bonds before maturity due to increase in credit risk, which resulted in losses on disposal of \$212,128 thousand and \$1,388,530 thousand, respectively; disposal of bonds close to maturity with proceeds that approximate remaining contractual cash flows, which resulted in losses on disposal of \$8,640 thousand and \$1,629 thousand, respectively; disposal of bonds before maturity because of infrequent sales or sales insignificant in value (either individually or in aggregate) resulted in gains on disposal of \$3,223,129 thousand and \$1,086,298 thousand, respectively; disposal of bonds due to other conditions such as repayments at maturities resulted in losses on disposal of \$745,621 thousand and \$212,756 thousand, respectively.
- b. As of December 31, 2025 and 2024, certain financial assets at amortized cost of Cathay United Bank and its subsidiaries were sold under repurchase agreements with notional amounts of \$459,267 thousand and \$4,917,150 thousand, respectively. The proceeds amounting to \$449,821 thousand and \$3,284,814 thousand, respectively, were recorded as notes and bonds sold under repurchase agreements and were repurchased for \$450,101 thousand and \$3,338,746 thousand before the end of January 2026 and March 2025, respectively.
- c. Refer to Note 31 for information relating to debt instruments at amortized cost pledged as collateral.
- d. Refer to Note 38 for information relating to the credit risk management and impairment of debt instruments at amortized cost.

10. RECEIVABLES, NET

	December 31	
	2025	2024
Notes receivable	\$ 471,940	\$ 542,103
Accounts receivable	130,980,625	129,615,553
Interest receivables	77,707,418	75,487,383
Acceptances	1,177,954	1,241,043
Factoring receivables	8,882,221	4,242,447
Others	<u>114,085,438</u>	<u>102,851,631</u>
	333,305,596	313,980,160
Less: Loss allowance	<u>(8,458,309)</u>	<u>(7,161,425)</u>
	<u>\$ 324,847,287</u>	<u>\$ 306,818,735</u>

- a. The Group set aside an appropriate loss allowance for receivables and the movements of loss allowance for receivables were as follows:

For the year ended December 31, 2025

	12-month Expected-credit Losses	Lifetime Expected-credit Losses (Collectively Assessed)	Lifetime Expected-credit Losses (Neither Purchased nor Originated Credit-impaired Financial Assets)	Impairment Loss under IFRS 9	Difference from Impairment Charged in Accordance with Applicable Laws and Regulations	Total
Beginning balance	\$ 685,139	\$ 409,352	\$ 1,819,915	\$ 2,914,406	\$ 73,353	\$ 2,987,759
Changes of financial instruments recognized at the beginning of the current reporting year						
Transferred to Lifetime ECLs	(18,216)	212,688	(2,073)	192,399	-	192,399
Transferred to credit-impaired financial assets	(23,305)	(112,817)	1,035,671	899,549	-	899,549
Transferred to 12-month ECLs	10,174	(82,723)	(1,912)	(74,461)	-	(74,461)
Derecognition of financial assets in the year	(382,566)	(188,102)	(631,749)	(1,202,417)	-	(1,202,417)
New financial assets purchased or originated	438,710	120,960	773,371	1,333,041	-	1,333,041
Difference from impairment charged in accordance with applicable laws and regulations	-	-	-	-	26,645	26,645
Written off as bad debt expense	-	-	(1,231,215)	(1,231,215)	-	(1,231,215)
Effects of exchange rate changes and others	<u>95,360</u>	<u>15,324</u>	<u>28,292</u>	<u>138,976</u>	<u>-</u>	<u>138,976</u>
Ending balance	<u>\$ 805,296</u>	<u>\$ 374,682</u>	<u>\$ 1,790,300</u>	<u>\$ 2,970,278</u>	<u>\$ 99,998</u>	<u>\$ 3,070,276</u>

For the year ended December 31, 2024

	12-month Expected-credit Losses	Lifetime Expected-credit Losses (Collectively Assessed)	Lifetime Expected-credit Losses (Neither Purchased nor Originated Credit-impaired Financial Assets)	Impairment Loss under IFRS 9	Difference from Impairment Charged in Accordance with Applicable Laws and Regulations	Total
Beginning balance	\$ 565,354	\$ 393,971	\$ 1,730,384	\$ 2,689,709	\$ 57,255	\$ 2,746,964
Changes of financial instruments recognized at the beginning of the current reporting year						
Transferred to Lifetime ECLs	(17,041)	213,743	(2,145)	194,557	-	194,557
Transferred to credit-impaired financial assets	(39,381)	(122,935)	1,119,687	957,371	-	957,371
Transferred to 12-month ECLs	8,933	(79,732)	(1,559)	(72,358)	-	(72,358)
Derecognition of financial assets in the year	(317,039)	(161,763)	(327,072)	(805,874)	-	(805,874)

(Continued)

	12-month Expected-credit Losses	Lifetime Expected-credit Losses (Collectively Assessed)	Lifetime Expected-credit Losses (Neither Purchased nor Originated Credit-impaired Financial Assets)	Impairment Loss under IFRS 9	Difference from Impairment Charged in Accordance with Applicable Laws and Regulations	Total
New financial assets purchased or originated	\$ 369,099	\$ 140,937	\$ 466,988	\$ 977,024	\$ -	\$ 977,024
Difference from impairment charged in accordance with applicable laws and regulations	-	-	-	-	16,098	16,098
Written off as bad debt expense	-	-	(1,216,875)	(1,216,875)	-	(1,216,875)
Effects of exchange rate changes and others	115,214	25,131	50,507	190,852	-	190,852
Ending balance	<u>\$ 685,139</u>	<u>\$ 409,352</u>	<u>\$ 1,819,915</u>	<u>\$ 2,914,406</u>	<u>\$ 73,353</u>	<u>\$ 2,987,759</u>

(Concluded)

- b. Loss allowance for other receivables is provided by simplified approach and the reconciliation was as follows:

	For the Year Ended December 31	
	2025	2024
Beginning balance	\$ 4,173,666	\$ 2,597,513
Provision for the year	1,216,101	1,583,843
Amounts written off	(1,980)	(7,891)
Amounts recovered	116	74
Foreign exchange	<u>130</u>	<u>127</u>
Ending balance	<u>\$ 5,388,033</u>	<u>\$ 4,173,666</u>

- c. Refer to Note 38 for information relating to the impairment of receivable.

11. DISCONTINUED OPERATIONS

On July 6, 2023, Cathay Life's Board of Directors resolved to dispose of all the shares of Conning Holdings Limited and its subsidiaries previously held by Cathay Life to Generali Investments Holding S.p.A. in exchange for approximately 16.75% of its shareholding. The transaction was approved by the Financial Supervisory Commission (FSC) and the Department of Investment Review, Ministry of Economic Affairs (MOEA) on December 21, 2023 and February 29, 2024, respectively, and the disposal was completed on April 3, 2024.

The above transaction met the criteria of IFRS 5 "Non-current Assets Held for Sale and Discontinued Operations". Therefore, the related profit or loss related to the disposal of Conning Holdings Limited was expressed as profit or loss from discontinued operations.

The details of profit from discontinued operations and the related cash flow information were as follows:

	January 1 to April 3, 2024
Net income	\$ 2,442,660
Operating expense	<u>(2,227,532)</u>
Profit before tax	215,128
Income tax expense	<u>(88,037)</u>
Profit from discontinued operations before elimination	127,091

(Continued)

	January 1 to April 3, 2024
Elimination of transactions with related parties	\$ (351,425)
Loss before tax	(224,334)
Gain on disposals	2,636,994
Income tax expense	<u>(1,402,695)</u>
Profit from discontinued operations	<u>\$ 1,009,965</u>
Profit from discontinued operations attributable to:	
Owners of the Company	\$ 959,047
Non-controlling interests	<u>50,918</u>
	<u>\$ 1,009,965</u>
Cash flows	
Operating activities	\$ (226,514)
Investing activities	(18,222)
Financing activities	(280,487)
Effects of exchanges on cash and cash equivalents	<u>(815,782)</u>
Net cash outflows	<u>\$ (1,341,005)</u> (Concluded)

12. DISCOUNTS AND LOANS, NET

	December 31	
	2025	2024
Export negotiations	\$ 693,085	\$ 1,735,106
Loans	3,351,394,865	3,118,914,999
Discounts and overdrafts	517,994	1,193,839
Overdue loans	<u>8,279,244</u>	<u>8,731,141</u>
	3,360,885,188	3,130,575,085
Less: Loss allowance	<u>(52,144,369)</u>	<u>(48,896,179)</u>
	<u>\$ 3,308,740,819</u>	<u>\$ 3,081,678,906</u>

- a. As of December 31, 2025, the gross amount of domestic discounts and loans belonging to Cathay United Bank amounted to \$2,679,596,426 thousand and the allowance loss amounted to \$43,745,539 thousand.
- b. As of December 31, 2025 and 2024, the balances of nonaccrual loans to Cathay United Bank and its subsidiaries were \$7,851,208 thousand and \$6,966,405 thousand, respectively. For the years ended December 31, 2025 and 2024, Cathay United Bank and its subsidiaries had no credit re-sold without completing the required legal procedures.
- c. Refer to Note 38 for information relating to the credit risk management and impairment of discounts and loans.

13. SUBSIDIARIES

a. Subsidiaries included in the consolidated financial statements

Investors	Subsidiary	Nature of Business	Percentage of Ownership Interest (%)		Notes
			December 31		
			2025	2024	
The Company	Cathay Life	Life insurance	100.00	100.00	
The Company	Cathay United Bank	Banking	100.00	100.00	
The Company	Cathay Century	Property insurance	100.00	100.00	
The Company	Cathay Securities	Security	100.00	100.00	
The Company and Cathay Life	Cathay Venture	Venture capital	100.00	100.00	
The Company	Cathay Securities Investment Trust	Entrusted investments	100.00	100.00	
Cathay Life	Cathay Lujiazui Life	Life insurance	50.00	50.00	Note 1
Cathay Life	Cathay Life (Vietnam)	Life insurance	100.00	100.00	
Cathay Life	Lin Yuan (Shanghai) Real Estate Co., Ltd. ("Lin Yuan")	Office leasing	100.00	100.00	
Cathay Life	Cathay Woolgate Exchange Holding 1 Limited	Real estate investment and management	100.00	100.00	
Cathay Life	Cathay Woolgate Exchange Holding 2 Limited	Real estate investment and management	100.00	100.00	
Cathay Life	Cathay Walbrook Holding 1 Limited	Real estate investment and management	100.00	100.00	
Cathay Life	Cathay Walbrook Holding 2 Limited	Real estate investment and management	100.00	100.00	
Cathay Life	Cathay Industrial Research and Design Center Co., Ltd. ("Cathay Industrial R&D Center")	Real estate-related business	99.00	99.00	
Cathay Life	Cathay Power Inc. ("Cathay Power")	Energy technical services	70.00	70.00	
Cathay Life	Cathaylife Singapore Pte. Ltd.	Holding company	100.00	100.00	Note 2
Cathay Life	Cathay Wind Power Holdings Co., Ltd. ("Cathay Wind Power Holdings")	Energy technical services	99.00	99.00	Note 3
Cathay Life	Cathay II Wind Power Holdings Co., Ltd. ("Cathay II Wind Power Holdings")	Energy technical services	99.00	-	Note 4
Cathay Power	SUNRISE PV ONE CO., LTD. ("SUNRISE PV ONE")	Energy technical services	100.00	100.00	
Cathay Power	Cathy Sunrise Two Co., Ltd. ("Cathy Sunrise Two")	Energy technical services	100.00	100.00	
Cathay Power	Bai Yang Energy Co., Ltd. ("Bai Yang Energy")	Energy technical services	100.00	100.00	
Cathay Power	Cathy Sunrise Electric Power Two Co., Ltd. ("Cathy Sunrise Electric Power Two")	Energy technical services	100.00	100.00	
Cathay Power	Hong Cheng Sing Tech. Co., Ltd. ("Hong Cheng Sing Tech")	Energy technical services	100.00	100.00	
Cathay Power	Shen Lyu Co., Ltd. ("Shen Lyu")	Energy technical services	100.00	100.00	
Cathay Power	Nan Yang Power Co., Ltd. ("Nan Yang Power")	Energy technical services	80.00	80.00	
Cathay Power	CM Energy Co., Ltd. ("CM Energy")	Energy technical services	97.00	70.00	Note 5
Cathay Power	Neo Cathay Power Corp. ("Neo Cathay Power")	Energy technical services	100.00	100.00	
Cathay Power	Cathay Wind Power Holdings	Energy technical services	1.00	1.00	Note 3
Cathay Power	Cathay II Wind Power Holdings	Energy technical services	1.00	-	Note 4
Cathay Power	Jian Kun Energy Co., Ltd. ("Jian Kun Energy")	Energy technical services	95.10	-	Note 6
SUNRISE PV ONE	Shu Guang Energy Co., Ltd. ("Shu Guang Energy")	Energy technical services	70.00	70.00	
CM Energy	Hong Tai Energy Co., Ltd. ("Hong Tai Energy")	Energy technical services	100.00	100.00	
CM Energy	Tian Ji Energy Co., Ltd. ("Tian Ji Energy")	Energy technical services	100.00	100.00	
CM Energy	Tian Ji Power Co., Ltd. ("Tian Ji Power")	Energy technical services	100.00	100.00	
Hong Tai Energy	Hong Tai Power Co., Ltd. ("Hong Tai Power")	Energy technical services	100.00	100.00	
Neo Cathay Power	Si Yi Co., Ltd. ("Si Yi")	Energy technical services	100.00	100.00	
Neo Cathay Power	Da Li Energy Co., Ltd. ("Da Li")	Energy technical services	100.00	100.00	
Neo Cathay Power	Yong Han Co., Ltd. ("Yong Han")	Energy technical services	100.00	100.00	
Cathay Wind Power Holdings	Cathay Wind Power Co., Ltd. ("Cathay Wind Power")	Energy technical services	100.00	100.00	Note 7
Cathay Century	Cathay Insurance (Vietnam) Co., Ltd. ("Cathay Insurance (Vietnam)")	Property insurance	100.00	100.00	
Cathay United Bank	Indovina Bank Limited ("Indovina Bank")	Banking	50.00	50.00	
Cathay United Bank	Cathay United Bank (Cambodia) PLC. ("CUBC Bank")	Banking	100.00	100.00	Note 8
Cathay United Bank	Cathay United Bank (China) Co., Ltd. ("CUBCN Bank")	Banking	100.00	100.00	
CUBC Bank	CUBC Investment Co., LTD. (CUBC-I)	Investment service	49.00	49.00	Note 9
Cathay Securities	Cathay Futures Co., Ltd. ("Cathay Futures")	Futures services	99.99	99.99	
Cathay Securities	Cathay Securities (Hong Kong) Limited ("Cathay Securities (Hong Kong)")	Securities-related businesses	100.00	100.00	
Cathay Securities (Hong Kong)	Cathay Capital (Asia) Limited ("Cathay Capital (Asia)")	Investment service	100.00	100.00	
Cathay Securities Investment Trust	Cathay Private Equity Co., Ltd. ("Cathay Private Equity")	Private equity	100.00	100.00	

Note 1: On October 9, 2025, Cathay Lujiazui Life amended its articles of incorporation, as a result of which Cathay Life's interest in Cathay Lujiazui Life was reduced from a controlling interest to an investment with significant influence, classified as a joint venture. Refer to Note 41 for information relating to the disposition of subsidiaries.

- Note 2: Cathaylife Singapore Pte. Ltd.'s establishment was approved by the Singaporean authorities on June 5, 2024. Cathay Life injected a capital of US\$30 million into the subsidiary on July 3, 2024.
- Note 3: Cathay Wind Power Holdings was originally held by Cathay Power. Cathay Life completed a capital increase in Cathay Wind Power Holdings on October 29, 2024, raising its ownership interest to 99%.
- Note 4: On October 8, 2025, Cathay II Wind Power Holdings was established and held by Cathay Power. Cathay Life completed a capital increase in Cathay II Wind Power Holdings on December 17, 2025, raising its ownership interest to 99%.
- Note 5: On June 26, 2025, Cathay Power acquired a 27% equity interest in CM Energy, raising its shareholding ratio from 70% to 97%.
- Note 6: On November 3, 2025, Cathay Power acquired 95.10% of Jian Kun Energy shares in cash and obtained control of Jian Kun Energy. Refer to Note 40 for information relating to the business combination.
- Note 7: Cathay Wind Power became wholly owned by Cathay Wind Power Holdings on January 12, 2024.
- Note 8: Cathay United Bank (Cambodia) Corporation Limited has completed the registration of its English name change to "Cathay United Bank (Cambodia) PLC." The change was approved by the Financial Supervisory Commission and the relevant local authorities, and became effective on April 1, 2025.
- Note 9: CUBC Bank substantially controls over CUBC-I's operations and the composition of its board of directors with 49% ownership through proxy agreements with the remaining shareholders and holding 100% of economic benefit, therefore listing as a subsidiary of CUBC Bank.

b. Subsidiaries excluded from the consolidated financial statements

Investors	Subsidiary	Nature of Business	Percentage of Ownership Interest (%)		Notes
			December 31		
			2025	2024	
Cathay Life	Cathay Securities Investment Consulting Co., Ltd. ("Cathay Securities Investment Consulting")	Security investment consulting services	100.00	100.00	

The consolidated financial statements did not include the above-mentioned subsidiary because its total assets and operating revenue were insignificant to the total assets and operating revenue of the Group.

14. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD, NET

	December 31	
	2025	2024
Investments in unconsolidated subsidiaries	\$ 675,439	\$ 712,380
Investments in associates	60,844,665	57,964,888
Investments in joint ventures	<u>19,216,140</u>	<u>4,268,636</u>
	<u>\$ 80,736,244</u>	<u>\$ 62,945,904</u>

a. Investments in unconsolidated subsidiaries

	December 31	
	2025	2024
Cathay Securities Investment Consulting	<u>\$ 675,439</u>	<u>\$ 712,380</u>

b. Investments in associates

	December 31	
	2025	2024
Generali Investments Holding S.p.A.	\$ 25,120,391	\$ 23,779,664
Rizal Commercial Banking Corporation	19,451,308	19,646,158
Cathay Insurance Company Limited (China)	5,310,593	5,017,361
CMG International Two Co., Ltd.	2,772,427	1,749,106
CMG International One Co., Ltd.	2,295,983	1,539,734
Taiwan Finance Corp.	1,874,825	1,716,837
PSS Co., Ltd.	1,465,497	1,388,154
Ding Teng Co., Ltd.	988,252	959,772
TaiYang Solar Power Co., Ltd.	619,415	597,190
Dasheng IV Venture Capital Co., Ltd.	335,006	360,894
ThrivEnergy Co., Ltd.	210,073	205,343
Dasheng Venture Capital Co., Ltd.	146,669	331,037
Taiwan Real-estate Management Corp.	108,462	104,036
Lin Yuan Property Management Co., Ltd.	113,073	83,903
BSCOM Cathay Asset Management Co., Ltd.	32,691	220,915
Tien-Tai Optronics Corporation	-	132,268
Tien-Tai II Optoelectronics Co., Ltd.	-	129,872
Tien-Tai Management Consulting Co., Ltd.	-	2,644
	<u>\$ 60,844,665</u>	<u>\$ 57,964,888</u>

Aggregate information of associates that are not individually material

	For the Year Ended December 31	
	2025	2024
The Group's share of:		
Net income	\$ 2,813,814	\$ 2,405,513
Other comprehensive (loss) income	<u>(88,692)</u>	<u>669,279</u>
Total comprehensive income for the year	<u>\$ 2,725,122</u>	<u>\$ 3,074,792</u>

In July 2025, Cathay Venture divested equity interests of 33.64% in Tien-Tai Optronics Corporation, 32.28% in Tien-Tai II Optoelectronics Co., Ltd. and 28.2% in Tien-Tai Management Consulting Co., Ltd. to unrelated parties, recognizing a net loss on disposal of investment amounting to \$1,527 thousand (being the difference between disposal proceeds of \$250,461 thousand and the carrying amount of the equity investments disposed of \$251,988 thousand).

c. Investments in joint ventures

	December 31	
	2025	2024
Greater Changhua NW Holdings Ltd.	\$ 12,203,743	\$ 3,756,348
Cathay Lujiazui Life Insurance Co., Ltd.	6,544,561	-
Symphox Information Co., Ltd.	<u>467,836</u>	<u>512,288</u>
	<u>\$ 19,216,140</u>	<u>\$ 4,268,636</u>

Aggregate information of joint ventures that are not individually material

	For the Year Ended December 31	
	2025	2024
The Group's share of:		
Net income (loss)	\$ 115,591	\$ (45,606)
Other comprehensive (loss) income	<u>(917,567)</u>	<u>11,011</u>
Total comprehensive loss for the period	<u>\$ (801,976)</u>	<u>\$ (34,595)</u>

As the individual associates and joint ventures are not significant, the related financial information is disclosed aggregately. The amounts of the share of profit or loss and other comprehensive income (loss) of associates and joint ventures were based on non-audited financial statements.

The investments in associates were not pledged as collateral. For the amount of borrowings secured by investments in joint ventures, refer to Note 31.

15. INVESTMENT PROPERTY

	Land	Buildings	Investment Property Under Construction	Prepayments for Buildings and Land - Investments	Total
Balance on January 1, 2024	\$ 323,264,818	\$ 125,249,682	\$ 8,983,487	\$ 4,188,723	\$ 461,686,710
Additions	-	-	11,804,702	4,758,608	16,563,310
Disposals	(7,053)	(4,727)	-	-	(11,780)
Other reclassification	5,869,267	8,270,872	(6,135,462)	(8,051,879)	(47,202)
Gain on changes in fair value of investment property	689,865	369,133	-	-	1,058,998
Foreign exchange	523,510	1,075,337	126,447	201,861	1,927,155
Others (Note)	<u>(44,826)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(44,826)</u>
Balance on December 31, 2024	<u>\$ 330,295,581</u>	<u>\$ 134,960,297</u>	<u>\$ 14,779,174</u>	<u>\$ 1,097,313</u>	<u>\$ 481,132,365</u>
Balance on January 1, 2025	\$ 330,295,581	\$ 134,960,297	\$ 14,779,174	\$ 1,097,313	\$ 481,132,365
Additions	-	1,010	11,891,883	2,890,139	14,783,032
Disposals	(35,444)	(62,521)	-	-	(97,965)
Other reclassification	2,705,792	6,039,274	(5,803,412)	(3,023,053)	(81,399)
Gain (loss) on changes in fair value of investment property	8,975,652	(953,768)	-	-	8,021,884
Foreign exchange	368,238	628,763	31,416	13,318	1,041,735
Others (Note)	<u>(22,462)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(22,462)</u>
Balance on December 31, 2025	<u>\$ 342,287,357</u>	<u>\$ 140,613,055</u>	<u>\$ 20,899,061</u>	<u>\$ 977,717</u>	<u>\$ 504,777,190</u>

Note: Others are mainly compensation for urban renewal and demolition.

	For the Year Ended December 31	
	2025	2024
Rental income from investment properties	\$ 12,972,175	\$ 12,247,413
Direct operating expenses from investment properties that generate rental income	(927,607)	(911,016)
Direct operating expenses from investment properties that do not generate rental income	<u>(350,826)</u>	<u>(257,212)</u>
	<u>\$ 11,693,742</u>	<u>\$ 11,079,185</u>

- a. Certain properties are held to earn rental or for capital appreciation, and the others are held for owner occupation. If each component of a property could be sold separately, it is classified as investment property or property and equipment individually. If each component could not be sold separately, it would be classified as investment property only when owner occupation is lower than 5% of the property.
- b. As of December 31, 2025, the investment properties belonging to Cathay Life amounted to \$435,680,345 thousand. Investment properties are held mainly for lease business. All the lease agreements are operating leases and the primary terms of the lease agreements are the same as general lease agreements. Rents from investment property are received annually, semi-annually, quarterly, monthly or in one lump sum.
- c. The ownership of the Group's investment properties is not subject to restrictions other than the restriction associated with being furnished as security for other's debts; the ownership of its trust property is not subject to restrictions. Besides, the Group is not involved in any situations that violate Subparagraph 2, Paragraph 3 of Article 11-2 of Regulations Governing Foreign Investments by Insurance Companies.
- d. Valuation on the investment property of Cathay Life and its subsidiaries has been carried out by the following appraisers of the joint appraisal firms that meet the qualification requirements for real estate appraisers in the R.O.C., with valuation dates on December 31, 2025 and 2024, respectively.

Name of Appraisal Firms	December 31	
	2025	2024
DTZ Real Estate Appraiser Firm	Chang-da, Yang; Gen-yuan, Li; Chia-ho, Tsai; Chun-chun, Hu	Chang-da, Yang; Gen-yuan, Li; Chia-ho, Tsai; Chun-chun, Hu
Savills plc Real Estate Appraiser Firm	Yi-zhi, Zhang; Hong-kai, Zhang; Cheng-yeh, Wu;	Yi-zhi, Zhang; Hong-kai, Zhang; Cheng-yeh, Wu; Shih-yu, Yeh
REPro Knight Frank Real Estate Appraiser Firm	Hong-xu, Wu; Hsiang-yi, Hsu; Hsin-ya, Wang	Yu-hsiang, Tsai; Hsiang-yi, Hsu;
V-LAND Real Estate Appraiser Firm	Tai-li, Li; Xi-zhong, Wang	Tai-li, Li; Xi-zhong, Wang
Shang-shang Real Estate Appraiser Firm	Wei-zhi, Wang; Hong-yuan, Wang; Jian-hao, Huang	Wei-zhi, Wang; Hong-yuan, Wang; Jian-hao, Huang

(Continued)

Name of Appraisal Firms	December 31	
	2025	2024
Sinyi Real Estate Appraiser Firm	Wei-xin, Chi; Liang-an, Ji; Wen-zhe, Cai; Shi-ming, Wang	Wei-xin, Chi; Liang-an, Ji; Wen-zhe, Cai; Shi-ming, Wang
Elite Real Estate Appraiser Firm	Yu-lin, Chen; Yi-huei, Luo; Siou-ying, Jhan; Shen-hao, Chen	Yu-lin, Chen; Yi-huei, Luo; Siou-ying, Jhan; Shen-hao, Chen
CBRE Real Estate Appraiser Firm	Fu-xue, Shi; Zhi-jia, Zhang	Fu-xue, Shi; Zhi-jia, Zhang
Colliers International Real Estate Appraisal Firm	Jian-huei, Gu	Jian-huei, Gu

(Concluded)

On May 11, 2020, the Insurance Bureau of the FSC issued Jin Guan Bao Tsai No. 10904917641 to amend some of the provisions of the “Regulations Governing the Preparation of Financial Reports by Insurance Enterprises”, which should be applied in the preparation of the financial report beginning in the first quarter of 2020. However, the Cathay Life’s investment properties were mainly recognized at fair value subsequent to initial recognition before the amendment issued on May 11, 2020, and according to the amendment, the previously adopted appraisal approaches are applied for such assets to maintain the consistency and comparability of the financial reports for the years before and after the amendment.

The fair value is supported by observable evidence in the market. The main appraisal approaches applied include sales comparison approach, income approach - direct capitalization method, income approach - discounted cash flow method, cost approach and the method of land development analysis. Commercial office buildings and residences are mainly valued by sales comparison approach and income approach because of the market liquidity and comparable sales and rental cases in the neighboring areas. Hotels, department stores and marketplaces are mainly valued by income approach - direct capitalization method and income approach - discounted cash flow method because of the stable rental income in the long term. Industrial plants for lease are valued by sales comparison approach and cost approach. Wholesale stores located in industrial districts are valued by cost approach since the buildings are constructed for specific purposes because fewer similar transactions could be referred to in the market. Vacant land and buildings under construction of logistics parks located in industrial and commercial integrated district are valued by cost approach. Land under construction with building permit is valued by comparison approach and land development analysis. Urban renewal land under construction with building permit is valued based by comparison approach and income approach based on the allocated real estates (office buildings, hotels, etc.) under the urban renewal program.

The main inputs used are as follows:

	December 31	
	2025	2024
Direct capitalization rates (net)	0.56%-6.74%	0.56%-6.23%
Discount rates	2.82%-4.63%	2.82%-4.63%

External appraisers use market extraction method, search several comparable properties which are identical with or similar to the subject property, consider the liquidity risk and risk premium when disposed of in the future, to decide the direct capitalization rate and discount rate. The discount rates for the properties acquired after May 11, 2020 had been determined in accordance with the amendment to the Regulations Governing the Preparation of Financial Reports by Insurance Enterprises.

Cathay Life and its subsidiaries recognized their investment properties at fair value subsequent to initial recognition and the related fair value are categorized as level 3 of fair value hierarchy. The fair value of investment property will decrease as either one of the main inputs, direct capitalization rate and discount rate, of the direct capitalization method increases. On the contrary, the fair value of investment property will increase if any of the main input decreases.

- e. Cathay United Bank’s investment properties were based on the valuations carried out by qualified real estate appraisers in Taiwan in accordance with the “Regulations on Real Estate Appraisal”. The valuation dates were December 31, 2025 and 2024, respectively.

Name of Appraiser Office	December 31	
	2025	2024
REPro Knight Frank Real Estate Appraiser Firm	Hsiang-yi, Hsu; Hsin-Ya, Wang; Ming-Yang, Wang; Hong-xu, Wu	Hsiang-yi, Hsu; Yu-hsiang, Tsai

The fair value is supported by observable evidence in the market. The main appraisal approaches applied include the income approach (such as discounted cash flow model and direct capitalization approach), comparison approach and cost approach. The significant unobservable inputs mainly include discount rates and the related adjustments are categorized as level 3 of fair value hierarchy.

- 1) As office buildings have market liquidity and the rentals are similar to those of comparable properties in neighboring areas, the fair values have been mainly determined using the comparison approach and the income approach.

Net rental income is based on current market practices, assuming an annual rental increase between 0% to 1.5% to extrapolate the total income of the underlying property, excluding losses as a result of idle and other reasons and related operation costs.

According to the ROC Real Estate Appraisers Association Gazette No. 5, the house tax is determined based on the reference tables of current house values provided by each city/county to estimate the total current house value considering the area of the subject property and related public utilities. House tax is calculated based on the tax rates in the House Tax Act and the actual payment data.

Land value tax is calculated based on the changes in the announced land values of the underlying property in the past years and the actual payment data.

According to the ROC Real Estate Appraisers Association Gazette No. 5, replacement allowance for significant renovation cost is calculated based on 10% of construction costs and amortized over its estimated useful life of 20 years.

The main inputs used are as follows:

	December 31	
	2025	2024
Direct capitalization rates	1.82%-3.74%	1.17%-3.73%
Discount rates	3.78%	3.78%

- 2) The fair values of hillside conservation zones, farmlands, scenic areas and suburban residences had been determined mainly by the income approach, comparison approach and cost approach due to fewer market transactions in such areas as a result of legal restrictions and furthermore, no significant changes are expected in these areas that will affect the market in the near future.

- f. Valuation on the investment property of Cathay Securities and its subsidiaries has been performed by the appraiser from Elite Real Estate Appraiser Firm (Yi-huei, Luo) that met the qualification requirements for real estate appraisers in the R.O.C., with valuation on December 31, 2025 and 2024, respectively.

The fair value of investment property is determined by income approach with significant assumptions as follows. If estimated future cash inflows increase or discount rate decreases, the fair value will increase.

	December 31	
	2025	2024
Estimated future cash inflows	\$ 469,380	\$ 468,321
Estimated future cash outflows	<u>(15,157)</u>	<u>(14,334)</u>
Estimated net cash inflows	<u>\$ 454,223</u>	<u>\$ 453,987</u>
Discount rate	2.97%	2.97%
Earnings capitalization rate at the end of the period	2.57%	2.48%

The market monthly rentals in 2025 and 2024 ranged from \$4 thousand to \$6 thousand per ping in the areas where the investment property is located.

The investment property is leased under operating leases, with average occupancy rates of 67.30% and 83.43% as of December 31, 2025 and 2024, respectively. The investment property generated rental income of \$3,896 thousand and \$7,966 thousand for the years ended December 31, 2025 and 2024, respectively.

The estimated future cash inflows consist of rental income, interest of deposit and value of disposal at the end of the year. Rental income is estimated for the current rent and the annual growth rate of the rent. The period of benefit analysis is estimated for 10 years. Interest of deposit is estimated based on the interest rate on a 1-year time deposit of the 5 largest banks for the past year. The value of disposal at the end of the year is estimated using the direct capitalization method. The estimated future cash outflows consist of land value tax, house tax, and replacement allowance, which are estimated on the basis of current expenditures, adjustments to the future announced land value, and tax rates in accordance with the House Tax Act.

The discount rate on December 31, 2025 and 2024 are determined based on the interest rate on a 2-year time deposit of petty cash plus 5 quarters percentage points as posted by Chunghwa Post Co., Ltd., plus the risk premium.

- g. Reconciliations for Level 3 fair value measurements are as follows:

	For the Year Ended December 31	
	2025	2024
Beginning balance	\$ 427,757,842	\$ 418,882,038
Amount recognized in profit or loss		
Gain from investment property	8,021,884	1,058,998
Amount recognized in other comprehensive income		
Exchange differences resulting from translation of the financial statements of foreign operations	997,001	1,598,847

(Continued)

For the Year Ended December 31

	2025	2024
Disposals	\$ (97,965)	\$ (11,780)
Transfers to property and equipment	(81,399)	(47,202)
Transfers from investment property under construction	1,104,563	2,082,281
Transfers from prepayment for buildings and land	-	4,239,584
Transfers from investment property measured at cost	13,178,027	-
Others	<u>(22,462)</u>	<u>(44,924)</u>
 Ending balance	 <u>\$ 450,857,491</u>	 <u>\$ 427,757,842</u>

(Concluded)

The above amount excludes those measured at cost.

- h. Refer to Note 31 for the investment properties that were pledged as collateral.
- i. Refer to Table 2 for acquisition of real estate at prices over \$300 million or 10% of the paid-in capital.
- j. Refer to Table 3 for disposal of real estate at prices over \$300 million or 10% of the paid-in capital.

16. PROPERTY AND EQUIPMENT

	Land	Buildings and Construction	Computer Equipment	Leasehold Improvements	Transportation Equipment	Other Equipment	Construction in Progress and Prepayment for Real Estate Equipment	Total
<u>Cost</u>								
Balance on January 1, 2024	\$ 69,374,162	\$ 45,718,031	\$ 12,473,953	\$ 1,523,438	\$ 139,648	\$ 26,886,388	\$ 1,772,604	\$ 157,888,224
Additions	-	110	1,008,934	70,522	3,265	1,212,710	2,683,308	4,978,849
Disposals	(87,130)	-	(503,298)	(48,415)	(12,062)	(523,848)	-	(1,174,753)
Disposal of subsidiaries (Note 41)	-	-	(1,364,751)	(306,334)	-	(113,757)	-	(1,784,842)
Reclassification	37,000	61,655	466,823	41,489	3,716	1,304,111	(1,912,929)	1,865
Foreign exchange and inflation adjustments	36,769	44,203	110,199	43,699	8,472	24,348	2,051	269,741
Others	<u>38</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>38</u>
Balance on December 31, 2024	<u>\$ 69,360,839</u>	<u>\$ 45,823,999</u>	<u>\$ 12,191,860</u>	<u>\$ 1,324,399</u>	<u>\$ 143,039</u>	<u>\$ 28,789,952</u>	<u>\$ 2,545,034</u>	<u>\$ 160,179,122</u>
<u>Depreciation and impairment</u>								
Balance on January 1, 2024	\$ 98,268	\$ 25,553,727	\$ 8,724,236	\$ 1,100,038	\$ 105,034	\$ 12,936,457	\$ -	\$ 48,517,760
Depreciation	-	869,736	1,242,489	102,696	8,642	1,557,351	-	4,078,914
Disposals	-	-	(501,189)	(40,072)	(11,666)	(517,254)	-	(1,070,181)
Disposal of subsidiaries (Note 41)	-	-	(483,686)	(162,799)	-	(87,515)	-	(734,000)
Foreign exchange	<u>-</u>	<u>20,329</u>	<u>62,384</u>	<u>30,360</u>	<u>6,329</u>	<u>17,359</u>	<u>-</u>	<u>136,761</u>
Balance on December 31, 2024	<u>\$ 98,268</u>	<u>\$ 26,443,792</u>	<u>\$ 9,044,234</u>	<u>\$ 1,030,223</u>	<u>\$ 108,339</u>	<u>\$ 13,906,398</u>	<u>\$ -</u>	<u>\$ 50,631,254</u>
Carrying amount on December 31, 2024	<u>\$ 69,262,571</u>	<u>\$ 19,380,207</u>	<u>\$ 3,147,626</u>	<u>\$ 294,176</u>	<u>\$ 34,700</u>	<u>\$ 14,883,554</u>	<u>\$ 2,545,034</u>	<u>\$ 109,547,868</u>
<u>Cost</u>								
Balance on January 1, 2025	\$ 69,360,839	\$ 45,823,999	\$ 12,191,860	\$ 1,324,399	\$ 143,039	\$ 28,789,952	\$ 2,545,034	\$ 160,179,122
Additions	-	-	1,581,657	106,778	542	725,571	2,249,297	4,663,845
Disposals	-	(9,727)	(441,574)	(31,964)	(1,228)	(521,399)	-	(1,005,892)
Disposal of subsidiaries (Note 41)	-	-	(215,086)	(391,659)	(3,273)	(162)	(95,172)	(705,352)
Reclassification	12,965	218,738	529,696	44,540	4,692	1,291,711	(1,932,440)	169,902
Foreign exchange	<u>(21,780)</u>	<u>(13,597)</u>	<u>(41,507)</u>	<u>(22,333)</u>	<u>(5,483)</u>	<u>(19,350)</u>	<u>(1,100)</u>	<u>(125,150)</u>
Balance on December 31, 2025	<u>\$ 69,359,024</u>	<u>\$ 46,019,413</u>	<u>\$ 13,605,046</u>	<u>\$ 1,029,761</u>	<u>\$ 138,289</u>	<u>\$ 30,266,323</u>	<u>\$ 2,765,619</u>	<u>\$ 163,176,475</u>
<u>Depreciation and impairment</u>								
Balance on January 1, 2025	\$ 98,268	\$ 26,443,792	\$ 9,044,234	\$ 1,030,223	\$ 108,339	\$ 13,906,398	\$ -	\$ 50,631,254
Depreciation	-	866,359	1,379,576	105,445	8,301	1,729,003	-	4,088,684
Disposals	-	(6,948)	(440,170)	(31,022)	(1,229)	(506,696)	-	(986,065)
Disposal of subsidiaries (Note 41)	-	-	(171,545)	(367,045)	(1,492)	(162)	-	(540,244)
Foreign exchange	<u>-</u>	<u>(4,601)</u>	<u>(32,660)</u>	<u>(20,058)</u>	<u>(4,013)</u>	<u>(14,703)</u>	<u>-</u>	<u>(76,035)</u>
Balance on December 31, 2025	<u>\$ 98,268</u>	<u>\$ 27,298,602</u>	<u>\$ 9,779,435</u>	<u>\$ 717,543</u>	<u>\$ 109,906</u>	<u>\$ 15,113,840</u>	<u>\$ -</u>	<u>\$ 53,117,594</u>
Carrying amount on December 31, 2025	<u>\$ 69,253,756</u>	<u>\$ 18,720,811</u>	<u>\$ 3,825,611</u>	<u>\$ 312,218</u>	<u>\$ 28,383</u>	<u>\$ 15,152,483</u>	<u>\$ 2,765,619</u>	<u>\$ 110,058,881</u>

- a. The above items of property and equipment are depreciated on a straight-line basis over their estimated useful lives as follows:

Buildings and construction	1-70 years
Computer equipment	3-10 years
Leasehold improvements	3-6 years or lease term
Transportation equipment	3-10 years
Other equipment	2-22 years

- b. Refer to Note 31 for the property and equipment that were pledged as collateral.

17. LEASE AGREEMENTS

- a. Right-of-use assets

	December 31	
	2025	2024
<u>Carrying amount</u>		
Land	\$ 216,606	\$ 243,469
Buildings	4,601,693	4,763,087
Office equipment	23,944	31,708
Machine equipment	837,807	1,101
Transportation equipment	<u>105,353</u>	<u>85,303</u>
	<u>\$ 5,785,403</u>	<u>\$ 5,124,668</u>
Right-of-use assets presented as investment properties	<u>\$ 12,760,363</u>	<u>\$ 12,787,580</u>
	For the Year Ended December 31	
	2025	2024
Additions to right-of-use assets	<u>\$ 2,788,182</u>	<u>\$ 1,910,405</u>
Depreciation expense for right-of-use assets		
Land	\$ 14,102	\$ 14,643
Buildings	1,607,785	1,580,552
Office equipment	11,033	12,367
Machine equipment	132,906	760
Transportation equipment	<u>49,803</u>	<u>51,796</u>
	<u>\$ 1,815,629</u>	<u>\$ 1,660,118</u>

- b. Lease liabilities

	December 31	
	2025	2024
Carrying amount	<u>\$ 20,537,826</u>	<u>\$ 19,654,750</u>

Range of discount rates for lease liabilities is as follows:

	<u>December 31</u>	
	<u>2025</u>	<u>2024</u>
Land	1.24%-2.63%	1.24%-2.63%
Buildings	0.12%-8.57%	0.12%-8.57%
Office equipment	1.35%-4.75%	1.35%-4.75%
Machine equipment	0.36%-3.49%	0.36%-3.49%
Transportation equipment	1.13%-6.58%	0.63%-8.22%
Investment property - superficies right	2.82%-4.24%	2.82%-4.24%

18. INTANGIBLE ASSETS

	Computer Software	Franchises	Trademarks	Customer Relationships	Goodwill	Others	Total
<u>Cost</u>							
Balance on January 1, 2024	\$ 7,908,772	\$ 37,659,600	\$ 465,912	\$ 6,097,632	\$ 23,722,583	\$ 223,794	\$ 76,078,293
Addition - acquired separately	960,182	-	-	-	-	-	960,182
Acquisitions through business combinations	-	-	-	-	11,991	-	11,991
Disposal	(700,512)	-	-	-	-	-	(700,512)
Disposal of subsidiaries (Note 41)	(35,765)	-	(484,936)	(6,346,616)	(12,187,864)	(223,130)	(19,278,311)
Reclassification	343,057	-	-	-	-	-	343,057
Others	-	-	-	-	-	(1,653)	(1,653)
Foreign exchange	47,530	-	19,024	248,984	499,880	8,900	824,318
Balance on December 31, 2024	<u>\$ 8,523,264</u>	<u>\$ 37,659,600</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 12,046,590</u>	<u>\$ 7,911</u>	<u>\$ 58,237,365</u>
<u>Amortization and impairment</u>							
Balance on January 1, 2024	\$ 5,790,565	\$ 17,092,822	\$ -	\$ 3,310,815	\$ -	\$ 214,377	\$ 26,408,579
Amortization	1,105,323	1,788,416	-	101,143	-	-	2,994,882
Disposal	(690,471)	-	-	-	-	-	(690,471)
Disposal of subsidiaries (Note 41)	(35,765)	-	-	(3,548,898)	-	(223,130)	(3,807,793)
Foreign exchange	34,098	-	-	136,940	-	8,753	179,791
Balance on December 31, 2024	<u>\$ 6,203,750</u>	<u>\$ 18,881,238</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 25,084,988</u>
Carrying amount on December 31, 2024	<u>\$ 2,319,514</u>	<u>\$ 18,778,362</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 12,046,590</u>	<u>\$ 7,911</u>	<u>\$ 33,152,377</u>
<u>Cost</u>							
Balance on January 1, 2025	\$ 8,523,264	\$ 37,659,600	\$ -	\$ -	\$ 12,046,590	\$ 7,911	\$ 58,237,365
Addition - acquired separately	673,763	-	128	-	-	2,180	676,071
Disposal	(863,989)	-	-	-	-	-	(863,989)
Disposal of subsidiaries (Note 41)	(295,148)	-	-	-	-	-	(295,148)
Reclassification	650,715	-	-	-	-	(835)	649,880
Others	-	-	-	-	-	(2,640)	(2,640)
Foreign exchange differences	(37,437)	-	-	-	(14,196)	(97)	(51,730)
Balance on December 31, 2025	<u>\$ 8,651,168</u>	<u>\$ 37,659,600</u>	<u>\$ 128</u>	<u>\$ -</u>	<u>\$ 12,032,394</u>	<u>\$ 6,519</u>	<u>\$ 58,349,809</u>
<u>Amortization and impairment</u>							
Balance on January 1, 2025	\$ 6,203,750	\$ 18,881,238	\$ -	\$ -	\$ -	\$ -	\$ 25,084,988
Amortization	1,147,327	1,788,416	1	-	-	-	2,935,744
Disposal	(863,989)	-	-	-	-	101	(863,888)
Disposal of subsidiaries (Note 41)	(259,675)	-	-	-	-	-	(259,675)
Foreign exchange differences	(30,674)	-	-	-	-	-	(30,674)
Balance on December 31, 2025	<u>\$ 6,196,739</u>	<u>\$ 20,669,654</u>	<u>\$ 1</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 101</u>	<u>\$ 26,866,495</u>
Carrying amount on December 31, 2025	<u>\$ 2,454,429</u>	<u>\$ 16,989,946</u>	<u>\$ 127</u>	<u>\$ -</u>	<u>\$ 12,032,394</u>	<u>\$ 6,418</u>	<u>\$ 31,483,314</u>

a. Intangible assets are amortized on a straight-line basis over their estimated useful lives as follows:

Computer software	1-10 years
Franchises	20 years
Trademarks	46 years
Customer relationships	5-15 years

b. The acquisition and primary movements in goodwill were as follows:

1) Cathay Life

Cathay Life recognized goodwill in the acquisitions of (1) all assets, liabilities and operations (except reserved assets and liabilities) of Global Life and Singfor Life, on July 1, 2015; (2) 100% interest in CHL on September 18, 2015; (3) 81.89% interest in Octagon Credit Investors, LLC (through Conning & Company, a 100% owned subsidiary of the Group) on February 1, 2016; (4) 8% equity shares in Global Evolution Holding ApS by CHL, which increased its ownership interest to 53% on June 25, 2020; (5) Cathay Power and its subsidiaries, which increased its ownership interest to 70% on November 25, 2022; and (6) 55.5% interest in Pearlmark Real Estate LLC (through Conning & Company, a 100% owned subsidiary of the CHL) on March 28, 2023. The goodwill recognized in the acquisition of Pearlmark and its subsidiaries mainly represents the control premium. These benefits are not recognized separately from goodwill because they do not meet the recognition criteria for identifiable intangible assets. Goodwill increased by \$11,991 thousand from January 1 to March 31, 2024 as a result of adjustments to the identifiable net assets acquired during the measurement period.

Cathay Life disposed of its shares of CHL and its subsidiaries on April 3, 2024, and thus the goodwill arising from the acquisition was eliminated. Refer to Note 41 for related information.

An annual impairment test for goodwill is performed regularly. Cathay Life and its subsidiaries estimated the recoverable amount of the cash-generating unit that the goodwill is allocated to for the purpose of impairment test. The recoverable amount is calculated by applying a proper discount rate. Since the recoverable amount is higher than the book value of the cash-generating unit that the goodwill was allocated to, no impairment is incurred for goodwill.

2) Cathay United Bank

Cathay United Bank acquired China United Trust & Investment Corporation on December 29, 2007 and recognized goodwill amounting to \$6,673,083 thousand.

Cathay United Bank acquired 70% of the shares of CUBC Bank on December 13, 2012 and recognized goodwill amounting to US\$10,570 thousand, then further acquired the remaining 30% of shares on September 16, 2013.

During impairment testing of goodwill, Cathay United Bank treated individual business units as cash-generating units (CGUs). Goodwill resulting from the merger was allocated to the relevant CGUs. The recoverable amount was determined by the value in use of each CGU and was calculated at the present values of the cash flow forecast for the future based on the going-concern assumption. Future cash flows were estimated on the basis of present operations and will be adjusted depending on the business outlook and economic trends.

19. COMMERCIAL PAPER PAYABLE, NET

	<u>December 31</u>	
	2025	2024
Nominal amount	\$ 85,077,200	\$ 91,900,000
Less: Discount on commercial paper payable	<u>(14,507)</u>	<u>(23,670)</u>
	<u>\$ 85,062,693</u>	<u>\$ 91,876,330</u>
Interest rate range	1.50%-3.00%	1.68%-1.96%

The above-mentioned commercial paper payable are guaranteed or accepted by the bill companies and banks.

20. DEPOSITS AND REMITTANCES

	December 31	
	2025	2024
Checking deposits	\$ 16,920,064	\$ 16,721,908
Demand deposits	882,362,445	818,361,443
Demand savings deposits	1,588,187,302	1,479,274,092
Time deposits	1,319,799,539	963,029,598
Time savings deposits	494,279,506	458,968,439
Negotiable certificates of deposit	27,156,081	44,830,505
Outward remittances and remittances payable	<u>2,944,531</u>	<u>2,181,501</u>
	<u>\$ 4,331,649,468</u>	<u>\$ 3,783,367,486</u>

21. BONDS PAYABLE

	December 31	
	2025	2024
Financial debentures	\$ 18,600,000	\$ 12,700,000
Cumulative perpetual subordinated corporate bonds	45,000,000	45,000,000
Unsecured corporate bonds	111,700,000	76,000,000
Unsecured cumulative subordinated corporate bonds	113,740,310	115,412,345
Discounts on bonds payable	<u>(136,728)</u>	<u>(155,015)</u>
	<u>\$ 288,903,582</u>	<u>\$ 248,957,330</u>

a. Financial debentures

	December 31	
	2025	2024
2nd of subordinated financial debentures in 2017; fixed rate at 1.85%; maturity: April 2027	\$ 12,700,000	\$ 12,700,000
1st of subordinated financial debentures in 2025; fixed rate at 2.18%; maturity: June 2032	550,000	-
1st of subordinated financial debentures in 2025; fixed rate at 2.30%; maturity: June 2035	<u>5,350,000</u>	<u>-</u>
	<u>\$ 18,600,000</u>	<u>\$ 12,700,000</u>

b. Cumulative perpetual subordinated corporate bonds

1) Pursuant to Order No. Securities-TPEX-Bond-10600099421 of the Taipei Exchange, Cathay Life issued its first perpetual cumulative subordinated corporate bonds on May 12, 2017 through public offering. The key terms and conditions are as follows:

a) Issue amount: \$35,000,000 thousand.

- b) Principal amount and issue price: The face value is \$1,000 thousand each and is issued at par.
 - c) Years to maturity: Perpetual.
 - d) Coupon rate: Fixed rate of 3.3% from the issue date to the tenth year, plus 1% if the bonds are not redeemed after the tenth year from the issue date.
 - e) Terms of interest payments: The interest payments are calculated and paid at coupon rate every year from the issue date.
 - f) Right of early redemption: If Cathay Life's risk-based capital ratio is greater than twice the minimum risk-based capital ratio required for insurance companies, Cathay Life may, with the approval of the authorities, redeem the bonds in whole after 10 years of the issuance, at a redemption price equal to 100% of the principal amount of the bonds to be redeemed, plus accrued and unpaid interest.
 - g) Form of bonds: Book-entry securities.
- 2) Pursuant to Order No. Securities-TPEX-Bond-10800055731 of the Taipei Exchange, Cathay Life issued its first perpetual cumulative subordinated corporate bonds on June 26, 2019 through public offering. Key terms and conditions are as follows:
- a) Issue amount: \$10,000,000 thousand.
 - b) Principal amount and issue price: The face value is \$1,000 thousand each and is issued at par.
 - c) Years to maturity: Perpetual.
 - d) Coupon rate: Fixed rate of 3%.
 - e) Terms of interest payments: The interest payments are calculated and paid at coupon rate every year from the issue date.
 - f) Right of early redemption: If Cathay Life's risk-based capital ratio is greater than twice the minimum risk-based capital ratio required for insurance companies, Cathay Life may, with the approval of the authorities, redeem the bonds in whole after 10 years of the issuance, at a redemption price equal to 100% of the principal amount of the bonds to be redeemed, plus accrued and unpaid interest.
 - g) Form of bonds: Book-entry securities.
- c. Unsecured corporate bonds
- 1) Pursuant to Order No. Securities-TPEX-Bond-10800038242 of the Taipei Exchange, Cathay Financial Holdings issued its first unsecured corporate bonds on May 8, 2019 through public offering. Key terms and conditions are as follows:
- a) Issue amount: \$20,000,000 thousand, which is divided into A Note of \$4,000,000 thousand, B Note of \$4,000,000 thousand and C Note of \$12,000,000 thousand by issue periods.
 - b) Principal amount and issue price: The face value is \$1,000 thousand each and is issued at par.
 - c) Years to maturity: A Note is 5 years, B Note is 7 years and C Note is 10 years. A Note was redeemed on May 2024.
 - d) Coupon rate: Fixed rate of 0.83% for A Note, 0.93% for B Note and 1.04% for C Note.

- e) Terms of interest payments: The interest payments are calculated and paid at coupon rate every year from the issue date.
 - f) Form of bonds: Book-entry securities.
- 2) Pursuant to Order No. Securities-TPEX-Bond-10900064782 of the Taipei Exchange, Cathay Financial Holdings issued its first unsecured corporate bonds on June 23, 2020 through public offering. Key terms and conditions are as follows:
- a) Issue amount: \$8,900,000 thousand, which is divided into A Note of \$1,900,000 thousand, B Note of \$6,500,000 thousand and C Note of \$500,000 thousand by issue periods.
 - b) Principal amount and issue price: The face value is \$1,000 thousand each and is issued at par.
 - c) Years to maturity: A Note is 5 years, B Note is 7 years and C Note is 10 years. A Note was redeemed on June 2025.
 - d) Coupon rate: Fixed rate of 0.59% for A Note, 0.64% for B Note and 0.67% for C Note.
 - e) Terms of interest payments: The interest payments are calculated and paid at coupon rate every year from the issue date.
 - f) Form of bonds: Book-entry securities.
- 3) Pursuant to Order No. Securities-TPEX-Bond-10900108202 of the Taipei Exchange, Cathay Financial Holdings issued its second unsecured corporate bonds on September 8, 2020 through public offering. Key terms and conditions are as follows:
- a) Issue amount: \$21,100,000 thousand, which is divided into A Note of \$2,400,000 thousand, B Note of \$7,800,000 thousand, C Note of \$2,500,000 thousand and D Note of \$8,400,000 thousand by period issued.
 - b) Principal amount and issue price: The face value is \$1,000 thousand each and is issued at par.
 - c) Years to maturity: A Note is 5 years, B Note is 6 years, C Note is 7 years and D Note is 10 years. A Note was redeemed on September 2025.
 - d) Coupon rate: Fixed rate of 0.61% for A Note, 0.64% for B Note, 0.66% for C Note and 0.70% for D Note.
 - e) Terms of interest payments: The interest payments are calculated and paid at coupon rate every year from the issue date.
 - f) Form of bonds: Book-entry securities.
- 4) Pursuant to Order No. Securities-TPEX-Bond-11200056252 of the Taipei Exchange, Cathay Financial Holdings issued its first unsecured corporate bonds on June 16, 2023 through public offering. Key terms and conditions are as follows:
- a) Issue amount: \$19,000,000 thousand, which is divided into A Note of \$10,100,000 thousand, and B Note of \$8,900,000 thousand by period issued.
 - b) Principal amount and issue price: The face value is \$1,000 thousand each and is issued at par.
 - c) Years to maturity: A Note is 5 years and B Note is 10 years.

- d) Coupon rate: Fixed rate of 1.62% for A Note and 1.82% for B Note.
 - e) Terms of interest payments: The interest payments are calculated and paid at coupon rate every year from the issue date.
 - f) Form of bonds: Book-entry securities.
- 5) Pursuant to Order No. Securities-TPEX-Bond-11300014662 of the Taipei Exchange, Cathay Financial Holdings issued its first unsecured corporate bonds on March 26, 2024 through public offering. Key terms and conditions are as follows:
- a) Issue amount: \$11,000,000 thousand, which is divided into A Note of \$7,500,000 thousand, and B Note of \$3,500,000 thousand by period issued.
 - b) Principal amount and issue price: The face value is \$1,000 thousand each and is issued at par.
 - c) Years to maturity: A Note is 5 years and B Note is 10 years.
 - d) Coupon rate: Fixed rate of 1.65% for A Note and 1.78% for B Note.
 - e) Terms of interest payments: The interest payments are calculated and paid at coupon rate every year from the issue date.
 - f) Form of bonds: Book-entry securities.
- 6) Pursuant to Order No. Securities-TPEX-Bond-11400040672 of the Taipei Exchange, Cathay Financial Holdings issued its first unsecured corporate bonds on May 23, 2025 through public offering. Key terms and conditions are as follows:
- a) Issue amount: \$6,200,000 thousand, which is divided into A Note of \$1,700,000 thousand, and B Note of \$4,500,000 thousand by period issued.
 - b) Principal amount and issue price: The face value is \$1,000 thousand each and is issued at par.
 - c) Years to maturity: A Note is 5 years and B Note is 10 years.
 - d) Coupon rate: Fixed rate of 1.93% for A Note and 2.07% for B Note.
 - e) Terms of interest payments: The interest payments are calculated and paid at coupon rate every year from the issue date.
 - f) Form of bonds: Book-entry securities.
- 7) Pursuant to Order No. Securities-TPEX-Bond-11400079022 of the Taipei Exchange, Cathay Financial Holdings issued its second unsecured corporate bonds on September 10, 2025 through public offering. Key terms and conditions are as follows:
- a) Issue amount: \$25,800,000 thousand, which is divided into A Note of \$11,900,000 thousand, B Note of \$1,700,000 thousand, and C Note of \$12,200,000 thousand by period issued.
 - b) Principal amount and issue price: The face value is \$1,000 thousand each and is issued at par.
 - c) Years to maturity: A Note is 5 years, B Note is 7 years and C Note is 10 years.
 - d) Coupon rate: Fixed rate of 1.84% for A Note, 1.89% for B Note and 1.96% for C Note.

- e) Terms of interest payments: The interest payments are calculated and paid at coupon rate every year from the issue date.
 - f) Form of bonds: Book-entry securities.
- 8) Pursuant to Order No. Securities-TPEX-Bond-11400103921 of the Taipei Exchange, Cathay Financial Holdings issued its third unsecured corporate bonds on December 8, 2025 through public offering. Key terms and conditions are as follows:
- a) Issue amount: \$8,000,000 thousand, which is divided into A Note of \$4,500,000 thousand, and B Note of \$3,500,000 thousand by period issued.
 - b) Principal amount and issue price: The face value is \$1,000 thousand each and is issued at par.
 - c) Years to maturity: A Note is 5 years and B Note is 10 years.
 - d) Coupon rate: Fixed rate of 1.53% for A Note and 1.60% for B Note.
 - e) Terms of interest payments: The interest payments are calculated and paid at coupon rate every year from the issue date.
 - f) Form of bonds: Book-entry securities.
- d. Unsecured cumulative subordinated corporate bonds
- 1) Pursuant to Order No. Securities-TPEX-Bond-11200070741 of the Taipei Exchange, Cathay Life issued its first unsecured cumulative subordinated ordinary corporate bonds on August 1, 2023. The key terms and conditions are as follows:
- a) Issue amount: \$25,100,000 thousand. According to the different issuance conditions, it is divided into two classes, A and B bonds, of which the issuance amount of A Note bond is \$17,600,000 thousand, and the issuance amount of B Note bond is \$7,500,000 thousand.
 - b) Principal amount and issue price: The face value is \$1,000 thousand each and is issued at par.
 - c) Years to maturity: A Note with 10 years, and B Note with 15 years.
 - d) Coupon rate: Fixed rate of 3.70% for A Note and 3.85% for B Note.
 - e) Terms of interest payments: The interest payments are calculated and paid at coupon rate every year from the issue date.
 - f) Right of early redemption: If Cathay Life's RBC ratio is greater than the minimum RBC ratio required for insurance companies, Cathay Life may, with the approval of the authorities, redeem the B Note bonds in whole after 10 years of their issuance, at a redemption price equal to 100% of the principal amount of the bonds to be redeemed, plus accrued and unpaid interest.
 - g) Forms of bonds: Book-entry securities.
- 2) Pursuant to Order No. Securities-TPEX-Bond-11200073801 of the Taipei Exchange, Cathay Life issued the second tranche of US-denominated unsecured cumulative subordinated corporate bonds on August 7, 2023 through public offering. The key terms and conditions are as follows:
- a) Issue amount: US\$113,000 thousand.

- b) Principal amount and issue price: The face value is US\$100 thousand each and is issued at par.
 - c) Years to maturity: 10 years.
 - d) Coupon rate: Fixed rate of 6.1%.
 - e) Terms of interest payments: The interest payments are calculated and paid at coupon rate every year from the issue date.
 - f) Right of early redemption: None.
 - g) Forms of bonds: Book-entry securities.
- 3) Pursuant to Order No. Securities-TPEX-Bond-11200097881 of the Taipei Exchange, Cathay Life issued the third tranche of US-denominated unsecured cumulative subordinated corporate bonds on October 4, 2023 through public offering. The key terms and conditions are as follows:
- a) Issue amount: US\$25,000 thousand.
 - b) Principal amount and issue price: The face value is US\$100 thousand each and is issued at par.
 - c) Years to maturity: 10 years.
 - d) Coupon rate: Fixed rate of 6.1%.
 - e) Terms of interest payments: The interest payments are calculated and paid at coupon rate every year from the issue date.
 - f) Right of early redemption: None.
 - g) Forms of bonds: Book-entry securities.
- 4) Pursuant to Order No. Securities-TPEX-Bond-11200099051 of the Taipei Exchange, Cathay Life issued its fourth unsecured cumulative subordinated ordinary corporate bonds on October 12, 2023. The key terms and conditions are as follows:
- a) Issue amount: \$5,500,000 thousand. According to the different issuance conditions, it is divided into two classes, A and B bonds, of which the issuance amount of A Note bond is \$2,500,000 thousand, and the issuance amount of B Note bond is \$3,000,000 thousand.
 - b) Principal amount and issue price: The face value is \$1,000 thousand each and is issued at par.
 - c) Years to maturity: A Note with 10 years, and B Note with 15 years.
 - d) Coupon rate: Fixed rate of 3.70% for A Note and 3.85% for B Note.
 - e) Terms of interest payments: The interest payments are calculated and paid at coupon rate every year from the issue date.
 - f) Right of early redemption: If Cathay Life's RBC ratio is greater than the minimum RBC ratio required for insurance companies, Cathay Life may, with the approval of the authorities, redeem the B Note bonds in whole after 10 years of their issuance, at a redemption price equal to 100% of the principal amount of the bonds to be redeemed, plus accrued and unpaid interest.
 - g) Forms of bonds: Book-entry securities.

- 5) Pursuant to Order No. Securities-TPEX-Bond-11300018721 of the Taipei Exchange, Cathay Life issued its first unsecured cumulative subordinated ordinary corporate bonds on April 24, 2024. The key terms and conditions are as follows:
- a) Issue amount: \$44,000,000 thousand. According to the different issuance conditions, it is divided into two classes, A and B bonds, of which the issuance amount of A Note bond is \$32,350,000 thousand, and the issuance amount of B Note bond is \$11,650,000 thousand.
 - b) Principal amount and issue price: The face value is \$1,000 thousand each and is issued at par.
 - c) Years to maturity: A Note with 10 years, and B Note with 15 years.
 - d) Coupon rate: Fixed rate of 3.70% for A Note and 3.85% for B Note.
 - e) Terms of interest payments: The interest payments are calculated and paid at coupon rate every year from the issue date.
 - f) Right of early redemption: If Cathay Life's RBC ratio is greater than the minimum RBC ratio required for insurance companies, Cathay Life may, with the approval of the authorities, redeem the B Note bonds in whole after 10 years of their issuance, at a redemption price equal to 100% of the principal amount of the bonds to be redeemed, plus accrued and unpaid interest.
 - g) Forms of bonds: Book-entry securities.
- 6) Pursuant to Order No. Securities-TPEX-Bond-11300025291 of the Taipei Exchange, Cathay Life issued the second tranche of US-denominated unsecured cumulative subordinated corporate bonds on May 9, 2024 through public offering. The key terms and conditions are as follows:
- a) Issue amount: US\$187,000 thousand.
 - b) Principal amount and issue price: The face value is US\$100 thousand each and is issued at par.
 - c) Years to maturity: 10 years.
 - d) Coupon rate: Fixed rate of 5.80%.
 - e) Terms of interest payments: The interest payments are calculated and paid at coupon rate every year from the issue date.
 - f) Right of early redemption: None.
 - g) Forms of bonds: Book-entry securities.
- 7) Cathaylife Singapore Pte. Ltd. issued overseas 10-year US-denominated unsecured cumulative subordinated corporate bonds on July 5, 2024 and was guaranteed by Cathay Life Insurance Co., Ltd. The key terms and conditions are as follows:
- a) Issue amount: US\$600,000 thousand.
 - b) Principal amount and issue price: The face value is US\$200 thousand each, with integral multiples of US\$1,000 in excess thereof; the issuance price is \$99.717.
 - c) Years to maturity: 10 years.
 - d) Coupon rate: Fixed rate of 5.95%.

- e) Terms of interest payments: The interest payments are calculated and paid at the coupon rate every six months from the issue date.
- f) Right of early redemption: None.
- g) Forms of bonds: Book-entry securities.
- 8) Cathaylife Singapore Pte. Ltd. issued overseas 15-year US-denominated unsecured cumulative subordinated corporate bonds on September 5, 2024 and was guaranteed by Cathay Life Insurance Co., Ltd. The key terms and conditions are as follows:
- a) Issue amount: US\$320,000 thousand.
- b) Principal amount and issue price: The face value is US\$200 thousand each, with integral multiples of US\$1,000 in excess thereof; the issuance price is \$99.777.
- c) Years to maturity: 15 years.
- d) Coupon rate: Fixed rate of 5.30%.
- e) Terms of interest payments: The interest payments are calculated and paid at the coupon rate every six months from the issue date.
- f) Right of early redemption: If Cathay Life's RBC ratio is greater than the minimum RBC ratio required for insurance companies, Cathaylife Singapore Pte. Ltd. may, with the approval of the authorities, redeem the bonds in whole after 10 years of the issuance, at a redemption price equal to 100% of the principal amount of the bonds to be redeemed, plus accrued and unpaid interest.
- g) Forms of bonds: Book-entry securities.

22. OTHER BORROWINGS

	<u>December 31</u>	
	2025	2024
<u>Secured borrowings</u>		
Bank loans	\$ 37,501,356	\$ 30,238,674
<u>Unsecured borrowings</u>		
Bank loans	<u>9,877,535</u>	<u>9,669,616</u>
	<u>\$ 47,378,891</u>	<u>\$ 39,908,290</u>
Borrowing interest rate	1.85%-8.75%	1.72%-10.35%

New Taiwan dollar demand deposits, equipment and investments accounted for using the equity method are pledged as collateral for the bank loans; refer to Note 31.

23. PROVISIONS

	December 31	
	2025	2024
Insurance liability		
Unearned premium reserve	\$ 44,564,264	\$ 42,769,008
Loss reserve	45,232,542	34,190,362
Policy reserve	6,936,340,708	7,034,523,424
Special reserve	1,902,190	12,899,100
Premium deficiency reserve	5,966,870	5,720,143
Reserve for insurance contracts with the nature of financial products	1,491,520	26,861,096
Reserve for foreign exchange valuation	113,806,568	27,514,387
Other reserve	<u>89,879</u>	<u>1,818,394</u>
	7,149,394,541	7,186,295,914
Provisions for employee benefits	3,465,415	3,475,230
Other reserves	<u>2,372,117</u>	<u>1,821,667</u>
	<u>\$ 7,155,232,073</u>	<u>\$ 7,191,592,811</u>

As of December 31, 2025, policy reserve belonging to Cathay Life amounted to \$6,920,602,727 thousand.

a. Cathay Life and its subsidiaries

As of December 31, 2025 and 2024, the details and changes of Cathay Life and its subsidiaries' insurance contracts and financial instruments with discretionary participation features are summarized below:

1) Unearned premium reserve

	December 31, 2025		
	Insurance Contracts	Financial Instruments with Discretionary Participation Features	Total
Individual life insurance	\$ 24,211	\$ -	\$ 24,211
Individual injury insurance	9,583,339	-	9,583,339
Individual health insurance	13,284,651	-	13,284,651
Group insurance	1,132,295	-	1,132,295
Investment-linked insurance	134,125	-	134,125
	<u>24,158,621</u>	<u>-</u>	<u>24,158,621</u>
Less ceded unearned premium reserve			
Individual life insurance	604,067	-	604,067
Individual injury insurance	26,168	-	26,168
Individual health insurance	471,313	-	471,313
	<u>1,101,548</u>	<u>-</u>	<u>1,101,548</u>
	<u>\$ 23,057,073</u>	<u>\$ -</u>	<u>\$ 23,057,073</u>

	December 31, 2024		
	Insurance Contracts	Financial Instruments with Discretionary Participation Features	Total
Individual life insurance	\$ 65,983	\$ -	\$ 65,983
Individual injury insurance	8,910,494	-	8,910,494
Individual health insurance	12,584,740	-	12,584,740
Group insurance	1,522,018	-	1,522,018
Investment-linked insurance	<u>126,888</u>	-	<u>126,888</u>
	<u>23,210,123</u>	-	<u>23,210,123</u>
Less ceded unearned premium reserve			
Individual life insurance	568,065	-	568,065
Individual injury insurance	-	-	-
Individual health insurance	<u>419,349</u>	-	<u>419,349</u>
	<u>987,414</u>	-	<u>987,414</u>
	<u>\$ 22,222,709</u>	<u>\$ -</u>	<u>\$ 22,222,709</u>

The changes in unearned premium reserve are summarized below:

	For the Year Ended December 31, 2025		
	Insurance Contracts	Financial Instruments with Discretionary Participation Features	Total
Beginning balance	\$ 23,210,123	\$ -	\$ 23,210,123
Provision	24,450,711	-	24,450,711
Recovery	(23,128,564)	-	(23,128,564)
Foreign exchange	(27,156)	-	(27,156)
Disposal of subsidiaries (Note 41)	<u>(346,493)</u>	-	<u>(346,493)</u>
Ending balance	<u>24,158,621</u>	-	<u>24,158,621</u>
Less ceded unearned premium reserve			
Beginning balance	987,414	-	987,414
Increase	114,134	-	114,134
Decrease	-	-	-
Ending balance	<u>1,101,548</u>	-	<u>1,101,548</u>
Net ending balance	<u>\$ 23,057,073</u>	<u>\$ -</u>	<u>\$ 23,057,073</u>

	For the Year Ended December 31, 2024		
	Insurance Contracts	Financial Instruments with Discretionary Participation Features	Total
Beginning balance	\$ 21,710,834	\$ -	\$ 21,710,834
Provision	23,305,843	-	23,305,843
Recovery	(21,822,899)	-	(21,822,899)
Foreign exchange	<u>16,345</u>	<u>-</u>	<u>16,345</u>
Ending balance	<u>23,210,123</u>	<u>-</u>	<u>23,210,123</u>
Less ceded unearned premium reserve			
Beginning balance	1,241,869	-	1,241,869
Decrease	<u>(254,455)</u>	<u>-</u>	<u>(254,455)</u>
Ending balance	<u>987,414</u>	<u>-</u>	<u>987,414</u>
Net ending balance	<u>\$ 22,222,709</u>	<u>\$ -</u>	<u>\$ 22,222,709</u>

2) Loss reserve

	December 31, 2025		
	Insurance Contracts	Financial Instruments with Discretionary Participation Features	Total
Individual life insurance			
Filed but not paid	\$ 4,751,411	\$ 70,723	\$ 4,822,134
Not yet filed	12,675	-	12,675
Individual injury insurance			
Filed but not paid	273,209	-	273,209
Not yet filed	2,881,225	-	2,881,225
Individual health insurance			
Filed but not paid	934,724	-	934,724
Not yet filed	5,055,853	-	5,055,853
Group insurance			
Filed but not paid	261,479	-	261,479
Not yet filed	899,543	-	899,543
Investment-linked insurance			
Filed but not paid	311,055	-	311,055
Not yet filed	<u>75</u>	<u>-</u>	<u>75</u>
	<u>15,381,249</u>	<u>70,723</u>	<u>15,451,972</u>
Less ceded loss reserve			
Individual life insurance	17,584	-	17,584
Individual injury insurance	-	-	-
Individual health insurance	2,378	-	2,378
Group insurance	<u>-</u>	<u>-</u>	<u>-</u>
	<u>19,962</u>	<u>-</u>	<u>19,962</u>
	<u>\$ 15,361,287</u>	<u>\$ 70,723</u>	<u>\$ 15,432,010</u>

	December 31, 2024		
	Insurance Contracts	Financial Instruments with Discretionary Participation Features	Total
Individual life insurance			
Filed but not paid	\$ 4,275,688	\$ 21,053	\$ 4,296,741
Not yet filed	31,810	-	31,810
Individual injury insurance			
Filed but not paid	257,713	-	257,713
Not yet filed	2,808,386	-	2,808,386
Individual health insurance			
Filed but not paid	869,686	-	869,686
Not yet filed	4,838,337	-	4,838,337
Group insurance			
Filed but not paid	272,229	-	272,229
Not yet filed	1,596,664	-	1,596,664
Investment-linked insurance			
Filed but not paid	281,761	-	281,761
Not yet filed	4,292	-	4,292
	<u>15,236,566</u>	<u>21,053</u>	<u>15,257,619</u>
Less ceded loss reserve			
Individual life insurance	9,742	-	9,742
Individual injury insurance	13	-	13
Individual health insurance	7,184	-	7,184
Group insurance	3,423	-	3,423
	<u>20,362</u>	<u>-</u>	<u>20,362</u>
	<u>\$ 15,216,204</u>	<u>\$ 21,053</u>	<u>\$ 15,237,257</u>

The changes in loss reserve are summarized below:

	For the Year Ended December 31, 2025		
	Insurance Contracts	Financial Instruments with Discretionary Participation Features	Total
Beginning balance	\$ 15,236,566	\$ 21,053	\$ 15,257,619
Provision	16,765,082	70,723	16,835,805
Recovery	(16,057,242)	(21,053)	(16,078,295)
Foreign exchange	(60,922)	-	(60,922)
Disposal of subsidiaries (Note 41)	(502,235)	-	(502,235)
Ending balance	<u>15,381,249</u>	<u>70,723</u>	<u>15,451,972</u>

(Continued)

For the Year Ended December 31, 2025

	Insurance Contracts	Financial Instruments with Discretionary Participation Features	Total
Less ceded loss reserve			
Beginning balance	\$ 20,362	\$ -	\$ 20,362
Increase	29,916	-	29,916
Decrease	(22,284)	-	(22,284)
Foreign exchange	(368)	-	(368)
Disposal of subsidiaries (Note 41)	<u>(7,664)</u>	<u>-</u>	<u>(7,664)</u>
Ending balance	<u>19,962</u>	<u>-</u>	<u>19,962</u>
Net ending balance	<u>\$ 15,361,287</u>	<u>\$ 70,723</u>	<u>\$ 15,432,010</u> (Concluded)

For the Year Ended December 31, 2024

	Insurance Contracts	Financial Instruments with Discretionary Participation Features	Total
Beginning balance	\$ 13,300,003	\$ 10,835	\$ 13,310,838
Provision	16,558,471	21,053	16,579,524
Recovery	(14,679,540)	(10,835)	(14,690,375)
Foreign exchange	<u>57,632</u>	<u>-</u>	<u>57,632</u>
Ending balance	<u>15,236,566</u>	<u>21,053</u>	<u>15,257,619</u>
Less ceded loss reserve			
Beginning balance	117,196	-	117,196
Increase	36,029	-	36,029
Decrease	(133,208)	-	(133,208)
Foreign exchange	<u>345</u>	<u>-</u>	<u>345</u>
Ending balance	<u>20,362</u>	<u>-</u>	<u>20,362</u>
Net ending balance	<u>\$ 15,216,204</u>	<u>\$ 21,053</u>	<u>\$ 15,237,257</u>

3) Policy reserve

	December 31, 2025		
	Insurance Contracts	Financial Instruments with Discretionary Participation Features	Total
Life insurance (Note 1)	\$ 5,782,995,266	\$ 1,920	\$ 5,782,997,186
Injury insurance	8,339,334	-	8,339,334
Health insurance	1,132,431,193	-	1,132,431,193
Annuity insurance	1,001,345	3,617,808	4,619,153
Investment-linked insurance	<u>4,630,479</u>	<u>-</u>	<u>4,630,479</u>
Total (Note 2)	<u>6,929,397,617</u>	<u>3,619,728</u>	<u>6,933,017,345</u>
Less ceded policy reserve			
Life insurance	299,498	-	299,498
Health insurance	<u>-</u>	<u>-</u>	<u>-</u>
	<u>299,498</u>	<u>-</u>	<u>299,498</u>
	<u>\$ 6,929,098,119</u>	<u>\$ 3,619,728</u>	<u>\$ 6,932,717,847</u>
	December 31, 2024		
	Insurance Contracts	Financial Instruments with Discretionary Participation Features	Total
Life insurance (Note 1)	\$ 5,929,925,613	\$ 1,914	\$ 5,929,927,527
Injury insurance	7,874,472	-	7,874,472
Health insurance	1,084,113,771	-	1,084,113,771
Annuity insurance	1,050,400	4,666,247	5,716,647
Investment-linked insurance	<u>3,785,885</u>	<u>-</u>	<u>3,785,885</u>
Total (Note 2)	<u>7,026,750,141</u>	<u>4,668,161</u>	<u>7,031,418,302</u>
Less ceded policy reserve			
Life insurance	324,414	-	324,414
Health insurance	<u>6,785</u>	<u>-</u>	<u>6,785</u>
	<u>331,199</u>	<u>-</u>	<u>331,199</u>
	<u>\$ 7,026,418,942</u>	<u>\$ 4,668,161</u>	<u>\$ 7,031,087,103</u>

The changes in policy reserve are summarized below:

	For the Year Ended December 31, 2025		
	Insurance Contracts	Financial Instruments with Discretionary Participation Features	Total
Beginning balance	\$ 7,026,750,141	\$ 4,668,161	\$ 7,031,418,302
Provision	529,383,455	49,280	529,432,735
Recovery (Note 3)	(419,187,192)	(1,097,719)	(420,284,911)
Reclassification	72,441	-	72,441
Foreign exchange	(69,528,559)	6	(69,528,553)
Disposal of subsidiaries (Note 41)	(136,242,564)	-	(136,242,564)
Transferred to reserve for change in foreign exchange valuation (Note 1)	<u>(1,850,105)</u>	<u>-</u>	<u>(1,850,105)</u>
Ending balance	<u>6,929,397,617</u>	<u>3,619,728</u>	<u>6,933,017,345</u>
Less ceded policy reserve			
Beginning balance	331,199	-	331,199
Increase	26,755	-	26,755
Decrease	(50,296)	-	(50,296)
Foreign exchange	479	-	479
Disposal of subsidiaries (Note 41)	<u>(8,639)</u>	<u>-</u>	<u>(8,639)</u>
Ending balance	<u>299,498</u>	<u>-</u>	<u>299,498</u>
Net ending balance	<u>\$ 6,929,098,119</u>	<u>\$ 3,619,728</u>	<u>\$ 6,932,717,847</u>
	For the Year Ended December 31, 2024		
	Insurance Contracts	Financial Instruments with Discretionary Participation Features	Total
Beginning balance	\$ 6,814,238,405	\$ 5,626,906	\$ 6,819,865,311
Provision	505,370,613	51,086	505,421,699
Recovery (Note 3)	(394,414,605)	(1,009,825)	(395,424,430)
Reclassification	525,006	-	525,006
Foreign exchange	<u>101,030,722</u>	<u>(6)</u>	<u>101,030,716</u>
Ending balance	<u>7,026,750,141</u>	<u>4,668,161</u>	<u>7,031,418,302</u>
Less ceded policy reserve			
Beginning balance	348,004	-	348,004
Increase	41,423	-	41,423
Decrease	(70,051)	-	(70,051)
Foreign exchange	<u>11,823</u>	<u>-</u>	<u>11,823</u>
Ending balance	<u>331,199</u>	<u>-</u>	<u>331,199</u>
Net ending balance	<u>\$ 7,026,418,942</u>	<u>\$ 4,668,161</u>	<u>\$ 7,031,087,103</u>

Note 1: As of December 31, 2024, the balance included the recovery of unamortized allowance for doubtful accounts resulting from the 3% business tax reduction and reversal of major incident reserves. Furthermore, pursuant to the letter Jin-Guan-Bao-Shou No. 1140420671 dated May 28, 2025, the aforementioned reserve of \$1,850,105 thousand was reclassified to the foreign exchange valuation reserve.

Note 2: Total policy reserve including policy reserve-payables to the insured amounted to \$6,936,340,708 thousand and \$7,034,523,396 thousand as of December 31, 2025 and 2024, respectively.

Note 3: In accordance with the order Jin-Guan-Bao-Cai No. 11404924811 dated June 30, 2025, the Company adjusted the applicable interest rates and mortality rates for the selected insurance products in determining policy reserves. The difference in policy reserves arising from these adjustments may be released within a limit of 40% of the difference between the most recent fair value of liabilities and the carrying amount of policy reserves. Upon filing with and receiving consent from the competent authority under letter Jin-Guan-Bao-Shou No. 1140424941, the Company released policy reserves of \$49,899,309 thousand as of June 30, 2025. In addition, upon application, the Company obtained approval under letter Jin-Guan-Bao-Shou No. 1140424940 to make an additional provision to the foreign exchange valuation reserve.

4) Special reserve

	December 31, 2025			
	Insurance Contracts	Financial Instruments with Discretionary Participation Features	Others	Total
Participating policies dividends reserve	\$ 29,877	\$ -	\$ -	\$ 29,877
Special reserve for revaluation increments of property	-	-	-	-
	<u>\$ 29,877</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 29,877</u>
	December 31, 2024			
	Insurance Contracts	Financial Instruments with Discretionary Participation Features	Others	Total
Participating policies dividends reserve	\$ 23,656	\$ -	\$ -	\$ 23,656
Special reserve for revaluation increments of property	-	-	11,083,324	11,083,324
	<u>\$ 23,656</u>	<u>\$ -</u>	<u>\$ 11,083,324</u>	<u>\$ 11,106,980</u>

The changes in special reserve are summarized below:

	For the Year Ended December 31, 2025			
	Insurance Contracts	Financial Instruments with Discretionary Participation Features	Others	Total
Beginning balance	\$ 23,656	\$ -	\$ 11,083,324	\$ 11,106,980
Provision for participating policies dividends reserve	23,212	-	-	23,212
Recovery of participating policies dividends reserve	(16,991)	-	-	(16,991)
Transferred to reserve for change in foreign exchange valuation (Note)	<u>-</u>	<u>-</u>	<u>(11,083,324)</u>	<u>(11,083,324)</u>
Ending balance	<u>\$ 29,877</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 29,877</u>

Note: Pursuant to the letter Jin-Guan-Bao-Shou No. 1140420671 dated May 28, 2025, the special reserve for real estate appreciation of \$11,083,324 thousand was reclassified to the foreign exchange valuation reserve.

	For the Year Ended December 31, 2024			
	Insurance Contracts	Financial Instruments with Discretionary Participation Features	Others	Total
Beginning balance	\$ 7,215	\$ -	\$ 11,083,324	\$ 11,090,539
Provision for participating policies dividends reserve	26,261	-	-	26,261
Recovery of participating policies dividends reserve	<u>(9,820)</u>	<u>-</u>	<u>-</u>	<u>(9,820)</u>
Ending balance	<u>\$ 23,656</u>	<u>\$ -</u>	<u>\$ 11,083,324</u>	<u>\$ 11,106,980</u>

5) Premium deficiency reserve

	December 31, 2025		
	Insurance Contracts	Financial Instruments with Discretionary Participation Features	Total
Individual life insurance	\$ 3,973,646	\$ -	\$ 3,973,646
Individual injury insurance	2,807	-	2,807
Individual health insurance	1,989,627	-	1,989,627
Group insurance	<u>1</u>	<u>-</u>	<u>1</u>
	<u>\$ 5,966,081</u>	<u>\$ -</u>	<u>\$ 5,966,081</u>

	December 31, 2024		
	Financial Instruments with Discretionary Participation Features		
	Insurance Contracts	Participation Features	Total
Individual life insurance	\$ 4,257,673	\$ -	\$ 4,257,673
Individual injury insurance	3,370	-	3,370
Individual health insurance	1,439,539	-	1,439,539
Group insurance	<u>18,869</u>	<u>-</u>	<u>18,869</u>
	<u>\$ 5,719,451</u>	<u>\$ -</u>	<u>\$ 5,719,451</u>

The changes in premium deficiency reserve are summarized below:

	For the Year Ended December 31, 2025		
	Financial Instruments with Discretionary Participation Features		
	Insurance Contracts	Participation Features	Total
Beginning balance	\$ 5,719,451	\$ -	\$ 5,719,451
Provision	1,548,701	-	1,548,701
Recovery	(1,264,281)	-	(1,264,281)
Foreign exchange	<u>(37,790)</u>	<u>-</u>	<u>(37,790)</u>
Ending balance	<u>\$ 5,966,081</u>	<u>\$ -</u>	<u>\$ 5,966,081</u>

	For the Year Ended December 31, 2024		
	Financial Instruments with Discretionary Participation Features		
	Insurance Contracts	Participation Features	Total
Beginning balance	\$ 6,770,608	\$ -	\$ 6,770,608
Provision	66,081	-	66,081
Recovery	(1,193,570)	-	(1,193,570)
Foreign exchange	<u>76,332</u>	<u>-</u>	<u>76,332</u>
Ending balance	<u>\$ 5,719,451</u>	<u>\$ -</u>	<u>\$ 5,719,451</u>

6) Other reserve

	December 31, 2025		
	Insurance Contracts	Financial Instruments with Discretionary Participation Features	Total
Others	<u>\$ 89,879</u>	<u>\$ -</u>	<u>\$ 89,879</u>

	December 31, 2024		
	Insurance Contracts	Financial Instruments with Discretionary Participation Features	Total
Others	<u>\$ 1,818,394</u>	<u>\$ -</u>	<u>\$ 1,818,394</u>

The changes in other reserve are summarized below:

	For the Year Ended December 31, 2025		
	Insurance Contracts	Financial Instruments with Discretionary Participation Features	Total
Beginning balance	\$ 1,818,394	\$ -	\$ 1,818,394
Recovery	(28,515)	-	(28,515)
Transferred to reserve for change in foreign exchange valuation (Note)	<u>(1,700,000)</u>	<u>-</u>	<u>(1,700,000)</u>
Ending balance	<u>\$ 89,879</u>	<u>\$ -</u>	<u>\$ 89,879</u>

Note: Pursuant to the letter Jin-Guan-Bao-Shou No. 1140420671 dated May 28, 2025, other reserve - Value of Business Acquired amounting to \$1,700,000 thousand was reclassified to the foreign exchange valuation reserve.

	For the Year Ended December 31, 2024		
	Insurance Contracts	Financial Instruments with Discretionary Participation Features	Total
Beginning balance	\$ 1,834,253	\$ -	\$ 1,834,253
Recovery	<u>(15,859)</u>	<u>-</u>	<u>(15,859)</u>
Ending balance	<u>\$ 1,818,394</u>	<u>\$ -</u>	<u>\$ 1,818,394</u>

7) Liability adequacy reserve

	Insurance Contracts and Financial Instruments with Discretionary Participation Features	
	December 31	
	2025	2024
Unearned premium reserve	\$ 24,158,621	\$ 23,210,123
Policy reserve	6,936,340,708	7,034,523,396
Premium deficiency reserve	5,966,081	5,719,451
Other reserve	<u>89,879</u>	<u>1,818,394</u>
Book value of insurance liabilities	<u>\$ 6,966,555,289</u>	<u>\$ 7,065,271,364</u>
Estimated present value of cash flows	<u>\$ 6,331,180,907</u>	<u>\$ 6,372,682,647</u>
Balance of liability adequacy reserve	<u>\$ _____ -</u>	<u>\$ _____ -</u>

Note 1: Shown by liability adequacy test range (integrated contracts).

Note 2: Loss reserve and special reserve are not included in the liability adequacy test. Loss reserve is determined based on claims incurred before the valuation date and is therefore not included in the test.

Note 3: Cathay Life has settled the acquisition of Global Life and Singfor Life. Thus, the value of the acquired business, i.e., other reserves, shall be considered when calculating the book value of insurance liability included in the liability adequacy test.

Cathay Life's liability adequacy testing methodology is listed as follows:

	December 31, 2025	December 31, 2024
Test method	Gross premium valuation method (GPV)	Gross premium valuation method (GPV)
Groups	Integrated testing	Integrated testing
Significant assumptions		
a. Information of policies	Includes insurance contracts and financial instruments with discretionary participation features as of the valuation date.	Includes insurance contracts and financial instruments with discretionary participation features as of the valuation date.

(Continued)

	December 31, 2025	December 31, 2024
b. Discount rate	Under the asset allocation situation on September 30, 2025, on the best estimate scenario assumptions outlined in the 2024 actuarial valuation report. However, due to the company's adoption of the new external pricing mechanism starting in May 2025, the best estimate scenario assumptions were accordingly revised. These adjustments were made to reflect the company's overall rate of return, under the assumption that the discount rate remains constant 30 years into the future.	Under the asset allocation situation on September 30, 2024, the discount rate is calculated using the overall return on investment for the Company under the best estimate scenario in the actuarial report for 2023; with neutral assumptions for the discount rate after 30 years.
		(Concluded)

Cathay Lujiazui Life's liability adequacy testing methodology is listed as follows:

	December 31, 2024
Test method	Gross premium valuation method (GPV)
Groups	Integrated testing
Significant assumptions	
a. Information of policies	Includes insurance contracts and financial instruments with discretionary participation features as of the valuation date.
b. Discount rate	The discount rate is calculated using the overall return on investment for the Company under the best estimate scenario in the actuarial report for 2023; with neutral assumptions for the discount rate after 40 years.

Cathay Life (Vietnam)'s liability adequacy testing methodology is listed as follows:

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Test method	Gross premium valuation method (GPV)	Gross premium valuation method (GPV)
Groups	Integrated testing	Integrated testing
Significant assumptions		
a. Information of policies	Includes insurance contracts and financial instruments with discretionary participation feature as of the valuation date.	Includes insurance contracts and financial instruments with discretionary participation feature as of the valuation date.
b. Discount rate	Discount rates are calculated using the company's investment income rates based on the five-year financial forecast with neutral assumption for discount rates after 5 years.	Discount rates are calculated using the company's investment income rates based on the five-year financial forecast with neutral assumption for discount rates after 5 years.

8) Reserve for insurance contracts with the nature of financial products

Cathay Life and its subsidiaries issued financial instruments without discretionary participation features and recognized a reserve for insurance contracts with the nature of financial products. As of December 31, 2025 and 2024, reserve for insurance contracts with the nature of financial products is summarized and reconciled as follows:

	<u>December 31</u>	
	<u>2025</u>	<u>2024</u>
Life insurance	\$ 66,744	\$ 25,596,631
Investment-linked insurance	<u>1,424,776</u>	<u>1,264,465</u>
	<u>\$ 1,491,520</u>	<u>\$ 26,861,096</u>
	<u>For the Year Ended December 31</u>	
	<u>2025</u>	<u>2024</u>
Beginning balance	\$ 26,861,096	\$ 23,524,199
Premiums received	3,703,392	4,951,350
Claims and payments	(3,211,458)	(4,572,503)
Net provision of statutory reserve	1,945,558	2,105,199
Foreign exchange	(1,232,559)	852,851
Proceeds from disposal of subsidiaries (Note 41)	<u>(26,574,509)</u>	<u>-</u>
Ending balance	<u>\$ 1,491,520</u>	<u>\$ 26,861,096</u>

9) Reserve for foreign exchange valuation

a) The hedging strategy and risk exposure

Based on the principle of risk control and to maintain the consistent level of reserve for foreign exchange valuation, Cathay Life consistently adjusts the hedge ratios and risk exposure position under the risk control.

b) Reconciliation for reserve for foreign exchange valuation

For the year ended December 31, 2025

	Reserve for Foreign Exchange Valuation	Special Reserve - Special Reserve for Revaluation Increments of Property	Life Insurance Reserve - Reserve for Operating Loss	Life Insurance Reserve - Recover from Catastrophic Event Reserve	Life Insurance Reserve - Other Reinforcements Reserve Provisions	Other Reserve - Value of Business Acquired
Beginning balance	\$ 27,514,387	\$ 11,083,324	\$ 980	\$ 63,291	\$ 1,785,834	\$ 1,818,394
Provision:						
Compulsory reserve	13,157,755	-	-	-	-	-
Additional reserve (Note 1)	<u>148,021,264</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	161,179,019	-	-	-	-	-
Recovery	(89,520,267)	-	-	-	-	(28,515)
From liability reserves and other reserves (Note 2)	<u>14,633,429</u>	<u>(11,083,324)</u>	<u>(980)</u>	<u>(63,291)</u>	<u>(1,785,834)</u>	<u>(1,700,000)</u>
Ending balance	<u>\$ 113,806,568</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 89,879</u>

For the year ended December 31, 2024

	Reserve for Foreign Exchange Valuation	Special Reserve - Special Reserve for Revaluation Increments of Property	Life Insurance Reserve - Reserve for Operating Loss	Life Insurance Reserve - Recover from Catastrophic Event Reserve	Life Insurance Reserve - Other Reinforcements Reserve Provisions	Other Reserve - Value of Business Acquired
Beginning balance	\$ 20,773,326	\$ 11,083,324	\$ 980	\$ 63,291	\$ 1,785,834	\$ 1,834,253
Provision:						
Compulsory reserve	7,616,445	-	-	-	-	-
Additional reserve	<u>39,605,849</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	47,222,294	-	-	-	-	-
Recovery	(40,481,233)	-	-	-	-	(15,859)
Ending balance	<u>\$ 27,514,387</u>	<u>\$ 11,083,324</u>	<u>\$ 980</u>	<u>\$ 63,291</u>	<u>\$ 1,785,834</u>	<u>\$ 1,818,394</u>

Note 1: Cathay Life Insurance applied to and obtained approval from Jin Guan Bao Shou No. 1140424940, allowing an additional provision of \$50,848,511 thousand to the reserve for foreign exchange valuation in June 2025. Additionally, an amount of \$21,749,390 thousand, representing 30% of the profit before tax for the year, was appropriated as a reserve for foreign exchange valuation in December 2025.

Note 2: Cathay Life Insurance applied to and obtained approval from Jin Guan Bao Shou No. 1140420671, allowing the reclassification of special reserves, policy reserves, and other reserves to the reserve for foreign exchange valuation in May 2025, in the amounts of \$11,083,324 thousand, \$1,850,105 thousand, and \$1,700,000 thousand, respectively.

c) Effects due to reserve for foreign exchange valuation

Item	For the Year Ended December 31, 2025		
	Inapplicable Amount (1)	Applicable Amount (2)	Effects (3)=(2)-(1)
Net income attributable to owners of the Company	\$ 164,468,922	\$ 107,141,920	\$ (57,327,002)
Earnings per share	10.97	7.06	(3.91)
Reserve for foreign exchange valuation	-	113,806,568	113,806,568
Equity attributable to owners of the Company	1,004,022,123	928,286,508	(75,735,615)

Item	For the Year Ended December 31, 2024		
	Inapplicable Amount (1)	Applicable Amount (2)	Effects (3)=(2)-(1)
Net income attributable to owners of the Company	\$ 115,662,594	\$ 110,269,745	\$ (5,392,849)
Earnings per share	7.65	7.29	(0.36)
Reserve for foreign exchange valuation	-	27,514,387	27,514,387
Equity attributable to owners of the Company	907,100,134	888,691,521	(18,408,613)

b. Cathay Century and its subsidiaries

1) Unearned insurance premium reserve

a) Details of unearned premium reserve and ceded unearned premium reserve

Insurance Type	December 31, 2025			
	Unearned Premium Reserve		Ceded Unearned Premium Reserve	Retained Business (4)=(1)+(2)-(3)
	Direct Business (1)	Reinsurance Inward Business (2)	Ceded Reinsurance Business (3)	
	Fire insurance	\$ 2,154,719	\$ 26,920	\$ 1,654,806
Marine insurance	218,215	3,232	161,294	60,153
Land and air insurance	9,213,523	-	355,365	8,858,158
Liability insurance	1,824,448	7,404	470,844	1,361,008
Guarantee insurance	53,666	1,376	39,581	15,461
Other property insurance	2,981,168	38,897	2,564,379	455,686
Accident insurance	1,724,178	4,257	84,395	1,644,040
Health insurance	55,102	-	23,658	31,444
Policy-oriented residential earthquake insurance	257,008	38,150	257,008	38,150
Compulsory automobile liability insurance	<u>1,313,337</u>	<u>490,043</u>	<u>788,002</u>	<u>1,015,378</u>
	<u>\$ 19,795,364</u>	<u>\$ 610,279</u>	<u>\$ 6,399,332</u>	<u>\$ 14,006,311</u>

December 31, 2024				
Insurance Type	Unearned Premium Reserve		Ceded Unearned Premium Reserve	Retained Business (4)=(1)+(2)-(3)
	Direct Business	Reinsurance Inward Business	Ceded Reinsurance Business (3)	
	(1)	(2)	(3)	
Fire insurance	\$ 2,450,514	\$ 29,210	\$ 2,130,403	\$ 349,321
Marine insurance	225,031	2,788	166,845	60,974
Land and air insurance	8,644,774	96	427,433	8,217,437
Liability insurance	1,666,668	1,353	428,527	1,239,494
Guarantee insurance	56,420	682	37,346	19,756
Other property insurance	2,608,024	40,650	2,199,512	449,162
Accident insurance	1,710,424	4,081	97,548	1,616,957
Health insurance	50,951	-	-	50,951
Policy-oriented residential earthquake insurance	248,913	37,433	248,914	37,432
Compulsory automobile liability insurance	<u>1,292,594</u>	<u>488,279</u>	<u>775,557</u>	<u>1,005,316</u>
	<u>\$ 18,954,313</u>	<u>\$ 604,572</u>	<u>\$ 6,512,085</u>	<u>\$ 13,046,800</u>

b) Reconciliation of unearned premium reserve and ceded unearned premium reserve

	For the Year Ended December 31			
	2025		2024	
	Unearned Premium Reserve	Ceded Unearned Premium Reserve	Unearned Premium Reserve	Ceded Unearned Premium Reserve
Beginning balance	\$ 19,558,885	\$ 6,512,085	\$ 17,487,375	\$ 5,538,053
Provision	20,406,194	6,399,615	19,557,495	6,511,396
Recovery	(19,551,539)	(6,498,527)	(17,514,938)	(5,542,646)
Foreign exchange	<u>(7,897)</u>	<u>(13,841)</u>	<u>28,953</u>	<u>5,282</u>
Ending balance	<u>\$ 20,405,643</u>	<u>\$ 6,399,332</u>	<u>\$ 19,558,885</u>	<u>\$ 6,512,085</u>

2) Loss reserve

a) Loss reserve and ceded loss reserve

December 31, 2025				
Items	Loss Reserve		Ceded Loss Reserve	Retained Business (4)=(1)+(2)-(3)
	Direct Underwriting Business (1)	Reinsurance Inward Business (2)	Ceded Reinsurance Business (3)	
	(1)	(2)	(3)	
Filed not yet paid	\$ 15,678,262	\$ 668,032	\$ 9,469,558	\$ 6,876,736
Not yet filed	<u>12,928,071</u>	<u>506,205</u>	<u>6,773,223</u>	<u>6,661,053</u>
	<u>\$ 28,606,333</u>	<u>\$ 1,174,237</u>	<u>\$ 16,242,781</u>	<u>\$ 13,537,789</u>

December 31, 2024

Items	Loss Reserve		Ceded Loss Reserve	
	Direct Underwriting Business (1)	Reinsurance Inward Business (2)	Ceded Reinsurance Business (3)	Retained Business (4)=(1)+(2)-(3)
	Filed not yet paid	\$ 10,432,690	\$ 886,929	\$ 5,727,594
Not yet filed	<u>7,116,113</u>	<u>497,011</u>	<u>2,515,974</u>	<u>5,097,150</u>
	<u>\$ 17,548,803</u>	<u>\$ 1,383,940</u>	<u>\$ 8,243,568</u>	<u>\$ 10,689,175</u>

b) Net changes in loss reserve and ceded loss reserve

For the year ended December 31, 2025

Items	Direct Underwriting Business		Reinsurance Inward Business		Net Changes in Loss Reserve
	Provision (1)	Recovery (2)	Provision (3)	Recovery (4)	(5)=(1)-(2)+(3)-(4)
Filed not yet paid	\$ 15,715,866	\$ 10,451,016	\$ 668,032	\$ 886,929	\$ 5,045,953
Not yet filed	<u>12,892,647</u>	<u>7,076,155</u>	<u>506,205</u>	<u>497,011</u>	<u>5,825,686</u>
	<u>\$ 28,608,513</u>	<u>\$ 17,527,171</u>	<u>\$ 1,174,237</u>	<u>\$ 1,383,940</u>	<u>\$ 10,871,639</u>

Items	Ceded Reinsurance Business		Net Changes in Loss Reserve
	Provision (6)	Recovery (7)	(8)=(6)-(7)
Filed not yet paid	\$ 9,488,629	\$ 5,729,831	\$ 3,758,798
Not yet filed	<u>6,755,883</u>	<u>2,495,864</u>	<u>4,260,019</u>
	<u>\$ 16,244,512</u>	<u>\$ 8,225,695</u>	<u>\$ 8,018,817</u>

For the year ended December 31, 2024

Items	Direct Underwriting Business		Reinsurance Inward Business		Net Changes in Loss Reserve
	Provision (1)	Recovery (2)	Provision (3)	Recovery (4)	(5)=(1)-(2)+(3)-(4)
Filed not yet paid	\$ 10,468,257	\$ 7,082,822	\$ 886,929	\$ 989,786	\$ 3,282,578
Not yet filed	<u>7,076,591</u>	<u>5,880,217</u>	<u>497,011</u>	<u>522,105</u>	<u>1,171,280</u>
	<u>\$ 17,544,848</u>	<u>\$ 12,963,039</u>	<u>\$ 1,383,940</u>	<u>\$ 1,511,891</u>	<u>\$ 4,453,858</u>

Items	Ceded Reinsurance Business		Net Changes in
	Provision (6)	Recovery (7)	Loss Reserve (8)=(6)-(7)
Filed not yet paid	\$ 5,744,580	\$ 3,133,967	\$ 2,610,613
Not yet filed	<u>2,496,354</u>	<u>1,967,463</u>	<u>528,891</u>
	<u>\$ 8,240,934</u>	<u>\$ 5,101,430</u>	<u>\$ 3,139,504</u>

c) Details of liability for claims filed but not yet paid and claim not yet filed of policyholders

Insurance Type	December 31, 2025		
	Filed Not Yet Paid	Not Yet Filed	Total
Fire insurance	\$ 4,555,550	\$ 4,482,911	\$ 9,038,461
Marine insurance	822,002	434,137	1,256,139
Land and air insurance	3,072,253	3,076,375	6,148,628
Liability insurance	1,133,567	1,648,010	2,781,577
Guarantee insurance	62,969	16,820	79,789
Other property insurance	5,870,329	1,299,457	7,169,786
Accident insurance	226,685	811,814	1,038,499
Health insurance	6,494	83,629	90,123
Policy-oriented residential earthquake insurance	-	153	153
Compulsory automobile liability insurance	<u>596,445</u>	<u>1,580,970</u>	<u>2,177,415</u>
	<u>\$ 16,346,294</u>	<u>\$ 13,434,276</u>	<u>\$ 29,780,570</u>

Insurance Type	December 31, 2024		
	Filed Not Yet Paid	Not Yet Filed	Total
Fire insurance	\$ 5,074,743	\$ 494,333	\$ 5,569,076
Marine insurance	894,316	376,131	1,270,447
Land and air insurance	2,398,458	2,318,718	4,717,176
Liability insurance	944,002	1,222,057	2,166,059
Guarantee insurance	50,647	35,091	85,738
Other property insurance	1,192,471	895,506	2,087,977
Accident insurance	218,429	618,349	836,778
Health insurance	5,191	71,254	76,445
Policy-oriented residential earthquake insurance	800	330	1,130
Compulsory automobile liability insurance	<u>540,562</u>	<u>1,581,355</u>	<u>2,121,917</u>
	<u>\$ 11,319,619</u>	<u>\$ 7,613,124</u>	<u>\$ 18,932,743</u>

- d) Details of ceded loss reserve for claims filed but not yet paid and claims not yet filed of policyholders

Insurance Type	December 31, 2025		
	Filed Not Yet		
	Paid	Not Yet Filed	Total
Fire insurance	\$ 3,141,941	\$ 4,080,761	\$ 7,222,702
Marine insurance	649,622	302,728	952,350
Land and air insurance	112,884	98,349	211,233
Liability insurance	575,758	601,269	1,177,027
Guarantee insurance	14,331	6,153	20,484
Other property insurance	4,730,859	940,118	5,670,977
Accident insurance	14,139	64,732	78,871
Health insurance	210	5,711	5,921
Policy-oriented residential earthquake insurance	-	-	-
Compulsory automobile liability insurance	<u>229,814</u>	<u>673,402</u>	<u>903,216</u>
	<u>\$ 9,469,558</u>	<u>\$ 6,773,223</u>	<u>\$ 16,242,781</u>
Insurance Type	December 31, 2024		
	Filed Not Yet		
	Paid	Not Yet Filed	Total
Fire insurance	\$ 3,480,060	\$ 293,145	\$ 3,773,205
Marine insurance	721,929	248,445	970,374
Land and air insurance	98,993	64,885	163,878
Liability insurance	448,593	461,020	909,613
Guarantee insurance	10,802	21,750	32,552
Other property insurance	765,261	689,664	1,454,925
Accident insurance	8,750	58,129	66,879
Health insurance	-	931	931
Policy-oriented residential earthquake insurance	800	-	800
Compulsory automobile liability insurance	<u>192,406</u>	<u>678,005</u>	<u>870,411</u>
	<u>\$ 5,727,594</u>	<u>\$ 2,515,974</u>	<u>\$ 8,243,568</u>

- e) Reconciliation of loss reserve and ceded loss reserve

	For the Year Ended December 31			
	2025		2024	
	Loss Reserve	Ceded Loss Reserve	Loss Reserve	Ceded Loss Reserve
Beginning balance	\$ 18,932,743	\$ 8,243,568	\$ 14,473,113	\$ 5,099,991
Provision	29,782,750	16,244,512	18,928,788	8,240,934
Recovery	(18,911,111)	(8,225,695)	(14,474,930)	(5,101,430)
Foreign exchange	<u>(23,812)</u>	<u>(19,604)</u>	<u>5,772</u>	<u>4,073</u>
Ending balance	<u>\$ 29,780,570</u>	<u>\$ 16,242,781</u>	<u>\$ 18,932,743</u>	<u>\$ 8,243,568</u>

3) Special reserve

a) Special reserve for compulsory automobile liability insurance

	For the Year Ended December 31	
	2025	2024
Beginning balance	\$ 1,388,959	\$ 1,070,300
Provision	179,385	321,770
Recovery	<u>(4,530)</u>	<u>(3,111)</u>
Ending balance	<u>\$ 1,563,814</u>	<u>\$ 1,388,959</u>

In accordance with Article 2 of the Compulsory Automobile Liability Insurance Act and Article 24-2, Paragraph 1 of the Deposit and Withdrawal Methods of Various Reserves in the Insurance Industry, as authorized by Article 145, Paragraph 2 and Article 148-3, Paragraph 2 of the Insurance Act, for the years ended December 31, 2025 and 2024, NT\$15 and NT\$30 per insurance contract were set aside as this reserve, respectively, recognized as expenses in its own compulsory automobile liability insurance business. In the event of a deficit in the annual net premium for this business, the deficit shall be compensated with the special reserve first; any remaining shortfall shall be handled in accordance with the Regulations for the Management of the Various Reserves for Compulsory Automobile Liability Insurance.

b) Special reserve for all insurances other than compulsory automobile liability insurance

	For the Year Ended December 31, 2025		
	Catastrophic Event	Fluctuation of Risk	Total
Beginning balance	\$ 94,662	\$ 308,499	\$ 403,161
Provision	-	-	-
Recovery	<u>(94,662)</u>	<u>-</u>	<u>(94,662)</u>
Ending balance	<u>\$ -</u>	<u>\$ 308,499</u>	<u>\$ 308,499</u>
	For the Year Ended December 31, 2024		
	Catastrophic Event	Fluctuation of Risk	Total
Beginning balance	\$ 374,537	\$ 308,499	\$ 683,036
Provision	-	-	-
Recovery	<u>(279,875)</u>	<u>-</u>	<u>(279,875)</u>
Ending balance	<u>\$ 94,662</u>	<u>\$ 308,499</u>	<u>\$ 403,161</u>

The Directions for Strengthening Disaster Reserve by Non-Life Insurance Enterprises (formerly Directions for Strengthening Natural Disaster Insurance (Commercial Earthquake, Typhoon and Flood Insurance) Reserve by Non-Life Insurance Enterprises), the Directions in Strengthening the Reserve Provision Made by the Co-Insurance Members Undertaking the Taiwan Residential Earthquake Insurance, and the Directions for Reserving Nuclear Energy Insurance Reserve by Non-Life Insurance Enterprises were not applied, the Cathay Century and its subsidiaries pre-tax income/loss would have decreased by \$94,662 thousand and \$279,875 thousand for the years ended December 31, 2025 and 2024, respectively. The special reserve under liabilities would have decreased by \$0 thousand and \$94,662 thousand, and the special reserve under equity would have increased by \$163,489 thousand and \$239,520 thousand. Earnings per share

for the years ended December 31, 2025 and 2024 would have decreased by \$0.38 and \$1.12, respectively, if Century Insurance and its subsidiaries did not apply to the notices and regulations.

4) Premium deficiency reserve

a) Premium deficiency reserve and ceded premium deficiency reserve

December 31, 2025				
Insurance Type	Premium Deficiency Reserve		Ceded Premium Deficiency Reserve	Retained Business (4)=(1)+(2)-(3)
	Direct Business (1)	Reinsurance Inward Business (2)	Ceded Reinsurance Business (3)	
	Fire insurance	\$ -	\$ -	
Marine insurance	47	742	-	789
Land and air insurance	-	-	-	-
Liability insurance	-	-	-	-
Guarantee insurance	-	-	-	-
Other property insurance	-	-	-	-
Accident insurance	-	-	-	-
Health insurance	-	-	-	-
Policy-oriented residential earthquake insurance	-	-	-	-
Compulsory automobile liability insurance	-	-	-	-
	<u>\$ 47</u>	<u>\$ 742</u>	<u>\$ -</u>	<u>\$ 789</u>

December 31, 2024				
Insurance Type	Premium Deficiency Reserve		Ceded Premium Deficiency Reserve	Retained Business (4)=(1)+(2)-(3)
	Direct Business (1)	Reinsurance Inward Business (2)	Ceded Reinsurance Business (3)	
	Fire insurance	\$ 409	\$ -	
Marine insurance	20	143	-	163
Land and air insurance	-	120	-	120
Liability insurance	-	-	-	-
Guarantee insurance	-	-	-	-
Other property insurance	-	-	-	-
Accident insurance	-	-	-	-
Health insurance	-	-	-	-

(Continued)

December 31, 2024

Insurance Type	Premium Deficiency Reserve		Ceded Premium Deficiency Reserve	Retained Business (4)=(1)+(2)-(3)
	Direct Business (1)	Reinsurance Inward Business (2)	Ceded Reinsurance Business (3)	
Policy-oriented residential earthquake insurance	\$ -	\$ -	\$ -	\$ -
Compulsory automobile liability insurance	-	-	-	-
	<u>\$ 429</u>	<u>\$ 263</u>	<u>\$ -</u>	<u>\$ 692</u>

(Concluded)

b) Net loss recognized for premium deficiency reserve - net changes in premium deficiency reserve and ceded premium deficiency reserve

	For the Year Ended December 31, 2025									
	Direct Underwriting Business		Reinsurance Inward Business		Net Changes in Premium Deficiency Reserve (5)=(1)-(2)+(3)-(4)	Ceded Reinsurance Business		Net Changes in Ceded Premium Deficiency Reserve (8)=(6)-(7)	Net Loss Recognized for Premium Deficiency Reserve (9)=(5)-(8)	
	Provision (1)	Recovery (2)	Provision (3)	Recovery (4)		Provision (6)	Recovery (7)			
Fire insurance	\$ -	\$ 409	\$ -	\$ -	\$ (409)	\$ -	\$ -	\$ -	\$ (409)	
Marine insurance	47	20	742	143	626	-	-	-	626	
Land and air insurance	-	-	-	120	(120)	-	-	-	(120)	
Liability insurance	-	-	-	-	-	-	-	-	-	
Guarantee insurance	-	-	-	-	-	-	-	-	-	
Other property insurance	-	-	-	-	-	-	-	-	-	
Accident insurance	-	-	-	-	-	-	-	-	-	
Health insurance	-	-	-	-	-	-	-	-	-	
Policy-oriented residential earthquake insurance	-	-	-	-	-	-	-	-	-	
Compulsory automobile liability insurance	-	-	-	-	-	-	-	-	-	
	<u>\$ 47</u>	<u>\$ 429</u>	<u>\$ 742</u>	<u>\$ 263</u>	<u>\$ 97</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 97</u>	

	For the Year Ended December 31, 2024									
	Direct Underwriting Business		Reinsurance Inward Business		Net Changes in Premium Deficiency Reserve (5)=(1)-(2)+(3)-(4)	Ceded Reinsurance Business		Net Changes in Ceded Premium Deficiency Reserve (8)=(6)-(7)	Net Loss Recognized for Premium Deficiency Reserve (9)=(5)-(8)	
	Provision (1)	Recovery (2)	Provision (3)	Recovery (4)		Provision (6)	Recovery (7)			
Fire insurance	\$ 409	\$ -	\$ -	\$ -	\$ 409	\$ -	\$ -	\$ -	\$ 409	
Marine insurance	20	12	143	-	151	-	-	-	151	
Land and air insurance	-	-	120	-	120	-	-	-	120	
Liability insurance	-	-	-	-	-	-	-	-	-	
Guarantee insurance	-	-	-	-	-	-	-	-	-	
Other property insurance	-	-	-	-	-	-	-	-	-	
Accident insurance	-	-	-	-	-	-	-	-	-	
Health insurance	-	-	-	-	-	-	-	-	-	
Policy-oriented residential earthquake insurance	-	-	-	-	-	-	-	-	-	
Compulsory automobile liability insurance	-	-	-	-	-	-	-	-	-	
	<u>\$ 429</u>	<u>\$ 12</u>	<u>\$ 263</u>	<u>\$ -</u>	<u>\$ 680</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 680</u>	

c) Reconciliation of premium deficiency reserve and ceded premium deficiency reserve

	For the Year Ended December 31			
	2025		2024	
	Premium Deficiency Reserve	Ceded Premium Deficiency Reserve	Premium Deficiency Reserve	Ceded Premium Deficiency Reserve
Beginning balance	\$ 692	\$ -	\$ 12	\$ -
Provision	789	-	692	-
Recovery	<u>(692)</u>	<u>-</u>	<u>(12)</u>	<u>-</u>
Ending balance	<u>\$ 789</u>	<u>\$ -</u>	<u>\$ 692</u>	<u>\$ -</u>

5) Policy reserve

a) Details of policy reserve and ceded policy reserve

December 31, 2025

Insurance Type	Policy Reserve		Ceded Policy Reserve	Retained Business (4)=(1)+(2)-(3)
	Direct Underwriting Business (1)	Reinsurance Inward Business (2)	Ceded Reinsurance Business (3)	
	Health insurance	<u>\$ -</u>	<u>\$ -</u>	

December 31, 2024

Insurance Type	Policy Reserve		Ceded Policy Reserve	Retained Business (4)=(1)+(2)-(3)
	Direct Underwriting Business (1)	Reinsurance Inward Business (2)	Ceded Reinsurance Business (3)	
	Health insurance	<u>\$ 28</u>	<u>\$ -</u>	

b) Net changes in policy reserve and ceded policy reserve

For the year ended December 31, 2025

Insurance Type	Direct Underwriting Business		Reinsurance Inward Business		Net Changes in Policy Reserve
	Provision (1)	Recovery (2)	Provision (3)	Recovery (4)	(5)=(1)-(2)+ (3)-(4)
	Health insurance	<u>\$ -</u>	<u>\$ 28</u>	<u>\$ -</u>	<u>\$ -</u>

Insurance Type	Ceded Reinsurance Business		Net Changes in Ceded Policy Reserve
	Provision (6)	Recovery (7)	(8)=(6)-(7)
Health insurance	\$ -	\$ -	\$ -

For the year ended December 31, 2024

Insurance Type	Direct Underwriting Business		Reinsurance Inward Business		Net Changes in Policy Reserve
	Provision (1)	Recovery (2)	Provision (3)	Recovery (4)	(5)=(1)-(2)+(3)-(4)
Health insurance	\$ -	\$ 60	\$ -	\$ -	\$ (60)

Insurance Type	Ceded Reinsurance Business		Net Changes in Ceded Policy Reserve
	Provision (6)	Recovery (7)	(8)=(6)-(7)
Health insurance	\$ -	\$ -	\$ -

24. RETIREMENT BENEFIT PLANS

a. Defined contribution plan

The Company and its domestic subsidiaries adopted a pension plan under the Labor Pension Act (LPA), which is a state-managed defined contribution plan. Under the LPA, the Company and its domestic subsidiaries make monthly contributions to employees' individual pension accounts at 6% of monthly salaries and wages.

Other foreign subsidiaries and branches make contributions to the respective pension administration institutions in accordance with applicable local regulations.

b. Defined benefit plans

The defined benefit plans adopted by the Company, Cathay Life, Cathay United Bank, Cathay Century, Cathay Securities, Cathay Futures, Cathay Venture and Cathay Securities Investment Trust in accordance with the Labor Standards Act are operated by the government of the ROC. Pension benefits are calculated on the basis of the length of service and average monthly salaries for the 6 months before retirement. The Company and its subsidiaries in the ROC contribute amounts equal to 2% of total monthly salaries and wages to a pension fund administered by the pension fund monitoring committee. Pension contributions are deposited in the Bank of Taiwan in the committee's name. Before the end of each year, the Group assesses the balance in the pension fund. If the amount of the balance in the pension fund is inadequate to pay retirement benefits for employees who conform to retirement requirements in the next year, the Group is required to fund the difference in one appropriation that should be made before the end of March of the next year. The pension fund is managed by the Bureau of Labor Funds, Ministry of Labor (the "Bureau"); the Group has no right to influence the investment policy and strategy.

The amounts included in the consolidated balance sheets in respect of the Group's defined benefit plans are as follows:

	December 31	
	2025	2024
Present value of defined benefit obligation	\$ 16,376,199	\$ 17,050,966
Fair value of plan assets	<u>(27,286,210)</u>	<u>(26,484,985)</u>
Net defined benefit assets	<u>\$ (10,910,011)</u>	<u>\$ (9,434,019)</u>

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

	Present Value of the Defined Benefit Obligation	Fair Value of the Plan Assets	Net Defined Benefit Liabilities (Assets)
Balance on January 1, 2024	<u>\$ 17,393,265</u>	<u>\$ (23,306,761)</u>	<u>\$ (5,913,496)</u>
Service cost			
Current service cost	449,467	-	449,467
Interest expense (income)	<u>195,057</u>	<u>(268,419)</u>	<u>(73,362)</u>
Recognized in profit or loss	<u>644,524</u>	<u>(268,419)</u>	<u>376,105</u>
Return on plan assets (excluding amounts included in net interest)	-	(4,154,166)	(4,154,166)
Actuarial loss			
Changes in financial assumptions	462,396	-	462,396
Experience adjustments	<u>738,620</u>	<u>-</u>	<u>738,620</u>
Recognized in other comprehensive income	<u>1,201,016</u>	<u>(4,154,166)</u>	<u>(2,953,150)</u>
Contributions from the employer	-	(857,742)	(857,742)
Paid from the employer	(2,187,944)	2,102,103	(85,841)
Exchange differences	<u>105</u>	<u>-</u>	<u>105</u>
Balance on December 31, 2024	<u>17,050,966</u>	<u>(26,484,985)</u>	<u>(9,434,019)</u>
Service cost			
Current service cost	453,981	-	453,981
Interest expense (income)	<u>255,414</u>	<u>(410,171)</u>	<u>(154,757)</u>
Recognized in profit or loss	<u>709,395</u>	<u>(410,171)</u>	<u>299,224</u>
Return on plan assets (excluding amounts included in net interest)	-	(1,529,161)	(1,529,161)
Actuarial loss			
Changes in financial assumptions	265,617	-	265,617
Experience adjustments	337,729	-	337,729
Changes in demographic assumptions	<u>(378)</u>	<u>-</u>	<u>(378)</u>
Recognized in other comprehensive income	<u>602,968</u>	<u>(1,529,161)</u>	<u>(926,193)</u>
Contributions from the employer	-	(807,375)	(807,375)
Paid from the employer	(1,986,771)	1,945,482	(41,289)
Exchange differences	<u>(359)</u>	<u>-</u>	<u>(359)</u>
Balance on December 31, 2025	<u>\$ 16,376,199</u>	<u>\$ (27,286,210)</u>	<u>\$ (10,910,011)</u>

Through the defined benefit plan under the Labor Standards Act, the Group is exposed to the following risks:

- 1) Investment risk: The discount rate for determining the present value of the defined benefit obligation is based on the government bond yield. If the actual return on investment of the retirement fund assets is lower than the yield, the insufficiency of defined benefit liabilities will

increase. The retirement fund assets which are managed by the Bureau of Labor Funds, Ministry of Labor are deposited in the labor retirement fund accounts, whose investment management and operations are all managed by the government. Therefore, the Group has no control over the investment of the retirement fund assets.

- 2) Interest rate risk: A decrease in the government bond yield will increase the present value of the defined benefit obligation. The interest rate risk is the main source of risk in the retirement benefit plan.
- 3) Longevity risk: In the calculation of the present value of the defined benefit obligation, the estimated mortality rate during the employee service period is based on 100% of the sixth life table (2021TSO) of the life insurance industry. If the actual mortality rate is lower than the estimated rate, the present value of the defined benefit obligation will increase.
- 4) Salary adjustment risk: In the calculation of the present value of the defined benefit obligation, the salary of an employee at the time of retirement is based on the assumed annual salary increase rate. If the actual adjustment to the employee's salary is higher than the assumed rate in the future, the present value of the defined benefit obligation will increase.

The actuarial valuations of the present value of the defined benefit obligation were carried out by qualified actuaries. The significant assumptions used for the purposes of the actuarial valuations are as follows:

	December 31	
	2025	2024
Discount rate	1.31%-1.36%	1.52%-1.65%
Expected rate of salary increase	1.50%-3.50%	1.50%-3.50%

If possible reasonable changes in each of the significant actuarial assumptions occur and all other assumptions remain constant, the present value of the defined benefit obligation will increase (decrease) as follows:

	December 31	
	2025	2024
Discount rate		
0.25% increase	<u>\$ (258,859)</u>	<u>\$ (275,328)</u>
0.25% decrease	<u>\$ 269,437</u>	<u>\$ 286,621</u>
Expected rate of salary increase		
0.5% increase	<u>\$ 511,583</u>	<u>\$ 556,976</u>
0.5% decrease	<u>\$ (416,711)</u>	<u>\$ (537,790)</u>

The sensitivity analysis presented above may not be representative of the actual changes in the present value of the defined benefit obligation as it is unlikely that changes in assumptions will occur in isolation of one another as some of the assumptions may be correlated.

	December 31	
	2025	2024
Expected contributions to the plans for the next year	<u>\$ 699,741</u>	<u>\$ 782,403</u>
Average duration of the defined benefit obligation	3.4-9.2 years	4.0-11.0 years

c. Employee preferential interest deposit plan

Cathay United Bank's obligations on preferential interest deposits for current employees and those retired employees and current employees after retirement are handled in accordance with Cathay United Bank's internal rules. Under the Regulations Governing the Preparation of Financial Reports by Public Banks, the excess interest generated from the post-employment preferential deposit interest rate over the market rate should be actuarially determined.

The amounts included in the consolidated balance sheets arising from Cathay United Bank's obligation on the post-employment preferential interest deposits plan were as follows:

	December 31	
	2025	2024
Present value of defined benefit obligation	\$ 1,229,576	\$ 1,166,250
Fair value of plan assets	<u>-</u>	<u>-</u>
Net defined benefit liabilities	<u>\$ 1,229,576</u>	<u>\$ 1,166,250</u>

The changes in the present value of obligations on the post-employment preferential interest deposits were as follows:

	December 31	
	2025	2024
Beginning balance	<u>\$ 1,166,250</u>	<u>\$ 1,045,707</u>
Interest expense	<u>42,883</u>	<u>38,492</u>
Remeasurement		
Experience adjustments	209,326	195,218
Changes in financial assumptions	<u>-</u>	<u>54,172</u>
Recognized in other comprehensive income	<u>209,326</u>	<u>249,390</u>
Benefits paid	<u>(188,883)</u>	<u>(167,339)</u>
Ending balance	<u>\$ 1,229,576</u>	<u>\$ 1,166,250</u>

Under Order No. 10110000850 issued by the FSC, effective March 15, 2012, the actuarial assumptions used in the determination of the employee benefits expense of the post-employment preferential deposits were as follows:

	December 31	
	2025	2024
Discount rate	4.00%	4.00%
Return on deposit	2.00%	2.00%
Withdrawal rate of post-employment preferential deposits	1.00%	1.00%
Probability of changes in the preferential deposit scheme	50.00%	50.00%

If possible reasonable changes in each of the significant actuarial assumptions occur and all other assumptions remain constant, the present value of obligations on the post-employment preferential interest deposits will increase (decrease) as follows:

	December 31	
	2025	2024
Discount rates		
0.5% increase	<u>\$ (60,249)</u>	<u>\$ (57,146)</u>
0.5% decrease	<u>\$ 66,397</u>	<u>\$ 62,977</u>
Mortality rates		
Adjusted to 105%	<u>\$ (10,838)</u>	<u>\$ (10,496)</u>
Adjusted to 95%	<u>\$ 12,042</u>	<u>\$ 11,662</u>
Excess interest rates of employee preferential interest deposits		
0.5% increase	<u>\$ 226,242</u>	<u>\$ 214,590</u>
0.5% decrease	<u>\$ (226,242)</u>	<u>\$ (214,590)</u>

The sensitivity analysis presented above shows the effect on the present value of obligations on the post-employment preferential interest deposits of a change in a single assumption while all other assumptions remain unchanged. The sensitivity analysis presented above might not be representative of the actual change in the present value of the obligations on the post-employment preferential interest deposits because it is unlikely that the change in assumptions would occur independently of each other as some of the assumptions might be correlated.

	December 31	
	2025	2024
Expected contributions to the plan for the next year	<u>\$ 200,042</u>	<u>\$ 188,327</u>
Average duration of the defined benefit obligation	10.6 years	10.7 years

25. OTHER FINANCIAL ASSETS AND LIABILITIES

	December 31	
	2025	2024
<u>Other financial assets</u>		
Separate account insurance product assets	\$ 840,120,906	\$ 790,958,446
Others	<u>20,923,645</u>	<u>19,395,219</u>
	<u>\$ 861,044,551</u>	<u>\$ 810,353,665</u>
<u>Other financial liabilities</u>		
Separate account insurance product liabilities	\$ 840,120,906	\$ 790,958,446
Principal received from the sale of structured products	51,320,465	49,439,920
Others	<u>25,208,902</u>	<u>15,412,483</u>
	<u>\$ 916,650,273</u>	<u>\$ 855,810,849</u>

- a. The related accounts of Cathay Life's separate account insurance products were summarized as follows:

	December 31	
	2025	2024
<u>Separate account insurance product assets</u>		
Cash in bank	\$ 524,852	\$ 612,078
Financial assets at FVTPL	828,885,964	774,239,033
Other receivables	<u>10,710,090</u>	<u>16,013,626</u>
	<u>\$ 840,120,906</u>	<u>\$ 790,864,737</u>
<u>Separate account insurance product liabilities</u>		
Other payables	\$ 1,563,518	\$ 1,681,405
Reserve for separate accounts - insurance contracts	313,611,277	286,190,196
Reserve for separate accounts - investment contracts	<u>524,946,111</u>	<u>502,993,136</u>
	<u>\$ 840,120,906</u>	<u>\$ 790,864,737</u>
	For the Year Ended December 31	
	2025	2024
<u>Separate account insurance product income</u>		
Premium income	\$ 42,456,656	\$ 29,142,690
Interest income	14,530	16,016
Gains from financial assets at FVTPL	46,413,261	24,695,061
Foreign exchange (losses) gains	<u>(8,508,047)</u>	<u>13,257,620</u>
	<u>\$ 80,376,400</u>	<u>\$ 67,111,387</u>
<u>Separate account insurance product expenses</u>		
Claims and payments	\$ 12,021,329	\$ 12,908,804
Cash surrender value	35,671,054	38,356,579
Provision of separate account reserve	28,769,423	12,083,947
Administrative expenses	4,211,596	3,992,421
Non-operating income and expenses	<u>(297,002)</u>	<u>(230,364)</u>
	<u>\$ 80,376,400</u>	<u>\$ 67,111,387</u>

For the years ended December 31, 2025 and 2024, the rebates earned from counterparties due to the business of separate account insurance products were \$662,847 thousand and \$677,267 thousand, respectively, which were recorded under net gain on service fee income.

- b. The related accounts of Cathay Lujiazui Life's separate account insurance products were summarized as follows:

	December 31	
	2025	2024
<u>Separate account insurance product assets</u>		
Cash in bank	\$ -	\$ 9,492
Financial assets at FVTPL	-	84,210
Others	<u>-</u>	<u>7</u>
	<u>\$ -</u>	<u>\$ 93,709</u>
<u>Separate account insurance product liabilities</u>		
Other payables	\$ -	\$ 27
Reserve for separate accounts - insurance contracts	<u>-</u>	<u>93,682</u>
	<u>\$ -</u>	<u>\$ 93,709</u>
	For the Year Ended December 31	
	2025	2024
<u>Separate account insurance product income</u>		
Premium income	\$ 17	\$ 48
Gains from financial assets at FVTPL	17,734	5,460
Interest income	<u>6</u>	<u>17</u>
	<u>\$ 17,757</u>	<u>\$ 5,525</u>
<u>Separate account insurance product expenses</u>		
Cash surrender value	\$ 11,011	\$ 5,634
Provision (reversal) of separate account reserve	5,803	(1,216)
Others	<u>943</u>	<u>1,107</u>
	<u>\$ 17,757</u>	<u>\$ 5,525</u>

26. EQUITY

- a. Share capital

	December 31	
	2025	2024
Number of shares authorized (in thousands)	<u>18,000,000</u>	<u>18,000,000</u>
Shares authorized	<u>\$ 180,000,000</u>	<u>\$ 180,000,000</u>
Number of shares issued and fully paid (in thousands)		
Ordinary shares	<u>14,669,210</u>	<u>14,669,210</u>
Preference shares	<u>1,533,300</u>	<u>1,533,300</u>
Shares issued	<u>\$ 162,025,102</u>	<u>\$ 162,025,102</u>

Ordinary shares issued, which have a par value of \$10, carry one vote per share and carry a right to dividends.

Issuance of preference shares

- 1) On September 9, 2016, the board of directors resolved to capital raising through issuance of Series A Preference Shares. The Company issued 833,300 thousand preference shares, with a par value of \$10 per share and total amount of \$8,333,000 thousand, and the issue price was \$60 per share. The capital raising was approved by the FSC Jin Guan Zheng Fa No. 1050041628 on October 25, 2016. The base date of capital increase was December 8, 2016. All issued shares were registered and recognized as equity. The rights and obligations of Series A Preference Shares are as follows:
 - a) 3.8% per annum for Series A Preference Shares (7-year IRS 1.06%+2.74%) calculated pursuant to the issue price per share. Interest rate per annum will be reset on the day after the 7th year from the issue date (“Issue Date”) and the day after each subsequent 7-year period hereafter. The record date for reset of interest rate shall be 2 business days before the interest reset day for financial institutions in Taipei. The 7-year IRS rate shall be the arithmetic mean of 7-year IRS quotations as published by Reuters, PYTWDFIX and COSMOS3 at 11:00 a.m. of the day of the record date for reset of interest rate (must be a business day for Taipei’s financial institutions). If the above quotations cannot be obtained on the record date for reset of interest rate, the interest rate shall be decided by the issuer in good faith, taking into account the reasonable market trends. The aforementioned interest rate was reset to 4.21% as of December 8, 2023.
 - b) If there are retained earnings, before the issuer can distribute dividends for Series A Preference Shares, the Company shall first: (i) pay all taxes and dues (ii) offset its losses in previous years (iii) set aside legal reserve, or set aside or reverse special reserve and (iv) the distribution of the remaining portion, if any, will first be distributed as preference share dividends.
 - c) The Company has the sole discretion to distribute dividends of Series A Preference Shares, including its discretion to not declare dividends when no profit is recorded, or insufficient profit is recorded for Series A Preference Share dividends, or preference share dividend distribution would render the Company’s CAR ratio below the level required by law or by the authorities. The Company’s cancellation of preference share dividend distribution shall not be deemed an event of default. Series A Preference Shares are non-cumulative. Undeclared or under-declared dividends are not cumulative and are not paid in subsequent years with profit.
 - d) Dividends for Series A Preference Shares are distributed once a year in cash. After shareholders’ approval of the issuer’s financial statements at its annual shareholders’ meeting, the board of directors may set the record date for distribution of available dividends from the previous year. Dividend distribution for the years of issuance and redemption (such as the shareholders’ approval of dividends declaration on shareholders meeting) shall be calculated pursuant to the actual issued days of the given year.
 - e) Except for receipt of dividends at the aforementioned dividend rate in Paragraph (a), holders of Preference Shares cannot participate in the distribution of cash or stock dividends to holders of common shares from profit or additional paid-in capital.
 - f) Holders of Series A Preference Shares shall have the same priority as holders of all subsequently issued preference shares in liquidation, which are prior to holders of ordinary shares but subordinated to general creditors, to the extent of the issuance amount.
 - g) Holders of Series A Preference Shares have no voting rights at the annual shareholders’ meeting and cannot elect directors. However, holders of Series A Preference Shares have voting rights at the meeting of Series A Preference Shareholders, and at the shareholders’ meeting on items relating to the rights of Series A Preference Shareholders.

- h) Holders of Series A Preference Shares cannot convert the said preference shares to ordinary shares and have no right to request the Company for redemption of Series A Preference Shares.
 - i) Through issuance of perpetual preferred stock, on the day after the 7th year from the issue date, the Company may redeem all or part of the outstanding Series A Preference Shares at the issue price. Rights and obligations of the unredeemed Series A Preference Shares shall remain the same as mentioned above.
- 2) On February 9, 2018, the board of directors resolved the capital raising through issuance of Series B Preference Shares. The Company issued 700,000 thousand preference shares, with a par value of \$10 per share and total amount of \$7,000,000 thousand, and the issue price was \$60 per share. The capital raising was approved by the FSC Jin Guan Zheng Fa No. 1070313814 on May 10, 2018. The base date of capital increase was June 27, 2018. All issued shares were registered and recognized as equity. The rights and obligations of Series B Preference Shares are as follows:
- a) 3.55% per annum for Series B Preference Shares (7-year IRS 1.1675%+2.3825%) calculated pursuant to the issue price per share. The interest rate per annum will be reset on the day after the 7th year from the issue date (“Issue Date”) and the day after each subsequent 7-year period hereafter. The record date for interest reset shall be 2 business days before the interest reset day for financial institutions in Taipei. The 7-year IRS rate shall be the arithmetic mean of 7-year IRS quotations as published by Reuters, TAIFXIRS and COSMOS3 at 11:00 a.m. of the day of reset record date (must be a business day for Taipei’s financial institutions). If the above quotations cannot be obtained on the record date for reset of interest rate, the interest rate shall be decided by the issuer in good faith, taking into account the reasonable market trends. The aforementioned interest rate was reset to 4.0375% as of June 27, 2025.
 - b) If there are retained earnings, before the issuer can distribute dividends for Series B Preference Shares, the Company shall first: (i) pay all taxes and dues (ii) offset its losses in previous years (iii) set aside legal reserve, or set aside or reverse special reserve and (iv) the distribution of the remaining portion, if any, will first be distributed as preference share dividend.
 - c) The Company has the sole discretion to distribute dividend of the Series B Preference Shares, including its discretion to not declare dividends when no profit is recorded, or insufficient profit is recorded for Series B Preference Share dividends, or preference share dividend distribution would render the Company’s CAR ratio below the level required by law or by the authorities. The Company’s cancellation of preference share dividend distribution shall not be deemed an event of default. Series B Preference Shares are non-cumulative. Undeclared or under-declared dividends are not cumulative and are not paid in subsequent years with profit.
 - d) Dividends for Series B Preference Shares are distributed once a year in cash. After shareholders’ approval of the issuer’s financial statements at its annual shareholders’ meeting, the board of directors may set the record date for distribution of available dividends from the previous year. Dividend distribution for the years of issuance and redemption (such as the shareholders’ approval of dividends declaration on shareholders meeting) shall be calculated pursuant to the actual issued days of the given year.
 - e) Except for receipt of dividends at the aforementioned dividend rate in Paragraph (a), holders of Preference Shares cannot participate in the distribution of cash or stock dividends to holders of common shares from the profit or additional paid-in capital.
 - f) Holders of Series B Preference Shares shall have the same priority as holders of all subsequently issued preference share in liquidation, which are prior to holders of ordinary shares but subordinated to general creditors, to the extent of the issuance amount.

- g) Holders of Series B Preference Shares have no voting rights at the annual shareholders' meeting and cannot elect directors. However, holders of Series B Preference Shares have voting rights at the shareholders' meeting of Series B Preference Shareholders, and at the annual shareholders' meeting on items relating to rights of Series B Preference Shareholders.
- h) Holders of Series B Preference Shares cannot convert the said preference shares to ordinary shares and have no right to request the Company for redemption of Series B Preference Shares.
- i) Through the issuance of perpetual preferred stock, on the day after the 7th year from the issue date, the Company may redeem all or part of the outstanding Series B Preference Shares at the issue price. Rights and obligations of the unredeemed Series B Preference Shares shall remain the same as mentioned above.

Issuance of overseas depositary receipts

The Company's shares have been listed on the Taiwan Stock Exchange in accordance with relevant regulations since the Company was incorporated on December 31, 2001. Since July 29, 2003, the Company has listed a portion of its ordinary shares on the Luxembourg Stock Exchange in the form of Global Depositary Shares (GDSs).

b. Capital surplus

- 1) Capital surplus comprises the following:

	<u>December 31</u>	
	<u>2025</u>	<u>2024</u>
Additional paid-in capital	\$ 197,202,720	\$ 197,202,720
Treasury share transactions	2,539,377	2,539,377
Additional paid-in capital - employee stock options	1,192,146	1,192,146
Conversion of convertible bonds	1,144,486	1,144,486
Others	<u>1,040,525</u>	<u>1,065,093</u>
	<u>\$ 203,119,254</u>	<u>\$ 203,143,822</u>

- 2) According to relevant regulations, capital surplus may not be used except to offset company deficits. However, capital surplus generated from the excess proceeds from issuing shares above par value (including capital surplus from issuing common shares above par value, capital surplus from merger-related stock issuance, and treasury stock transactions) may be distributed as cash dividends or transferred to share capital (limited to a certain percentage of the Company's capital surplus and to once a year). Additionally, distributing cash from capital surplus must comply with Rule No. 11302701271 issued by the Banking Bureau of the FSC.

c. Retained earnings and dividends policy

In order to continue the Company's business expansion and to enhance the profit earning capability, as well as to reserve the capital needed based on the long-term financial planning for perpetual operation and stabilized development, the Company has adopted a residual dividend policy.

Under the dividends policy as set forth in the Company's articles ("Articles"), when the Company made a profit in a fiscal year, the profit shall be first utilized for paying taxes, offsetting losses of previous years, setting aside as a legal reserve of the remaining profit, setting aside a special reserve in accordance with the laws and regulations, the payment of preferred dividends, and then any remaining profit (earning of the current year) and reversal of special reserve in accordance with the laws and regulations together with any undistributed retained earnings shall be used by the Company's board of directors as the basis for proposing a distribution plan, which should be resolved in the shareholders'

meeting. When declaring the distribution of dividends, the principle that the Company adopts is to retain the necessary funds by distributing stock dividends, and the excess may be distributed in the form of cash dividends. However, the total distribution shall be no less than 20% of earning of the current year, and the cash dividends shall be no less than 10% of the total dividends declared for the year. For the policies on the distribution of compensation of employees and remuneration of directors in the Articles, refer to compensation of employees and remuneration of directors in Note 27 e.

Appropriation of earnings to the legal reserve shall be made until the legal reserve equals the Company's paid-in capital. The legal reserve may be used to offset deficits. If the Company has no deficit and the legal reserve has exceeded 25% of the Company's paid-in capital, the excess may be transferred to capital or distributed in cash according to Rule No. 11302701271 issued by the Banking Bureau of the FSC.

The appropriations of earnings for 2024 and 2023 that had been resolved by the shareholders in their meetings on June 13, 2025 and June 14, 2024, respectively, were as follows:

	Appropriation of Earnings	
	2024	2023
Legal reserve	\$ 11,256,386	\$ 5,024,046
Provision (reversal) of special reserve	192,021,661	(148,333,694)
Cash dividends of ordinary shares	51,342,235	29,338,420
Cash dividends of preference shares	3,595,916	3,404,403

d. Special reserves

	December 31	
	2025	2024
Special reserve transferred from reserve for trading default and for trading loss (1)	\$ 333,598	\$ 333,598
Special reserve reclassified from liability (2)	3,744,467	3,744,467
Special reserve for appropriation at the first-time adoption of IFRS Accounting Standards (3)	2,994,565	2,994,565
Special reserve for appreciation of investment properties (4)	110,940,379	109,830,400
Special reserve transferred from insurance liabilities (5)	34,764,311	34,764,311
Special reserve appropriated for other equity deduction (6)	57,994,700	78,460,876
Reclassification by the insurance subsidiary for fair value changes of financial assets (7)	<u>211,377,858</u>	<u>-</u>
	<u>\$ 422,149,878</u>	<u>\$ 230,128,217</u>

1) Cathay United Bank, Cathay Securities and Cathay Futures reclassified the appropriated default losses reserve and trading losses reserve as of December 31, 2010 as special reserve according to the relevant regulations. It shall not be used except for the transfer in accordance with the matters prescribed by the competent authority. The Company set aside a special reserve of \$333,598 thousand in 2011.

2) According to the Regulation Governing the Setting Aside of Various Reserves by Insurance Enterprises, for the special reserves for catastrophic event and for fluctuation of risk as of January 1, 2012, amounting to \$9,022,812 thousand, Cathay Life transferred half of the reserves amounting to \$4,511,405 thousand, net of tax effect, to special reserve under retained earnings amounting to \$3,744,467 thousand; half of the reserves were kept as the initial amount of reserve for foreign exchange valuation. The Company set aside a special reserve of \$3,744,467 thousand in 2013.

- 3) At the first-time adoption of the IFRS Accounting Standards, Cathay Life chose to use fair values as the deemed costs of investment properties in accordance with Article 32 of Regulations Governing the Preparation of Financial Reports by Insurance Enterprises, and the increments on property revaluation should be offset by other negative effects on the first-time adoption of the IFRS Accounting Standards. The remaining increments on property revaluation should be recovered as special reserve under liabilities and the portion of increments on property revaluation used for offsetting other negative effects is recognized as retained earnings. In accordance with Bao (Tsai) No. 10202508140, the abovementioned adjustments of retained earnings amounting to \$2,994,565 thousand should be set aside as special reserve under equity following Jin Guan Bao Tsai No. 10102508861. The Company set aside a special reserve of \$2,994,565 thousand in 2013.
- 4) The Group adopting the fair value model for investment properties, according to Jin Guan Zheng Fa No. 10901500221, the Group appropriated a special reserve as the increase of retained earnings due to the adoption. Any special reserve appropriated may be reversed when the value of investment properties decrease or when they are disposed.
- 5) Cathay Life transferred insurance liabilities of \$34,764,311 thousand to special reserve in accordance with Jin Guan Bao Tsai No. 10402029590. The Company set aside a special reserve of \$34,764,311 thousand in 2015.
- 6) The Group appropriates or reverses a special reserve in accordance with Jin Guan Zheng Fa No. 1090150022. If there is a net deduction of other equity accumulated in the previous period, the Group should appropriate the same amount of special reserve from the unappropriated retained earnings in the previous period. Distributions can be made out of any subsequent reversal of the debit to other equity items.
- 7) The Group pursuant to Jin Guan Yin Fa No. 11102279031 and other correspondence specifications issued on November 4, 2022, as appropriation of earnings, the Company shall set aside a special surplus reserve of the same amount for the change in the fair value of the financial assets reclassified by the insurance subsidiaries.
- e. Other equity
- 1) Exchange differences on translation of the financial statements of foreign operations

	<u>For the Year Ended December 31</u>	
	2025	2024
Beginning balance	\$ (7,585,169)	\$ (12,961,984)
Recognized for the year	(2,800,682)	4,586,952
Share of associates and joint ventures accounted for using the equity method	139,238	1,242,115
Disposal of interest in subsidiaries	-	82,145
Tax effects	<u>231,959</u>	<u>(534,397)</u>
Other comprehensive (loss) income recognized for the year	<u>(2,429,485)</u>	<u>5,376,815</u>
Ending balance	<u>\$ (10,014,654)</u>	<u>\$ (7,585,169)</u>

2) Unrealized gain (loss) on financial assets at FVTOCI

	For the Year Ended December 31	
	2025	2024
Beginning balance	\$ (13,142,474)	\$ (14,758,415)
Recognized for the year	26,676,871	1,162,262
Share of associates and joint ventures accounted for using the equity method	259,872	136,052
Reclassification adjustments		
Disposal of debt instruments	(1,786,937)	(1,060,472)
Tax effects	<u>(2,621,297)</u>	<u>4,196,836</u>
Other comprehensive income recognized for the year	<u>22,528,509</u>	<u>4,434,678</u>
Changes in associates and joint ventures accounted for using the equity method	(4,736)	(8,949)
Cumulative unrealized loss of equity instruments transferred to retained earnings due to disposal	(4,149,709)	(2,809,694)
Disposal of interests in subsidiaries	<u>-</u>	<u>(94)</u>
Ending balance	<u>\$ 5,231,590</u>	<u>\$ (13,142,474)</u>

3) Loss on hedging instruments

	For the Year Ended December 31	
	2025	2024
Beginning balance	\$ (354,267)	\$ 510,499
Recognized for the year	(2,992,286)	(1,416,020)
Reclassification adjustments		
Hedged item that affects profit or loss	1,431,157	329,620
Exchange rate changes	7,685	(2,215)
Tax effects	310,747	217,731
Disposal of interests in subsidiaries	<u>-</u>	<u>6,118</u>
Other comprehensive loss recognized for the year	<u>(1,242,697)</u>	<u>(864,766)</u>
Ending balance	<u>\$ (1,596,964)</u>	<u>\$ (354,267)</u>

4) Changes in the fair value attributable to changes in the credit risk of financial liabilities designated as at FVTPL

	For the Year Ended December 31	
	2025	2024
Beginning balance	\$ (420,102)	\$ (833,793)
Recognized for the year	296,411	517,113
Tax effects	<u>(59,283)</u>	<u>(103,422)</u>
Other comprehensive income recognized for the year	<u>237,128</u>	<u>413,691</u>
Ending balance	<u>\$ (182,974)</u>	<u>\$ (420,102)</u>

5) Remeasurement of defined benefit plans

	<u>For the Year Ended December 31</u>	
	2025	2024
Beginning balance	\$ 1,075,791	\$ (1,117,660)
Recognized for the year	716,867	2,703,760
Share of associate and joint ventures accounted for using the equity method	(5,675)	38,277
Tax effects	<u>(140,668)</u>	<u>(548,586)</u>
Other comprehensive income recognized for the year	<u>570,524</u>	<u>2,193,451</u>
Ending balance	<u>\$ 1,646,315</u>	<u>\$ 1,075,791</u>

6) Property revaluation surplus

	<u>For the Year Ended December 31</u>	
	2025	2024
Beginning balance	\$ 12,609,000	\$ 12,612,706
Share of associate and joint ventures accounted for using the equity method	-	(3,706)
Other comprehensive loss recognized for the period	-	(3,706)
Transferred to retained earnings	<u>(748)</u>	<u>-</u>
Ending balance	<u>\$ 12,608,252</u>	<u>\$ 12,609,000</u>

7) Other comprehensive loss on reclassification using the overlay approach

	<u>For the Year Ended December 31</u>	
	2025	2024
Beginning balance	\$ (50,177,479)	\$ (60,150,205)
Recognized for the year	88,257,801	126,269,923
Share of associates and joint ventures accounted for using the equity method	(939,090)	-
Disposal of interests in subsidiaries	(3,450,038)	-
Reclassification adjustments		
Disposal of financial instruments	(116,209,298)	(113,409,529)
Tax effects	<u>159,975</u>	<u>(2,887,668)</u>
Other comprehensive (loss) income recognized for the year	<u>(32,180,650)</u>	<u>9,972,726</u>
Ending balance	<u>\$ (82,358,129)</u>	<u>\$ (50,177,479)</u>

8) Other equity - other

	<u>For the Year Ended December 31</u>	
	2025	2024
Beginning balance	\$ -	\$ (1,762,024)
Disposal of interests in subsidiaries	-	<u>1,762,024</u>
Ending balance	<u>\$ -</u>	<u>\$ -</u>

f. Non-controlling interests

	For the Year Ended December 31	
	2025	2024
Beginning balance	\$ 17,835,184	\$ 13,390,967
Attributed to non-controlling interest		
Net profit for the year	491,212	957,173
Exchange differences on translation of the financial statements of foreign operations	(709,379)	523,208
Unrealized loss on financial assets at FVTOCI	(181,864)	(73,891)
Loss on changes in the fair value of hedging instruments	(292)	(40)
Other comprehensive (loss) income on reclassification using the overlay approach	(980,582)	3,904,566
Acquisition of non-controlling interests in subsidiaries (Notes 40 and 42)	(309,600)	-
Disposal of interests in subsidiaries (Note 41)	(9,964,043)	(530,893)
Others	(79,054)	(335,906)
Ending balance	<u>\$ 6,101,582</u>	<u>\$ 17,835,184</u>

27. NET PROFIT FROM CONTINUING OPERATIONS

a. Net gain on service fee and commission fee

	For the Year Ended December 31	
	2025	2024
Service fee revenue	\$ 60,068,668	\$ 54,682,015
Commission fee revenue	<u>2,056,361</u>	<u>1,429,177</u>
	<u>62,125,029</u>	<u>56,111,192</u>
Service fee expense	(15,834,961)	(14,980,978)
Commission fee expense	<u>(28,012,004)</u>	<u>(26,054,180)</u>
	<u>(43,846,965)</u>	<u>(41,035,158)</u>
	<u>\$ 18,278,064</u>	<u>\$ 15,076,034</u>

b. Net gain (loss) on insurance operations

	For the Year Ended December 31	
	2025	2024
Retained premiums earned	\$ 471,891,050	\$ 453,650,569
Separate account insurance product income	<u>80,394,157</u>	<u>67,116,912</u>
	<u>552,285,207</u>	<u>520,767,481</u>
Claims and payments	(466,386,958)	(488,384,254)
Separate account insurance product expenses	(80,394,157)	(67,116,912)
Others	<u>(746,212)</u>	<u>(826,141)</u>
	<u>(547,527,327)</u>	<u>(556,327,307)</u>
	<u>\$ 4,757,880</u>	<u>\$ (35,559,826)</u>

c. Net changes in insurance liability reserves

	For the Year Ended December 31	
	2025	2024
Net change in loss reserve	\$ (3,602,700)	\$ (3,300,682)
Net change in policy reserve	(109,171,337)	(110,025,837)
Net change in premium deficiency reserve	(284,516)	1,126,809
Net change in special reserve	(86,414)	(55,225)
Net change in other reserves	28,515	15,859
Net change in reserve for insurance contracts with the nature of financial products	<u>(1,945,558)</u>	<u>(2,105,199)</u>
	<u>\$ (115,062,010)</u>	<u>\$ (114,344,275)</u>

d. Employee benefit expenses

	For the Year Ended December 31	
	2025	2024
Short-term benefits		
Salaries	\$ 73,290,616	\$ 69,479,336
Labor and health insurance expenses	5,228,171	4,781,039
Post-employment benefits	2,624,181	2,493,173
Remuneration of directors	196,829	176,971
Others	<u>1,731,625</u>	<u>1,701,646</u>
	<u>\$ 83,071,422</u>	<u>\$ 78,632,165</u>
An analysis of employee benefit expenses by function		
Profit from operations	\$ 17,896,421	\$ 16,743,326
Operating expenses	<u>65,175,001</u>	<u>61,888,839</u>
	<u>\$ 83,071,422</u>	<u>\$ 78,632,165</u>

As of December 31, 2025 and 2024, the total number of employees in the Group was 51,797 and 53,743, respectively.

For the years ended December 31, 2025 and 2024, the average number of the Group's employees was 53,022 and 54,009 (with year 2024, excluding CHL employees), respectively, including 34 and 40 (with year 2024, excluding CHL employees) directors not concurrently serving as employees.

e. Compensation of employees and remuneration of directors

According to the Articles of the Company, if there is a profit in the current year, the Company should distribute 0.01% to 0.05% as remuneration for employees and no more than 0.05% as remuneration for directors. However, in the case of accumulated deficit, the Company's accumulated deficit needs to be offset first.

In accordance with the amendments to the Securities and Exchange Act in August 2024, the shareholders approved amendments to the Company's Articles of Incorporation at 2025 regular meeting. The amendments explicitly stipulate the allocation of no less than 50% of the employee compensation for non-executive employees, with the remaining portion distributed to executive employees.

The compensation of employees (including non-executive employees) and remuneration of directors for the years ended December 31, 2025 and 2024, which were accrued at rates of 0.01% and no higher than 0.05%, respectively, and resolved by the Company's board of directors on March 11, 2026 and March 6, 2025, respectively, were as follows:

	For the Year Ended December 31	
	2025	2024
	Cash	Cash
Compensation of employees	\$ 10,685	\$ 11,085
Remuneration of directors	2,400	1,800

If there is a change in the proposed amounts after the annual consolidated financial statements were authorized for issue, the differences are recorded as a change in accounting estimate.

There was no difference between the actual amounts of compensation of employees and remuneration of directors paid and the amounts recognized in the consolidated financial statements for the years ended December 31, 2024 and 2023.

Information on the compensation of employees and remuneration of directors resolved by the Company's board of directors is available at the Market Observation Post System website of the Taiwan Stock Exchange.

f. Depreciation and amortization

	For the Year Ended December 31	
	2025	2024
Right-of-use assets	\$ 1,815,629	\$ 1,628,589
Property and equipment	4,088,684	3,740,000
Intangible assets	<u>2,935,744</u>	<u>2,893,738</u>
	<u>\$ 8,840,057</u>	<u>\$ 8,262,327</u>
An analysis of depreciation by function		
Operating expenses	<u>\$ 5,904,313</u>	<u>\$ 5,368,589</u>
An analysis of amortization by function		
Operating expenses	<u>\$ 2,935,744</u>	<u>\$ 2,893,738</u>

28. INCOME TAXES RELATING TO CONTINUING OPERATIONS

a. Income tax recognized in profit or loss

Major components of tax expense were as follows:

	For the Year Ended December 31	
	2025	2024
Current tax		
In respect of the current year	\$ (25,885,165)	\$ (406,451)
Adjustments for prior years	(900,035)	(372,417)
Additional tax of unappropriated earnings	-	(619,455)
Others	(951,201)	(6,935,561)
Deferred tax		
In respect of the current year	22,415,634	(8,960,868)
Adjustments for prior years	<u>(18,137)</u>	<u>668,950</u>
Income tax expense recognized in profit or loss	<u>\$ (5,338,904)</u>	<u>\$ (16,625,802)</u>

A reconciliation of accounting profit and income tax expense is as follows:

	For the Year Ended December 31	
	2025	2024
Profit before tax	<u>\$ 112,972,036</u>	<u>\$ 126,842,755</u>
Income tax calculated at the Company's statutory rate	\$ (22,594,407)	\$ (25,368,551)
Tax-exempt income	21,238,079	17,599,837
Nondeductible expenses in determining taxable income	(377,900)	(328,746)
Effect of tax on investment properties measured at fair value	(1,486,987)	32,612
Additional tax amount under the minimum tax liability system	(53,917)	(6,599,208)
Effect of different tax rates of entities in the Group operating in other jurisdictions	(17,794)	84,493
Adjustments for prior years' tax	(918,172)	296,533
Income tax on unappropriated earnings	-	(619,455)
Others	<u>(1,127,806)</u>	<u>(1,723,317)</u>
Income tax expense recognized in profit or loss	<u>\$ (5,338,904)</u>	<u>\$ (16,625,802)</u>

b. Income tax recognized directly in equity

	For the Year Ended December 31	
	2025	2024
Current tax		
Derecognition of equity instruments at FVTOCI	\$ 24,114	\$ 31,626
Deferred tax		
Derecognition of equity instruments at FVTOCI	<u>(24,114)</u>	<u>(31,626)</u>
Income tax recognized directly in equity	<u>\$ -</u>	<u>\$ -</u>

c. Income tax recognized in other comprehensive income

	<u>For the Year Ended December 31</u>	
	2025	2024
<u>Deferred tax</u>		
Changes in the fair value attributable to changes in the credit risk of financial liabilities designated as at FVTPL	\$ (59,283)	\$ (103,422)
Exchange differences on translation of financial statements of foreign operations	231,959	(534,397)
Unrealized (gain) loss on financial assets at FVTOCI	(2,774,113)	4,195,162
Loss on hedging instruments	310,747	217,731
Remeasurement of defined benefit plans	(143,373)	(540,752)
Shares of other comprehensive income of associates and joint ventures accounted for using the equity method	155,521	(6,160)
Other comprehensive loss (gain) on reclassified using overlay approach	<u>159,975</u>	<u>(2,887,668)</u>
Income tax (expenses) benefit recognized in other comprehensive income	<u>\$ (2,118,567)</u>	<u>\$ 340,494</u>

d. Deferred tax assets and liabilities

The movements of deferred tax assets and deferred tax liabilities are as follows:

For the year ended December 31, 2025

	Opening Balance	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Recognized Directly in Equity	Others	Closing Balance
<u>Deferred tax assets</u>						
Temporary differences						
Property and equipment	\$ 311,562	\$ 132,226	\$ -	\$ -	\$ (134,684)	\$ 309,104
Investment properties	(29,966,758)	(1,826,553)	-	-	15,834	(31,777,477)
Financial instruments at FVTPL	11,292,595	(3,232,247)	(59,619)	-	1,517,396	9,518,125
Financial assets at FVTPL reclassified using the overlay approach	4,292,301	(19,724)	(1,823,474)	-	-	2,449,103
Equity instruments at FVTOCI	(916,677)	-	327,702	6,571	-	(582,404)
Debt instruments at FVTOCI	13,676,004	87,482	(3,080,755)	-	-	10,682,731
Debt instruments measured at AC	1,219,052	179,503	-	-	-	1,398,555
Goodwill and franchises	(1,072,954)	(54,770)	-	-	-	(1,127,724)
Defined benefit assets	(1,863,098)	(117,551)	(185,239)	-	-	(2,165,888)
Preferential savings deposits	233,250	(29,200)	41,866	-	-	245,916
Investments accounted for using the equity method	(2,588,494)	(363,419)	217,261	-	-	(2,734,652)
Lease liabilities	424,426	21,064	-	-	254	445,744
Unrealized foreign exchange (gains) losses	(33,153,177)	32,691,596	2,132,944	(30,685)	(15)	1,640,663
Allowance for doubtful accounts	3,340,977	173,258	-	-	-	3,514,235
Others	721,886	(652,891)	310,747	-	397,757	777,499
Unused benefit of tax loss	<u>48,804,478</u>	<u>(4,591,277)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>44,213,201</u>
Net deferred tax assets (liabilities)	<u>\$ 14,755,373</u>	<u>\$ 22,397,497</u>	<u>\$ (2,118,567)</u>	<u>\$ (24,114)</u>	<u>\$ 1,796,542</u>	<u>\$ 36,806,731</u>
Deferred tax assets	<u>\$ 87,844,767</u>					<u>\$ 78,667,439</u>
Deferred tax liabilities	<u>\$ (73,089,394)</u>					<u>\$ (41,860,708)</u>

For the year ended December 31, 2024

	Opening Balance	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Recognized Directly in Equity	Others	Closing Balance
<u>Deferred tax assets</u>						
Temporary differences						
Property and equipment	\$ 389,065	\$ (212,187)	\$ -	\$ -	\$ 134,684	\$ 311,562
Investment properties	(29,616,719)	(424,482)	-	-	74,443	(29,966,758)
Financial instruments at FVTPL	(5,623,579)	19,631,113	(103,422)	-	(2,611,517)	11,292,595
Financial assets at FVTPL reclassified using the overlay approach	5,128,388	(6,814)	(829,273)	-	-	4,292,301
Equity instruments at FVTOCI	(555,102)	-	(368,104)	6,529	-	(916,677)
Debt instruments at FVTOCI	8,959,097	123,293	4,593,614	-	-	13,676,004
Debt instruments measured at AC	990,686	228,366	-	-	-	1,219,052
Goodwill and franchises	(978,145)	(94,809)	-	-	-	(1,072,954)
Defined benefit assets	(1,179,417)	(93,051)	(590,630)	-	-	(1,863,098)
Preferential savings deposits	209,141	(25,769)	49,878	-	-	233,250
Investments accounted for using the equity method	(2,131,097)	(545,110)	(70,544)	-	158,257	(2,588,494)
Lease liabilities	341,460	82,966	-	-	-	424,426
Unrealized foreign exchange gains	(2,710,579)	(27,845,683)	(2,558,756)	(38,155)	(4)	(33,153,177)
Allowance for doubtful accounts	2,894,820	446,157	-	-	-	3,340,977
Others	339,322	(158,485)	217,731	-	323,318	721,886
Unused benefit of tax loss	<u>48,217,483</u>	<u>602,577</u>	<u>-</u>	<u>-</u>	<u>(15,582)</u>	<u>48,804,478</u>
Net deferred tax assets (liabilities)	<u>\$ 24,674,824</u>	<u>\$ (8,291,918)</u>	<u>\$ 340,494</u>	<u>\$ (31,626)</u>	<u>\$ (1,936,401)</u>	<u>\$ 14,755,373</u>
Deferred tax assets	<u>\$ 74,165,978</u>					<u>\$ 87,844,767</u>
Deferred tax liabilities	<u>\$ (49,491,154)</u>					<u>\$ (73,089,394)</u>

- e. Deductible temporary difference for which no deferred tax assets have been recognized in the consolidated balance sheets

	<u>December 31</u>	
	2025	2024
Deductible temporary differences	<u>\$ 3,711,663</u>	<u>\$ 3,155,230</u>

- f. Information about unused loss carryforwards

Loss carryforwards as of December 31, 2025 comprised:

Unused Amount	Expiry Year
\$ 4	2029
3	2030
106,103	2031
196,262,697	2032
24,588,354	2033
85,469	2034
<u>293,122</u>	2035
<u>\$ 221,335,752</u>	

- g. The aggregate amount of temporary differences associated with investments for which deferred tax liabilities have not been recognized

As of December 31, 2025 and 2024, the taxable temporary differences associated with investments in subsidiaries for which no deferred tax liabilities have been recognized were \$9,798,309 thousand and \$13,863,135 thousand, respectively.

h. Income tax assessments

The income tax returns of the Group and subsidiaries were as follows:

	<u>Year of Assessment</u>	<u>Note</u>
The Company	2019	-
Cathay Life	2019	In the process of administrative remedy for 2015 to 2019.
Cathay United Bank	2019	In the process of administrative remedy for 2016, 2018 and 2019.
Cathay Century	2019	-
Cathay Securities	2019	-
Cathay Venture	2023	In the process of administrative remedy for 2016.
Cathay Securities Investment Trust	2019	-

In accordance with Article 49 of the Financial Holding Company Act, the Company and all subsidiaries which has existed for the entire 12 months of a tax year elected to jointly file income tax return and surtax on undistributed retained earnings with the Company as the tax payer.

i. Pillar Two income tax legislation

The countries where the Company's subsidiaries are domiciled, including Vietnam, have enacted legislation for the Pillar Two Income Tax Act, effective January 1, 2024. Additionally, the governments of Jersey, Labuan (Malaysia), Singapore, and Hong Kong, where the subsidiaries and branch are incorporated, have substantively enacted the Pillar Two income tax legislation effective January 1, 2025. The Group is required to pay a top-up tax on profits in jurisdictions where the effective tax rate falls below 15%, with Malaysia being the principal jurisdiction affected. For the year 2025, the current income tax expense attributable to Pillar Two income tax amounted to \$15,686 thousand. Effective Pillar Two income tax legislation had no significant impact on the current income tax expense of the Group. The Group is continuing to assess the impact of the Pillar Two income tax legislation on its future financial performance.

29. EARNINGS PER SHARE

Unit: NT\$ Per Share

	<u>For the Year Ended December 31</u>	
	<u>2025</u>	<u>2024</u>
Basic earnings per share		
From continuing operations	\$ 7.06	\$ 7.22
From discontinued operations	<u>-</u>	<u>0.07</u>
Total basic earnings per share	<u>\$ 7.06</u>	<u>\$ 7.29</u>

The earnings and weighted average number of ordinary shares outstanding used in the computation of earnings per share were as follows:

Net Income for the Year

	For the Year Ended December 31	
	2025	2024
Net income for the year attributable to owners of the Company	\$ 107,141,920	\$ 110,269,745
Less: Dividends on preference shares	<u>3,595,916</u>	<u>3,404,403</u>
Earnings used in the computation of basic earnings per share	103,546,004	106,865,342
Less: Profit for the period from discontinued operations used in the computation of basic earnings per share	<u>-</u>	<u>959,047</u>
Earnings used in the computation of basic earnings per share	<u>\$ 103,546,004</u>	<u>\$ 105,906,295</u>

Weighted Average Number of Ordinary Shares Outstanding (In Thousands of Shares)

	For the Year Ended December 31	
	2025	2024
Weighted average number of ordinary shares used in the computation of basic earnings per share	<u>14,669,210</u>	<u>14,669,210</u>

The Company may settle the compensation of employees in cash or shares; therefore, the Company assumes that the entire amount of the compensation will be settled in shares, and the resulting potential shares are included in the weighted average number of shares outstanding used in the computation of diluted earnings per share, as the effect is dilutive. Such dilutive effect of the potential shares is included in the computation of diluted earnings per share until the number of shares to be distributed to employees is resolved in the following year. The Company's compensation of employees did not cause any significant changes in the earnings and weighted average number of ordinary shares used to calculate the diluted earnings per share.

30. RELATED-PARTY TRANSACTIONS

- a. The names and categories of the related parties who engaged in transactions with the Group in the reporting periods are as follows:

<u>Related Party Name</u>	<u>Related Party Category</u>
Cathay Life	Subsidiary
Cathay United Bank	Subsidiary
Cathay Century	Subsidiary
Cathay Securities	Subsidiary
Cathay Securities Investment Trust	Subsidiary
Cathay Venture	Subsidiary
Cathay Lujiazui Life	Joint venture (subsidiary before October 2025)
Cathay Life (Vietnam)	Subsidiary
Cathay Securities Investment Consulting	Subsidiary
Lin Yuan	Subsidiary
Cathay Woolgate Exchange Holding 1 Limited	Subsidiary
Cathay Woolgate Exchange Holding 2 Limited	Subsidiary

(Continued)

Related Party Name	Related Party Category
Cathay Walbrook Holding 1 Limited	Subsidiary
Cathay Walbrook Holding 2 Limited	Subsidiary
Cathaylife Singapore Pte. Ltd.	Subsidiary
Cathay Industrial R&D Center	Subsidiary
Cathay Power	Subsidiary
SUNRISE PV ONE	Subsidiary
Cathy Sunrise Two	Subsidiary
Cathy Sunrise Electric Power Two	Subsidiary
Bai Yang Energy	Subsidiary
Hong Cheng Sing Tech.	Subsidiary
Shen Lyu	Subsidiary
Nan Yang Power	Subsidiary
Jian Kun Energy	Subsidiary after November 2025
Neo Cathay Power	Subsidiary
CM Energy	Subsidiary
Shu Guang Energy	Subsidiary
Si Yi	Subsidiary
Da Li	Subsidiary
Yong Han	Subsidiary
Hong Tai Energy	Subsidiary
Hong Tai Power	Subsidiary
Tian Ji Energy	Subsidiary
Tian Ji Power	Subsidiary
Cathay Wind Power Holdings	Subsidiary
Cathay Wind Power	Subsidiary
Cathay II Wind Power Holdings	Subsidiary
Cathay Insurance (Vietnam)	Subsidiary
Indovina Bank	Subsidiary
CUBC Bank	Subsidiary
CUBC-I	Subsidiary
CUBCN Bank	Subsidiary
Cathay Futures	Subsidiary
Cathay Private Equity	Subsidiary
Cathay Securities (Hong Kong)	Subsidiary
Cathay Capital (Asia)	Subsidiary
Symphox Information Co., Ltd.	Joint venture (associate before April 2024)
Greater Changhua NW Holdings Ltd.	Joint venture
Taiwan Real-estate Management Corp.	Associate
PSS Co., Ltd.	Associate
TaiYang Solar Power Co., Ltd.	Associate
Lin Yuan Property Management Co., Ltd.	Associate
CMG International One Co., Ltd.	Associate
CMG International Two Co., Ltd.	Associate
Generali Investments Holding S.p.A.	Associate
Conning Holdings Limited (“CHL”)	Other related party (subsidiary before April 2024)
Conning, Inc.	Other related party (subsidiary before April 2024)
Global Evolution Holding ApS	Other related party (subsidiary before April 2024)
Global Evolution Asset Management A/S	Other related party (subsidiary before April 2024)

(Continued)

Related Party Name	Related Party Category
Conning Asia Pacific Ltd.	Other related party (subsidiary before April 2024)
Lin Yuan Investment Co., Ltd.	Other related party
Seaward Card Co., Ltd.	Other related party
Vietinbank	Other related party
Cathay Medical Care Corp.	Other related party
Cathay Real Estate Development Co., Ltd.	Other related party
Cathay Healthcare Management Co., Ltd.	Other related party
Cathay Hospitality Management Co., Ltd.	Other related party
Cathay Hospitality Consulting Co., Ltd.	Other related party
Cathay Real Estate Management Co., Ltd.	Other related party
Funds managed by Cathay Securities Investment Trust	Other related party before 2025 (Note)
Private Equity Funds managed by Cathay Private Equity	Other related party
San Ching Engineering Co., Ltd.	Other related party
Ally Logistic Property Co., Ltd.	Other related party
ThinkPower Information Co., Ltd.	Other related party
Supernova Energy Co., Ltd.	Other related party
Yua-Yung Marketing (Taiwan) Co., Ltd.	Other related party
Hong-Sui Co., Ltd.	Other related party
Cymlin Co., Ltd.	Other related party
Cymbal Medical Network Co., Ltd.	Other related party
Sino Greenergy Group	Other related party before July 2025
Bowl Cut Entertainment Co., Ltd.	Other related party
Cathay Cultural Foundation	Other related party
Cathay Charity Foundation	Other related party
Cathay United Bank Foundation	Other related party
Cathay Life Insurance Employees' Welfare Committee	Other related party
Cathay United Bank Employees' Welfare Committee	Other related party
Cathay Real Estate Development Employees' Welfare Committee	Other related party
Bannan Realty Co., Ltd.	Other related party
Greater Changhua Offshore Wind Farm NW Ltd.	Other related party
FundRich Securities Co., Ltd.	Other related party
Daiwa - Cathay Capital Markets Co., Ltd.	Other related party
CDIB & PARTNERS Investment Holding Corporation	Other related party
Sanchong Realty Co., Ltd.	Other related party
Srisawad Corporation Public Company Limited	Other related party
Quantifeed Holdings Limited	Other related party
Taiwan Asset Management Corporation	Other related party
Taipei Forex Inc.	Other related party
HanTech Venture Capital Corporation	Other related party
Financial information service Co., Ltd.	Other related party
Zhulun Realty Co., Ltd.	Other related party
EasyCard Corporation	Other related party
Hongtaiyi Energy Co., Ltd.	Other related party before July 2025
Witraise Industrial Technologies, Inc.	Other related party before July 2025
AetherAI Co., Ltd.	Other related party
MORNING GLOW HOLDINGS CO., LTD	Other related party after August 2025
Cathay Food & Beverage Group CO., LTD.	Other related party
Jinhua Realty Co., Ltd.	Other related party
Ann Fong Co., Ltd.	Other related party before December 2024

(Continued)

Related Party Name	Related Party Category
Cymder Co., Ltd.	Other related party before June 2025
Wei Xiang Corp.	Other related party before October 2025
Yi Ru Capital Co., Ltd.	Other related party before December 2025
Liang-Ting Co., Ltd.	Other related party before December 2025
Tung Chi Capital Co., Ltd.	Other related party before December 2025
You Heng Co., Ltd.	Other related party before December 2025
Others	Other related party

(Concluded)

Note: In accordance with the “IFRS Q&A on the Determination of Related Parties” issued by the Accounting Research and Development Foundation on June 16, 2025, the funds managed by the Group’s managers are no longer deemed related parties of the consolidated entity as of January 1, 2025.

b. Significant transactions with related parties were as follows:

All significant intragroup transactions have been eliminated in the consolidated financial statements. Besides information disclosed elsewhere in the other notes, details of transactions between the Group and other related parties are disclosed as follows:

1) Transactions with banks

a) Due from commercial banks

Name	For the Year Ended December 31			
	2025		2024	
	Ending Balance	Interest Income	Ending Balance	Interest Income
Other related party				
Vietinbank	\$ 9,018,486	\$ 138,824	\$ 12,938,847	\$ 39,166

b) Due to commercial banks

Name	For the Year Ended December 31			
	2025		2024	
	Ending Balance	Interest Expense	Ending Balance	Interest Expense
Other related party				
Vietinbank	\$ 14,404,681	\$ 185,088	\$ 16,964,269	\$ 48,818

2) Balance of shares issued by related parties

Name	December 31	
	2025	2024
Other related party		
Srisawad Corporation Public Company Limited	\$ 3,851,880	\$ 5,514,638
CDIB & PARTNERS Investment Holding Corporation	2,378,315	2,177,203
Cathay Real Estate Development Co., Ltd.	997,556	1,323,518
Taiwan Asset Management Corporation	812,577	774,287
Financial information service Co., Ltd.	717,960	703,179
Daiwa - Cathay Capital Markets Co., Ltd.	160,100	155,500
AetherAI Co., Ltd.	158,864	140,304
Taipei Forex Inc.	108,639	83,696
EasyCard Corporation	97,141	118,747
Cathay Healthcare Management Co., Ltd.	86,708	95,783
HanTech Venture Capital Corporation	81,069	80,734
Quantifeed Holdings Limited	56,594	73,899
MORNING GLOW HOLDINGS CO., LTD	55,727	-
FundRich Securities Co., Ltd.	19,027	16,506
Wei Xiang Corp.	-	44,800
	<u>\$ 9,582,157</u>	<u>\$ 11,302,794</u>

Refer to Note 14 for the balance of investment in associates.

3) Acquisition of shares issued by related parties

Name	Nature of Transaction	For the Year Ended December 31	
		2025	2024
Associate			
CMG International Two Co., Ltd.	Ordinary shares	\$ 1,035,000	\$ -
CMG International One Co., Ltd.	Ordinary shares	<u>765,000</u>	<u>-</u>
		<u>1,800,000</u>	<u>-</u>
Other related party			
Wei Xiang Corp.	Ordinary shares	-	44,800
AetherAI Co., Ltd.	Ordinary shares	-	19,980
		-	<u>64,780</u>
		<u>\$ 1,800,000</u>	<u>\$ 64,780</u>

4) Receivable

Name	December 31	
	2025	2024
Joint venture		
Greater Changhua NW Holdings Ltd.	\$ 62,335	\$ -
Other related party		
Greater Changhua Offshore Wind Farm NW Ltd.	38,484,992	17,870,899
San Ching Engineering Co., Ltd.	7,343	552
Funds managed by Cathay Securities Investment Trust	-	435,606
	<u>38,492,335</u>	<u>18,307,057</u>
	<u>\$ 38,554,670</u>	<u>\$ 18,307,057</u>

5) Loans

December 31, 2025

Type	Account Volume or Name of Related Party	Highest Balance	Ending Balance	Loan Classification		Collateral	Differences in Terms of Transaction with Those for Unrelated Parties
				Normal Loans	Nonperforming Loans		
Consumer loans	66	\$ 79,494	\$ 63,547	V	\$ -	Real estate	None
Self-use residential mortgage loans	197	1,670,154	1,607,115	V	-	Real estate	None
Others	288	3,655,166	3,272,681	V	-	Real estate, stocks and marketable securities	None
Others	Taiwan Real-estate Management Corp.	27,000	25,000	V	-	Real estate	None
Others	Sino Greenergy Group	52,826	Note	V	-	None	None
Others	TaiYang Solar Power Co., Ltd.	43,988	38,654	V	-	Property	None
Others	Cathay Real Estate Development Co., Ltd.	4,550,229	2,000,000	V	-	Real estate	None
Others	Hongtaiyi Energy Co., Ltd.	74,057	Note	V	-	None	None
Others	Witraise Industrial Technologies, Inc.	53,337	Note	V	-	None	None

Note: In accordance with the “Guidelines on Related Party Transactions,” the entity has ceased to be classified as a related party commencing from the third quarter of 2025.

December 31, 2024

Type	Account Volume or Name of Related Party	Highest Balance	Ending Balance	Loan Classification		Collateral	Differences in Terms of Transaction with Those for Unrelated Parties
				Normal Loans	Nonperforming Loans		
Consumer loans	73	\$ 310,620	\$ 79,602	V	\$ -	Real estate	None
Self-use residential mortgage loans	192	1,851,984	1,251,975	V	-	Real estate	None
Others	277	3,583,189	2,875,883	V	-	Real estate, stocks and marketable securities	None
Others	Taiwan Real-estate Management Corp.	31,000	27,000	V	-	Real estate	None
Others	Sino Greenergy Group	60,372	52,826	V	-	Property	None
Others	TaiYang Solar Power Co., Ltd.	49,320	43,988	V	-	Property	None
Others	Cathay Real Estate Development Co., Ltd.	2,300,000	500,000	V	-	Real estate	None
Others	Hongtaiyi Energy Co., Ltd.	84,637	74,057	V	-	Property	None
Others	Witraise Industrial Technologies, Inc.	60,956	53,337	V	-	Property	None

Name	Interest Income	
	For the Year Ended December 31	
	2025	2024
Associate		
TaiYang Solar Power Co., Ltd.	\$ 1,199	\$ 1,342
Taiwan Real-estate Management Corp.	<u>680</u>	<u>778</u>
	<u>1,879</u>	<u>2,120</u>
Other related party		
Cathay Real Estate Development Co., Ltd.	37,350	33,463
Hongtaiyi Energy Co., Ltd.	1,089	2,367
Witraise Industrial Technologies, Inc.	784	1,705
Sino Greenergy Group	777	1,688
Others	<u>102,659</u>	<u>86,869</u>
	<u>142,659</u>	<u>126,092</u>
	<u>\$ 144,538</u>	<u>\$ 128,212</u>

6) Deposits

Name	For the Year Ended December 31			
	2025		2024	
	Ending Balance	Interest Expense	Ending Balance	Interest Expense
Subsidiary				
Cathay Securities				
Investment Consulting	\$ <u>599,083</u>	\$ <u>4,113</u>	\$ <u>640,340</u>	\$ <u>5,866</u>
Associate				
Lin Yuan Property				
Management Co., Ltd.	410,457	3,432	335,734	2,944
PSS Co., Ltd.	<u>94,363</u>	<u>768</u>	<u>127,182</u>	<u>729</u>
	<u>504,820</u>	<u>4,200</u>	<u>462,916</u>	<u>3,673</u>
Other related party				
Cathay Life Insurance				
Employees' Welfare				
Committee	2,363,203	39,297	2,304,165	37,818
Cathay Real Estate				
Development Co., Ltd.	1,355,755	3,131	865,388	3,616
Cathay United Bank				
Employees' Welfare				
Committee	893,078	40,650	882,406	38,838
Jinhua Realty Co., Ltd.	752,317	1,466	99,092	523
Cathay United Bank				
Foundation	603,732	9,364	575,532	8,820
Private equity funds				
managed by Cathay				
Private Equity	564,305	3,469	475,691	3,886
Cathay Real Estate				
Development				
Employees' Welfare				
Committee	515,413	8,457	484,869	8,065

(Continued)

Name	For the Year Ended December 31			
	2025		2024	
	Ending Balance	Interest Expense	Ending Balance	Interest Expense
Cathay Medical Care Corp.	\$ 440,577	\$ 4,144	\$ 419,483	\$ 3,893
Cathay Charity Foundation	328,620	5,121	323,999	4,944
Cathay Cultural Foundation	229,587	3,926	231,098	3,742
Ally Logistic Property Co., Ltd.	201,442	1,227	151,722	1,149
Cathay Hospitality Consulting Co., Ltd.	190,016	1,149	219,533	1,170
Cathay Healthcare Management Co., Ltd.	148,958	696	157,359	804
Cathay Hospitality Management Co., Ltd.	140,411	857	152,863	780
Zhulun Realty Co., Ltd.	132,902	1,509	292,581	1,439
Yua-Yung Marketing (Taiwan) Co., Ltd.	125,937	985	180,630	1,025
Cathay Real Estate Management Co., Ltd.	124,874	1,792	120,687	1,703
Sanchong Realty Co., Ltd.	124,153	343	122,635	2,075
Hong-Sui Co., Ltd.	112,766	484	113,978	317
EasyCard Corporation	94,762	1,791	304,939	2,933
Bannan Realty Co., Ltd.	58,977	717	187,599	3,762
Others	<u>10,558,514</u>	<u>139,676</u>	<u>9,507,175</u>	<u>132,410</u>
	<u>20,060,299</u>	<u>270,251</u>	<u>18,173,424</u>	<u>263,712</u>
	<u>\$ 21,164,202</u>	<u>\$ 278,564</u>	<u>\$ 19,276,680</u>	<u>\$ 273,251</u>

(Concluded)

7) Property transactions

- a) Cathay Life and its subsidiaries' significant transactions from undertaking contracted projects with related parties are listed below:

Name	For the Year Ended December 31			
	2025		2024	
	Items	Amount	Items	Amount
Associate				
Lin Yuan Property Management Co., Ltd.	Cathay Financial Center, etc.	\$ 39,563	International Tower	\$ 13,648
Pss Co., Ltd.	Huanyu Building, etc.	<u>2,815</u>	Tucheng East Building etc.	<u>38,411</u>
		<u>42,378</u>		<u>52,059</u>
Other related party				
San Ching Engineering Co., Ltd.	Taoyuan Sanmin Section, etc.	4,249,254	Taoyuan Sanmin Section, etc.	6,020,263
Ally Logistic Property Co., Ltd.	Taoyuan Daxi Ruixing Section, etc.	<u>2,244,338</u>	Taoyuan Daxi Ruixing Section, etc.	<u>3,108,720</u>
		<u>6,493,592</u>		<u>9,128,983</u>
		<u>\$ 6,535,970</u>		<u>\$ 9,181,042</u>

As of December 31, 2025 and 2024, the total amounts of contracted projects for real estate between Cathay Life and its subsidiaries and Lin Yuan Property Management Co., Ltd. were \$65,086 thousand and \$27,542 thousand, respectively.

As of December 31, 2025 and 2024, the total amounts of contracted projects for real estate between Cathay Life and its subsidiaries and PSS Co., Ltd. were \$6,476 thousand and \$35,340 thousand, respectively.

As of December 31, 2025 and 2024, the total amounts of contracted projects for real estate between Cathay Life and its subsidiaries and San Ching Engineering Co., Ltd. were \$29,170,301 thousand and \$13,974,267 thousand, respectively.

As of December 31, 2025 and 2024, the total amounts of contracted projects for real estate between Cathay Life and its subsidiaries and Ally Logistic Property Co., Ltd. were both \$7,366,562 thousand.

b) Real-estate rental (Cathay Life and its subsidiaries as lessor)

Name	Rental Income	
	For the Year Ended December 31	
	2025	2024
Subsidiary		
Cathay Securities Investment Consulting	\$ 10,279	\$ 10,153
Joint venture		
Symphox Information Co., Ltd.	31,415	23,497
Associate		
Lin Yuan Property Management Co., Ltd.	39,098	30,036
Pss Co., Ltd.	11,133	2,907
Symphox Information Co., Ltd.	-	7,830
	<u>50,231</u>	<u>40,773</u>
Other related party		
Ally Logistic Property Co., Ltd.	1,163,870	1,022,743
Cathay Hospitality Consulting Co., Ltd.	307,700	199,436
Cathay Hospitality Management Co., Ltd.	240,975	217,007
Cathay Medical Care Corp.	151,246	195,657
Cathay Healthcare Management Co., Ltd.	111,974	102,521
Yua-Yung Marketing (Taiwan) Co., Ltd.	69,803	64,582
Hong-Sui Co., Ltd.	38,293	31,102
Cathay Real Estate Development Co., Ltd.	18,092	18,262
Cymlin Co., Ltd.	15,447	8,827
San Ching Engineering Co., Ltd.	6,341	5,993
You Heng Co., Ltd.	5,376	-
Cathay United Bank Foundation	4,812	4,812
Cymbal Medical Network Co., Ltd.	4,788	4,753
Cymder Co., Ltd.	3,211	7,610
Liang-Ting Co., Ltd.	2,984	3,207
Tung Chi Capital Co., Ltd.	2,984	3,207
	<u>2,147,896</u>	<u>1,889,719</u>
	<u>\$ 2,239,821</u>	<u>\$ 1,964,142</u>

Name	Guarantee Deposits Received	
	December 31	
	2025	2024
Joint venture		
Symphox Information Co., Ltd.	\$ 7,813	\$ 7,723
Associate		
Lin Yuan Property Management Co., Ltd.	10,812	7,538
PSS Co., Ltd.	<u>3,482</u>	<u>3,482</u>
	<u>14,294</u>	<u>11,020</u>
Other related party		
Ally Logistic Property Co., Ltd.	312,282	305,178
Cathay Hospitality Management Co., Ltd.	196,021	194,413
Cathay Hospitality Consulting Co., Ltd.	190,585	188,707
Cathay Medical Care Corp.	67,906	61,512
Cathay Healthcare Management Co., Ltd.	30,923	30,103
Yua-Yung Marketing (Taiwan) Co., Ltd.	15,938	13,670
Hong-Sui Co., Ltd.	12,174	7,332
Cathay Food & Beverage Group CO., LTD.	8,517	-
Cathay Real Estate Development Co., Ltd.	4,153	4,039
Cymlin Co., Ltd.	-	<u>4,081</u>
	<u>838,499</u>	<u>809,035</u>
	\$ 860,606	\$ 827,778

Lease periods and collection of rentals are in compliance with the lease contracts. Lease periods are usually between 2 to 5 years and rentals are collected on a monthly basis.

c) Lease arrangements

i. Acquisition of right-of-use assets

Name	Acquisition of Right-of-use Assets	
	For the Year Ended December 31	
	2025	2024
Other related party		
Cathay Real Estate Development Co., Ltd.	\$ 29,486	\$ 5,616
Ally Logistic Property Co., Ltd.	-	10,230
Lin Yuan Investment Co., Ltd.	-	<u>4,705</u>
	\$ 29,486	\$ 20,551

ii. Lease liabilities

Name	Lease Liabilities	
	December 31	
	2025	2024
Other related party		
Cathay Real Estate Development Co., Ltd.	\$ 54,690	\$ 8,735
Ally Logistic Property Co., Ltd.	8,386	8,580
Lin Yuan Investment Co., Ltd.	1,190	3,535
Yi Ru Capital Co., Ltd.	<u>-</u>	<u>6,005</u>
	<u>\$ 64,266</u>	<u>\$ 26,855</u>

iii. Guarantee deposits paid

Name	Guarantee Deposits Paid	
	December 31	
	2025	2024
Other related party		
Cathay Real Estate Development Co., Ltd.	<u>\$ 6,277</u>	<u>\$ 4,396</u>

iv. Lease expense

Name	Lease expense	
	For the Year Ended December 31	
	2025	2024
Other related party		
Cathay Real Estate Development Co., Ltd.	<u>\$ -</u>	<u>\$ 3,829</u>

d) Acquisition of computer equipment and software

Name	For the Year Ended December 31	
	2025	2024
	Other related party	
ThinkPower Information Co., Ltd.	<u>\$ 17,263</u>	<u>\$ 20,447</u>

- e) Cathay United Bank paid construction planning and design maintenance service fees to Lin Yuan Property Management Co., Ltd. in the amount of \$27,429 thousand and \$25,247 thousand, which were recorded as property and equipment during the years ended December 31, 2025 and 2024, respectively.

8) Futures trader's equity

Related Party Category/Name	For the Year Ended December 31	
	2025	2024
	Other related party	
Funds managed by Cathay Securities Investment Trust	<u>\$ -</u>	<u>\$ 6,648,751</u>

9) Guarantee deposits received and collateral

Name	December 31	
	2025	2024
Associate		
Lin Yuan Property Management Co., Ltd.	\$ 5,000	\$ 5,000
Other related party		
San Ching Engineering Co., Ltd.	2,659,313	1,913,018
Ally Logistic Property Co., Ltd.	<u>2,576,599</u>	<u>2,576,599</u>
	<u>5,235,912</u>	<u>4,489,617</u>
	<u>\$ 5,240,912</u>	<u>\$ 4,494,617</u>

10) Payables

Name	December 31	
	2025	2024
Joint venture		
Symphox Information Co., Ltd.	\$ 38,260	\$ 21,016
Associate		
Lin Yuan Property Management Co., Ltd.	<u>4,350</u>	<u>7,921</u>
Other related party		
CHL	300,451	316,593
Seaward Card Co., Ltd.	28,726	44,272
Global Evolution Holding ApS	22,712	21,495
Conning Asia Pacific Ltd.	17,897	18,893
FundRich Securities Co., Ltd.	5,907	2,223
ThinkPower Information Co., Ltd.	6,039	11,741
Funds managed by Cathay Securities Investment Trust	<u>-</u>	<u>15,080</u>
	<u>381,732</u>	<u>430,297</u>
	<u>\$ 424,342</u>	<u>\$ 459,234</u>

Cathay United Bank purchased bonus points from Symphox Information Co., Ltd. for the purpose of customer gift redemption. As of December 31, 2025 and 2024, the monetary value of unredeemed points amounted to \$71,220 thousand and \$54,636 thousand, respectively.

11) Balances of funds managed by related parties

Name	December 31	
	2025	2024
Other related party		
Private Equity Funds managed by Cathay Private Equity	\$ 1,968,288	\$ 2,361,206
Funds managed by Cathay Securities Investment Trust	<u>-</u>	<u>110,137,943</u>
	<u>\$ 1,968,288</u>	<u>\$ 112,499,149</u>

12) Balances of related parties' discretionary management investment

Name	December 31	
	2025	2024
Other related party		
Cathay Charity Foundation	\$ 184,442	\$ 155,639

13) Balance of discretionary management investments

Name	December 31	
	2025	2024
Other related party		
CHL	\$ 1,492,635,980	\$ 1,489,887,649
Global Evolution Holding ApS	23,206,572	21,737,969
	<u>\$ 1,515,842,552</u>	<u>\$ 1,511,625,618</u>

14) Service fee income

Name	For the Year Ended December 31	
	2025	2024
Subsidiary		
Cathay Securities Investment Consulting	\$ 39,418	\$ 43,994
Other related party		
Cathay Real Estate Development Co., Ltd.	5,687	6,275
	<u>\$ 45,105</u>	<u>\$ 50,269</u>

15) Premium income

Name	For the Year Ended December 31	
	2025	2024
Associate		
CMG International One Co., Ltd.	\$ 12	\$ 62,810
Lin Yuan Property Management Co., Ltd.	6,027	5,556
	<u>6,039</u>	<u>68,366</u>
Other related party		
San Ching Engineering Co., Ltd.	52,535	28,190
Cathay Medical Care Corp.	45,792	69,245
Ally Logistic Property Co., Ltd.	10,914	8,893
Hong-Sui Co., Ltd.	8,530	9,716
Cathay Hospitality Consulting Co., Ltd.	6,630	5,960
Cathay Hospitality Management Co., Ltd.	5,898	5,450
Cathay Real Estate Development Co., Ltd.	4,987	5,994
Cathay Healthcare Management Co., Ltd.	4,347	4,755
ThinkPower Information Co., Ltd.	3,965	1,156
Cathay Real Estate Development Employees' Welfare Committee	3,575	2,760

(Continued)

Name	For the Year Ended December 31	
	2025	2024
Financial information service Co., Ltd.	\$ 3,345	\$ 3,524
Seaward Card Co., Ltd.	3,207	2,191
Supernova Energy Co., Ltd.	3,173	3,721
Others	<u>119,495</u>	<u>145,532</u>
	<u>276,393</u>	<u>297,087</u>
	<u>\$ 282,432</u>	<u>\$ 365,453</u>

(Concluded)

16) Net other non-interest income and expense

Name	For the Year Ended December 31	
	2025	2024
<u>Other non-interest income</u>		
Associate		
Generali Investments Holding S.p.A.	\$ 246,526	\$ -
Lin Yuan Property Management Co., Ltd.	<u>4,075</u>	<u>3,841</u>
	<u>250,601</u>	<u>3,841</u>
Other related party		
Private Equity Funds managed by Cathay Private Equity	93,919	112,946
Cathay Hospitality Consulting Co., Ltd.	7,532	7,326
Cathay Healthcare Management Co., Ltd.	6,876	6,384
Cathay Medical Care Corp.	3,661	3,145
Yua-Yung Marketing (Taiwan) Co., Ltd.	3,340	2,705
Funds managed by Cathay Securities Investment Trust	<u>-</u>	<u>4,443,954</u>
	<u>115,328</u>	<u>4,576,460</u>
	<u>\$ 365,929</u>	<u>\$ 4,580,301</u>
<u>Other operating costs</u>		
Joint venture		
Symphox Information Co., Ltd.	\$ <u>13,987</u>	\$ <u>5,868</u>
Other related party		
CHL	1,177,284	940,844
Global Evolution Holding ApS	<u>86,568</u>	<u>64,725</u>
	<u>1,263,852</u>	<u>1,005,569</u>
	<u>\$ 1,277,839</u>	<u>\$ 1,011,437</u>

17) Operating expenses

Continued operations

Name	For the Year Ended December 31	
	2025	2024
Joint venture		
Symphox Information Co., Ltd.	\$ 1,387,669	\$ 992,768
Associate		
Lin Yuan Property Management Co., Ltd.	1,407,814	1,259,163
Symphox Information Co., Ltd.	-	267,287
	<u>1,407,814</u>	<u>1,526,450</u>
Other related party		
Seaward Card Co., Ltd.	457,141	397,740
ThinkPower Information Co., Ltd.	190,621	216,664
Conning Asia Pacific Ltd.	74,025	64,633
Bowl Cut Entertainment Co., Ltd.	43,100	43,100
FundRich Securities Co., Ltd.	31,723	27,016
Cathay Healthcare Management Co., Ltd.	23,104	13,146
Conning, Inc.	12,685	10,573
Cathay Real Estate Development Co., Ltd.	11,307	10,468
San Ching Engineering Co., Ltd.	5,500	5,120
EasyCard Corporation	5,360	5,808
Global Evolution Asset Management A/S	4,126	4,509
CHL	2,628	5,256
Ann Fong Co., Ltd.	-	80,262
	<u>861,320</u>	<u>884,295</u>
	<u>\$ 3,656,803</u>	<u>\$ 3,403,513</u>

Discontinued operations

Name	For the Year Ended December 31	
	2025	2024
Subsidiary		
Cathay Securities Investment Consulting	\$ -	\$ 28,020
Other related party		
ThinkPower Information Co., Ltd.	-	4,817
	<u>\$ -</u>	<u>\$ 32,837</u>

18) Guarantees on duties and contracts

December 31, 2025

Name	Maximum	Ending Balance	Guarantee Liability Reserve Balance	Rate	Collateral Item
Other related party					
Yua-Yung Marketing (Taiwan) Co., Ltd.	\$ 10,340	\$ 8,840	\$ 1	0.8%	Demand deposits

December 31, 2024

Name	Maximum	Ending Balance	Guarantee Liability Reserve Balance	Rate	Collateral Item
Other related party Yua-Yung Marketing (Taiwan) Co., Ltd.	<u>\$ 38,892</u>	<u>\$ 10,340</u>	<u>\$ 1</u>	0.65%-0.8%	Demand deposits

19) Compensation of key management personnel

Name	For the Year Ended December 31	
	2025	2024
Short-term employee benefits	\$ 1,761,284	\$ 1,545,981
Post-employment benefits	23,762	22,568
Other long-term employee benefits	<u>174</u>	<u>65</u>
	<u>\$ 1,785,220</u>	<u>\$ 1,568,614</u>

Key management personnel includes the chairman, vice chairman, directors, supervisors, general managers, senior vice general managers and vice general managers.

c. The Company

1) Cash in banks

Name	For the Year Ended December 31			
	2025		2024	
	Ending Balance	Interest Income	Ending Balance	Interest Income
Subsidiary Cathay United Bank	<u>\$ 18,298</u>	<u>\$ 14,772</u>	<u>\$ 30,169</u>	<u>\$ 3,870</u>

2) Receivables

Name	Nature of Transaction	December 31	
		2025	2024
Subsidiary Cathay United Bank	Integrated income tax, etc.	\$ 6,916,817	\$ 5,747,248
Cathay Securities	Integrated income tax, etc.	1,026,793	870,934
Cathay Securities Investment Trust	Integrated income tax, etc.	716,257	598,165
Cathay Century	Integrated income tax, etc.	674,433	503,859
Cathay Life	Integrated income tax and subordinated corporation bonds interests, etc.	<u>998,764</u>	<u>70,989</u>
		<u>\$ 10,333,064</u>	<u>\$ 7,791,195</u>

3) Guarantee deposits paid

	Name	December 31	
		2025	2024
Subsidiary			
	Cathay Life	\$ 47,584	\$ 46,826

4) Financial assets at FVTPL

	Name	December 31	
		2025	2024
Subsidiary			
	Cathay Life	\$ 35,000,000	\$ 35,000,000

5) Payables

	Name	Nature of Transaction	December 31	
			2025	2024
Subsidiary				
	Cathay Life	Integrated income tax	\$ -	\$ 12,507,834
Other related party				
	ThinkPower Information Co., Ltd.		5,715	7,988
			\$ 5,715	\$ 12,515,822

6) Lease agreements

a) Acquisition of right-of-use assets

	Name	For the Year Ended December 31	
		2025	2024
Subsidiary			
	Cathay Life	\$ 68,067	\$ 308,059
	Cathay United Bank	-	3,982
		68,067	312,041
Other related party			
	Ally Logistic Property Co., Ltd.	-	10,230
		\$ 68,067	\$ 322,271

b) Lease liabilities

	Name	December 31	
		2025	2024
Subsidiary			
	Cathay Life	\$ 209,792	\$ 331,823
	Cathay United Bank	<u>1,845</u>	<u>3,820</u>
		<u>211,637</u>	<u>335,643</u>
Other related party			
	Ally Logistic Property Co., Ltd.	<u>8,386</u>	<u>8,580</u>
		<u>\$ 220,023</u>	<u>\$ 344,223</u>

c) Lease expense

	Name	For the Year Ended December 31	
		2025	2024
Subsidiary			
	Cathay Life	<u>\$ 4,545</u>	<u>\$ 4,989</u>

7) Interest income

	Name	For the Year Ended December 31	
		2025	2024
Subsidiary			
	Cathay Life	<u>\$ 1,260,000</u>	<u>\$ 1,260,179</u>

8) Other operating income

	Name	For the Year Ended December 31	
		2025	2024
Subsidiary			
	Cathay United Bank	\$ 15,971	\$ 9,761
	Cathay Life	10,890	8,332
	Cathay Century	<u>3,673</u>	<u>2,546</u>
		<u>\$ 30,534</u>	<u>\$ 20,639</u>

9) Operating expenses

	Name	For the Year Ended December 31	
		2025	2024
Subsidiary			
	Cathay Securities	\$ 58,593	\$ 35,685
	Cathay Life	40,332	31,869
	Cathay United Bank	<u>37,299</u>	<u>13,321</u>
		<u>136,224</u>	<u>80,875</u>

(Continued)

Name	For the Year Ended December 31	
	2025	2024
Joint venture		
Symphox Information Co., Ltd.	\$ 14,646	\$ 7,826
Associate		
Lin Yuan Property Management Co., Ltd.	6,665	5,095
Other related party		
ThinkPower Information Co., Ltd.	125,123	114,067
Bowl Cut Entertainment Co., Ltd.	43,100	43,100
Seaward Card Co., Ltd.	6,184	6,459
	<u>174,407</u>	<u>163,626</u>
	\$ 331,942	\$ 257,422

(Concluded)

10) Net other non-interest income

Name	For the Year Ended December 31	
	2025	2024
Subsidiary		
Cathay Century	\$ 3,900	\$ 3,900
Cathay Life	5,400	5,400
Cathay United Bank	5,400	4,500
	<u>14,700</u>	<u>13,800</u>

d. Significant transactions between subsidiaries and related parties that are more than \$100 million

Significant intragroup transactions have been eliminated in the consolidated financial statements.

1) Cathay Life and its subsidiaries

a) Property transactions

Real-estate rental

Name	Rental Income	
	For the Year Ended December 31 2025	For the Year Ended December 31 2024
The Company		
Cathay Financial Holdings	\$ 200,850	\$ 159,941
Subsidiary		
Cathay United Bank	846,661	791,268
Cathay Century	137,509	135,495
	<u>984,170</u>	<u>926,763</u>
	\$ 1,185,020	\$ 1,086,704

	Name	Guarantee Deposits Received	
		December 31	
		2025	2024
Subsidiary			
	Cathay United Bank	\$ <u>221,036</u>	\$ <u>212,565</u>

b) Cash in banks

	Name	Nature of Transaction	December 31	
			2025	2024
Subsidiary				
	Cathay United Bank	Demand deposits	\$ 75,519,320	\$ 48,379,217
		Time deposits	2,134,338	2,140,512
		Checking deposits	572,543	289,581
		Security deposits	158,128	534,982
			<u>78,384,329</u>	<u>51,344,292</u>
	Indovina Bank	Time deposits	3,522,621	3,579,967
		Demand deposits	49,104	67,165
			<u>3,571,725</u>	<u>3,647,132</u>
			\$ <u>81,956,054</u>	\$ <u>54,991,424</u>

For the years ended December 31, 2025 and 2024, the interest income earned from above bank deposits in Cathay United Bank were \$553,010 thousand and \$529,180 thousand, respectively.

For the years ended December 31, 2025 and 2024, the interest income earned from above bank deposits in Indovina Bank were \$280,205 thousand and \$207,467 thousand, respectively.

c) Balance of discretionary management investments

	Name	December 31	
		2025	2024
Subsidiary			
	Cathay Securities Investment Trust	\$ <u>319,981,744</u>	\$ <u>328,066,149</u>

d) Other receivables

	Name	December 31	
		2025	2024
The Company			
	Cathay Financial Holdings (Note)	\$ -	\$ 12,507,834
Subsidiary			
	Indovina Bank	<u>269,508</u>	<u>282,681</u>
		\$ <u>269,508</u>	\$ <u>12,790,515</u>

Note: The receivables are refundable taxes under the integrated income tax system.

e) Guarantee deposits paid (for future transactions)

	Name	December 31	
		2025	2024
Subsidiary			
	Cathay Futures	\$ <u>39,713</u>	\$ <u>2,176,755</u>

f) Other payables

	Name	December 31	
		2025	2024
The Company			
	Cathay Financial Holdings	\$ <u>998,764</u>	\$ <u>70,989</u>
Subsidiary			
	Cathay United Bank	<u>511,228</u>	<u>397,102</u>
		\$ <u>1,509,992</u>	\$ <u>468,091</u>

g) Bonds payable

	Name	December 31	
		2025	2024
The Company			
	Cathay Financial Holdings	\$ <u>35,000,000</u>	\$ <u>35,000,000</u>

h) Insurance income

	Name	For the Year Ended December 31	
		2025	2024
Subsidiary			
	Cathay United Bank	\$ <u>185,341</u>	\$ <u>177,347</u>

i) Insurance expense

	Name	For the Year Ended December 31	
		2025	2024
Subsidiary			
	Cathay Century	\$ <u>192,752</u>	\$ <u>179,691</u>

j) Integrated promotion activities

Name	For the Year Ended December 31	
	2025	2024
<u>Other operating cost and operating expenses</u>		
Subsidiary		
Cathay United Bank	\$ 12,214,685	\$ 8,975,915
Cathay Securities Investment Trust	464,172	264,327
<u>Non-operating income</u>		
Subsidiary		
Cathay Century	955,763	924,126
Cathay Securities	292,153	415,327
Cathay United Bank	237,249	236,561

k) Finance costs

Name	For the Year Ended December 31	
	2025	2024
The Company		
Cathay Financial Holdings	<u>\$ 1,260,000</u>	<u>\$ 1,260,179</u>

The finance costs consist of interest expenses accrued from corporate bonds issued by Cathay Life.

l) Others

As of December 31, 2025 and 2024, the nominal amounts of the financial instruments transacted between Cathay Life and Cathay United Bank are summarized as follows (in thousands of each currency):

Name	December 31	
	2025	2024
Sell Currency Swap	<u>US\$ 2,064,000</u>	<u>US\$ 1,350,000</u>
Buy forward	<u>US\$ 100,000</u>	<u>US\$ -</u>
Sell forward	<u>US\$ 100,000</u>	<u>US\$ 3,550,000</u>

2) Cathay United Bank and its subsidiaries

a) Loans and deposits

Deposits and interest expense

Name	For the Year Ended December 31			
	2025		2024	
	Ending Balance	Interest Expense	Ending Balance	Interest Expense
Subsidiary				
Cathay Life	\$ 75,510,969	\$ 499,167	\$ 48,807,383	\$ 470,450
Cathay Futures	7,230,651	63,151	1,212,690	8,839
Cathay Securities	6,081,311	50,097	5,987,087	46,887
Cathay Life (Vietnam)	3,571,778	280,205	3,647,189	207,467
Cathay Century	3,253,760	14,835	2,292,676	18,197
Lin Yuan	2,264,554	44,284	2,126,727	49,366
Cathay Industrial R&D Center	484,213	8,470	254,712	7,269
Cathay Securities Investment Trust	295,208	1,087	252,497	1,099
Cathay Insurance (Vietnam)	246,257	12,349	287,642	15,902
	<u>\$ 98,938,701</u>	<u>\$ 973,645</u>	<u>\$ 64,868,603</u>	<u>\$ 825,476</u>

b) Derivatives

December 31, 2025

Name of Related Party	Name of Derivative Contract	Contract Period	Nominal Principal	Valuation (Loss) Gain	Balance Sheet Amount	
					Account	Balance
Cathay Life	Cross-currency swap contracts (USD)	2025.08.14-2027.09.23	\$ 68,031,832	\$ (1,352,741)	Valuation adjustment for FVTPL financial assets	\$ 1,565,274
					Valuation adjustment for FVTPL financial liabilities	(16,497)
Cathay Life	Cross-currency swap contracts (TWD)	2025.12.17-2026.04.01	3,151,800	180	Valuation adjustment for FVTPL financial assets	180
Cathay Century	Cross-currency swap contracts (USD)	2025.01.09-2026.12.18	2,232,098	5,679	Valuation adjustment for FVTPL financial assets	76,152
					Valuation adjustment for FVTPL financial liabilities	(3,761)

December 31, 2024

Name of Related Party	Name of Derivative Contract	Contract Period	Nominal Principal	Valuation (Loss) Gain	Balance Sheet Amount	
					Account	Balance
Cathay Life	Cross-currency swap contracts (USD)	2024.06.26-2025.11.10	\$ 160,626,900	\$ 3,343,764	Valuation adjustment for FVTPL financial assets	\$ 2,901,518
Cathay Century	Cross-currency swap contracts (USD)	2024.01.12-2025.12.18	2,488,078	79,095	Valuation adjustment for FVTPL financial assets	66,712

The realized gains and losses from derivative financial instrument transactions entered into by Cathay United Bank with related parties were as follows:

Name	For the Year Ended December 31	
	2025	2024
Subsidiary		
Cathay Life	\$ (2,821,185)	\$ 4,070,240
Cathay Century	78,467	116,236

c) Lease agreements

i. Acquisition of right-to-use assets

Name	For the Year Ended December 31	
	2025	2024
Subsidiary		
Cathay Life	\$ <u>673,001</u>	\$ <u>2,968,580</u>

The lease period and rent payment are in accordance with the contract. The general lease period is 2 to 5 years, and the payment is mainly made on a monthly basis.

ii. Lease liabilities

Name	December 31	
	2025	2024
Subsidiary		
Cathay Life	\$ <u>2,429,823</u>	\$ <u>2,577,639</u>

iii. Guarantee deposits paid

Name	December 31	
	2025	2024
Subsidiary		
Cathay Life	\$ <u>221,036</u>	\$ <u>212,565</u>

d) Others

Item/Name	For the Year Ended December 31	
	2025	2024
<u>Service fee revenue</u>		
Subsidiary		
Cathay Life	\$ 12,184,277	\$ 8,939,200
Cathay Century	293,322	281,128
Cathay Securities	242,090	225,688
Cathay Securities Investment Trust	126,210	133,494
<u>General expenses - other</u>		
Subsidiary		
Cathay Life	237,249	236,561
<u>Payment of insurance expenses</u>		
Subsidiary		
Cathay Life	185,341	177,347
Cathay Century	215,357	198,251

Item/Name	December 31	
	2025	2024
<u>Receivables for insurance commission</u>		
Subsidiary		
Cathay Life	\$ 511,228	\$ 397,102
<u>Guarantee deposits paid</u>		
Subsidiary		
Cathay Futures	773,791	1,018,754
<u>Interest payable</u>		
Subsidiary		
Cathay Life (Vietnam)	269,508	282,681
<u>Payables from integrated tax</u>		
The Company		
Cathay Financial Holdings	6,911,417	5,742,748

The terms of the foregoing transactions with related parties are similar to those with third parties.

3) Cathay Century and its subsidiaries

a) Business transactions

Item	Name	For the Year Ended December 31	
		2025	2024
Premium income	Subsidiary		
	Cathay United Bank	\$ 215,357	\$ 198,251
	Cathay Life	165,581	144,198
Operating costs			
Marketing costs	Subsidiary		
	Cathay Life	935,053	909,899
	Cathay United Bank	120,649	119,271
Service fee expenses	Subsidiary		
	Cathay United Bank	172,673	161,857

b) Payables to related parties

Item	Name	December 31	
		2025	2024
Other payables	The Company		
	Cathay Financial Holdings	\$ 674,433	\$ 503,859
	(Note)		

Note: Including (a) income tax payable under the integrated income tax system, (b) remuneration of directors and supervisors.

c) Cash in bank

Item	Name	December 31	
		2025	2024
Checking deposits and demand deposits	Subsidiary Cathay United Bank	\$ 3,233,602	\$ 2,272,566
	Indovina Bank	45,354	45,721
Time deposits	Subsidiary Cathay United Bank	20,158	20,110
	Indovina Bank	<u>200,903</u>	<u>241,921</u>
		<u>\$ 3,500,017</u>	<u>\$ 2,580,318</u>

d) Balance of discretionary management investments

Name	December 31	
	2025	2024
Subsidiary Cathay Securities Investment Trust	<u>\$ 1,983,303</u>	<u>\$ 1,930,158</u>

e) Lease agreements

i. Acquisition of right-to-use assets

Name	For the Year Ended December 31	
	2025	2024
Subsidiary Cathay Life	<u>\$ 256,176</u>	<u>\$ 39,798</u>

ii. Lease liabilities

Name	December 31	
	2025	2024
Subsidiary Cathay Life	<u>\$ 261,769</u>	<u>\$ 140,854</u>

f) Currency Swap contracts

The nominal amount of the derivative financial instruments between Cathay Century and its subsidiaries and related parties are listed below:

Name	December 31	
	2025	2024
Subsidiary Cathay United Bank	<u>US\$ 71,000</u>	<u>US\$ 75,900</u>

4) Cathay Securities and its subsidiaries

a) Cash in bank

	Name	December 31	
		2025	2024
Subsidiary			
	Cathay United Bank	\$ <u>6,253,695</u>	\$ <u>6,292,318</u>

b) Customer's margin accounts

	Name	December 31	
		2025	2024
Subsidiary			
	Cathay United Bank	\$ <u>7,122,488</u>	\$ <u>950,048</u>

c) Futures trader's equity

	Name	December 31	
		2025	2024
Subsidiary			
	Cathay Life	\$ 39,713	\$ 2,176,755
	Cathay United Bank	<u>773,791</u>	<u>1,018,754</u>
		\$ <u>813,504</u>	\$ <u>3,195,509</u>

d) Other payables

	Name	December 31	
		2025	2024
The Company			
	Cathay Financial Holdings (Note)	\$ <u>1,026,793</u>	\$ <u>870,934</u>

Note: The payables consist of tax payable under the integrated income tax system.

e) Lease agreements

i. Acquisition of right-to-use assets

	Name	For the Year Ended December 31	
		2025	2024
Subsidiary			
	Cathay Life	\$ <u>33,437</u>	\$ <u>240,021</u>

ii. Lease liabilities

		<u>December 31</u>	
Name		2025	2024
Subsidiary Cathay Life		<u>\$ 162,946</u>	<u>\$ 220,968</u>
f) Interest income			
Name		2025	2024
Subsidiary Cathay United Bank		<u>\$ 114,411</u>	<u>\$ 55,918</u>
g) Other operating expense			
		<u>For the Year Ended December 31</u>	
Name		2025	2024
Subsidiary Cathay Life		\$ 311,995	\$ 417,273
Cathay United Bank		<u>243,154</u>	<u>225,777</u>
		<u>\$ 555,149</u>	<u>\$ 643,050</u>

5) Cathay Securities Investment Trust and its subsidiaries

a) Cash and cash equivalents

		<u>December 31</u>	
Name		2025	2024
Subsidiary Cathay United Bank		<u>\$ 204,407</u>	<u>\$ 198,231</u>

b) Guarantee deposits paid

		<u>December 31</u>	
Name		2025	2024
Subsidiary Cathay United Bank		<u>\$ 158,012</u>	<u>\$ 133,516</u>

c) Payables to related parties

		<u>December 31</u>	
Name		2025	2024
The Company Cathay Financial Holdings (Note)		<u>\$ 716,257</u>	<u>\$ 598,165</u>

Note: The payables consist of tax payable under the integrated income tax system.

d) Lease agreements

Name	For the Year Ended December 31	
	2025	2024
Subsidiary		
Cathay Life	\$ <u>19,488</u>	\$ <u>125,725</u>

e) Balance of discretionary management investments

Name	December 31	
	2025	2024
Subsidiary		
Cathay Life	\$ 319,981,744	\$ 328,066,149
Cathay Century	<u>1,983,303</u>	<u>1,930,158</u>
	<u>\$ 321,965,047</u>	<u>\$ 329,996,307</u>

f) Management fee income

Name	For the Year Ended December 31	
	2025	2024
Subsidiary		
Cathay Life	\$ <u>464,172</u>	\$ <u>264,327</u>

g) Operating expense

Name	For the Year Ended December 31	
	2025	2024
Subsidiary		
Cathay Life	\$ 155,500	\$ 138,741
Cathay United Bank	<u>126,210</u>	<u>97,097</u>
	<u>\$ 281,710</u>	<u>\$ 235,838</u>

31. PLEDGED ASSETS

The Group's assets pledged as collateral or with limited use are summarized below:

Item	Description	December 31	
		2025	2024
Guarantee deposits paid and restricted assets	Capital guarantee, securities lending collateral transactions, overdraft guarantee for settlement accounts, collateral for lease of real estate, collateral for court guarantees deposited, reimbursement account, performance bond, collateral for exemption from provisional execution, provisions for various business operations and collateral	\$ 38,942,009	\$ 37,413,035
Financial assets at FVTPL	Applied as futures trading margin	775,000	773,550
Debt instrument at amortized cost	Provisions for business and collateral	58,120,133	42,447,727
Investments accounted for using the equity method	Pledge of borrowings	12,203,743	3,756,348
Investment properties	Short-term loans	290,341	290,341
Property and equipment	Pledge of borrowings	<u>9,060,784</u>	<u>8,943,026</u>
		<u>\$ 119,392,010</u>	<u>\$ 93,624,027</u>

32. COMMITMENTS AND CONTINGENT LIABILITIES

- a. Cathay United Bank in the course of its normal business operations, was involved in certain significant litigation cases that have been concluded. The details are as follows:

Lee & Li, attorneys-at-law (Lee & Li), alleged that the embezzlement case of Liu Wei-Chieh (an employee of Lee & Li), which occurred in October 2003 was caused by the negligence of Cathay United Bank in its operation, and the plaintiff claimed damages from Cathay United Bank in the amount of approximately \$991,002 thousand. The case has been pending in the court since July 2007, and Cathay United Bank won favorable decisions in both the first and second instances. Although the Supreme Court reversed the original second-instance judgments, Cathay United Bank again won a favorable decision in the second instance on August 25, 2021. Subsequently, Lee & Li filed an appeal, and the Supreme Court rejected it on December 14, 2023, confirming Cathay United Bank's complete victory in the case. However, on January 1, 2024, Lee & Li filed an application for retrial and quasi-retrial, seeking compensation of \$1,510 thousand and \$900,000 thousand, respectively; the retrial proceedings were rejected by the Taiwan High Court on July 12, 2024. Although Lee & Li filed an appeal, the Supreme Court upheld rejected it on December 11, 2024, and the application for quasi-retrial was also rejected by the Supreme Court dated September 4, 2024, confirming Cathay United Bank's complete victory, bringing the case to an end. Both Cathay United Bank and its attorneys hold that this case will not have a material adverse effect on the financial position of Cathay United Bank.

- b. As of December 31, 2025 and 2024, Cathay United Bank and its subsidiaries had the following material commitments for entrusted items and guarantees:

	December 31	
	2025	2024
Trust and security held for safekeeping	\$ 1,422,685,858	\$ 1,363,109,836
Collection and payment on behalf of customers	29,675,149	31,143,121
Book-entry for government bonds and depository for short-term marketable securities under management	369,539,423	443,095,410
Entrusted financial management business	40,208,935	32,819,775
Guarantees on duties and contracts	20,246,251	18,955,636
Unused commercial letters of credit	8,699,676	8,380,744
Irrevocable loan commitments	192,765,267	180,876,585
Unused credit card line commitments	739,264,286	723,497,809
Underwritten securities	950,000	4,770,000
Financial guarantee contracts	1,841,603	1,755,799
Revolving issuance of commercial promissory notes and underwriting of purchase commitments	6,000,000	15,900,000

- c. Investment limits for private equity funds

As of December 31, 2025, the remaining capital commitments for the contracted private equity fund of Cathay Life were NT\$51,700 thousand, US\$2,927,339 thousand and EUR 435,046 thousand.

- d. As of December 31, 2025 and 2024, Cathay Life has entered into irrevocable corporate finance and consumer lending loans. The amounts not yet disbursed were as follows:

	For the Year Ended December 31	
	2025	2024
NTD	\$ 9,657,728	\$ 7,823,102

- e. Cathay Wind Power has entered into major agreements, including a share purchase agreement with Ørsted Wind Power TW Holding A/S and the financing banking syndicate, to acquire both 50% of the common and preferred shares of Greater Changhua NW Holdings Ltd. as well as 50% of the intercompany debt claims from Greater Changhua NW Holdings Ltd. and Greater Changhua Offshore Wind Farm NW Ltd through Cathay Wind Power. Furthermore, a tripartite agreement has been signed between Cathay Life, Cathay Wind Power Holdings and the beneficiaries. Cathay Wind Power Holdings shall have the right to require Cathay Life to fulfill its capital injection obligations.

33. FINANCIAL STATEMENTS OF CATHAY FINANCIAL HOLDING CO., LTD.

Cathay Financial Holding Co., Ltd.

Balance Sheets
(In Thousands of New Taiwan Dollars)

ASSETS	December 31		LIABILITIES AND EQUITY	December 31	
	2025	2024		2025	2024
CASH AND CASH EQUIVALENTS	\$ 7,524,687	\$ 7,536,527	COMMERCIAL PAPER PAYABLE, NET	\$ 69,140,000	\$ 75,097,554
FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS	34,706,000	34,342,000	PAYABLES	1,419,579	13,826,199
FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME	284,638	229,331	CURRENT TAX LIABILITIES	23,162,768	5,945,882
RECEIVABLES, NET	10,962,731	7,846,814	BONDS PAYABLE	111,700,000	76,000,000
CURRENT TAX ASSETS	1,697,962	1,713,864	OTHER BORROWINGS	7,900,000	7,990,000
INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD, NET	1,085,302,377	1,014,413,760	PROVISIONS	1,640,741	971,861
PROPERTY AND EQUIPMENT, NET	403,085	464,773	LEASE LIABILITIES	245,949	352,012
RIGHT-OF-USE ASSETS	242,568	351,045	DEFERRED TAX LIABILITIES	266,716	266,757
INTANGIBLE ASSETS	525	525	OTHER LIABILITIES	48	14
DEFERRED TAX ASSETS	1,892,711	1,881,272	Total liabilities	215,475,801	180,450,279
OTHER ASSETS	745,025	361,889	EQUITY		
			Share capital		
			Ordinary shares	146,692,102	146,692,102
			Preference shares	15,333,000	15,333,000
			Capital surplus	203,119,254	203,143,822
			Retained earnings		
			Legal reserve	89,275,069	78,018,683
			Special reserve	422,149,878	230,128,217
			Unappropriated earnings	126,383,769	273,370,397
			Other equity	(74,666,564)	(57,994,700)
			Total equity	928,286,508	888,691,521
TOTAL	\$ 1,143,762,309	\$ 1,069,141,800	TOTAL	\$ 1,143,762,309	\$ 1,069,141,800

Cathay Financial Holding Co., Ltd.

Statements of Comprehensive Income
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	For the Year Ended December 31	
	2025	2024
REVENUE		
Share of profit of subsidiaries, associates and joint ventures accounted for using the equity method	\$ 110,928,780	\$ 113,874,437
Other operating income	<u>1,823,620</u>	<u>2,181,837</u>
Total revenue	<u>112,752,400</u>	<u>116,056,274</u>
EXPENSES AND LOSSES		
Operating expenses	(3,189,245)	(2,943,950)
Other expenses and losses	<u>(2,723,195)</u>	<u>(2,272,816)</u>
Total expenses and losses	<u>(5,912,440)</u>	<u>(5,216,766)</u>
INCOME BEFORE TAX	106,839,960	110,839,508
INCOME TAX BENEFIT (EXPENSE)	<u>301,960</u>	<u>(569,763)</u>
NET INCOME	<u>107,141,920</u>	<u>110,269,745</u>
OTHER COMPREHENSIVE INCOME		
Items that will not be reclassified subsequently to profit or loss:		
Remeasurement of defined benefit plans	(49,131)	(50,983)
Gain on equity instruments at fair value through other comprehensive income	55,307	31,563
Share of other comprehensive income of subsidiaries, associates and joint ventures accounted for using the equity method for items that will not be reclassified subsequently to profit or loss	5,312,376	29,618,172
Income tax relating to items that will not be reclassified subsequently to profit or loss	9,826	10,197
Items that may be reclassified subsequently to profit or loss:		
Share of other comprehensive loss of subsidiaries, associates and joint ventures accounted for using the equity method for items that may be reclassified subsequently to profit or loss	<u>(17,845,049)</u>	<u>(8,086,060)</u>
Other comprehensive (loss) income for the year, net of income tax	<u>(12,516,671)</u>	<u>21,522,889</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>\$ 94,625,249</u>	<u>\$ 131,792,634</u>
EARNINGS PER SHARE		
Basic	<u>\$7.06</u>	<u>\$7.29</u>

Cathay Financial Holding Co., Ltd.

Statements of Changes in Equity
(In Thousands of New Taiwan Dollars)

	Share Capital						Retained Earnings						Other Equity				Total Equity
	Ordinary Shares	Preference Shares	Capital Surplus	Legal Reserve	Special Reserve	Unappropriated Earnings	Exchange Differences on the Translation of Financial Statements of Foreign Operations	Unrealized (Loss) Gain on Financial Assets at Fair Value through Other Comprehensive Income	Gain (Loss) on Hedging Instruments	Changes in the Fair Value Attributable to Changes in the Credit Risk of Financial Liabilities Designated as at Fair Value Through Profit or Loss	Remeasurement of Defined Benefit Plans	Property Revaluation Surplus	Other Comprehensive (Loss) Income on Reclassification Using Overlay Approach	Others			
BALANCE ON JANUARY 1, 2024	\$ 146,692,102	\$ 15,333,000	\$ 202,793,453	\$ 72,994,637	\$ 378,461,911	\$ 50,240,458	\$ (12,961,984)	\$ (14,758,415)	\$ 510,499	\$ (833,793)	\$ (1,117,660)	\$ 12,612,706	\$ (60,150,205)	\$ (1,762,024)	\$ 788,054,685		
Initial application of IAS 29 - the impact of financial reporting in hyperinflationary economies	-	-	-	-	-	(380,719)	-	-	-	-	-	-	-	-	(380,719)		
IMPACT ON THE BALANCE, ON JANUARY 1, 2024	146,692,102	15,333,000	202,793,453	72,994,637	378,461,911	49,859,739	(12,961,984)	(14,758,415)	510,499	(833,793)	(1,117,660)	12,612,706	(60,150,205)	(1,762,024)	787,673,966		
Appropriation of 2023 earnings																	
Legal reserve	-	-	-	5,024,046	-	(5,024,046)	-	-	-	-	-	-	-	-	-		
Special reserve	-	-	-	-	(148,333,694)	148,333,694	-	-	-	-	-	-	-	-	-		
Cash dividends on ordinary shares	-	-	-	-	-	(29,338,420)	-	-	-	-	-	-	-	-	(29,338,420)		
Cash dividends on preferred shares	-	-	-	-	-	(3,404,403)	-	-	-	-	-	-	-	-	(3,404,403)		
Changes in capital surplus from investments in associates and joint ventures accounted for using the equity method	-	-	350,369	-	-	(135,700)	-	(8,949)	-	-	-	-	-	-	205,720		
Changes in ownership interests in subsidiaries	-	-	-	-	-	94	-	(94)	-	-	-	-	-	1,762,024	1,762,024		
Net income for the year ended December 31, 2024	-	-	-	-	-	110,269,745	-	-	-	-	-	-	-	-	110,269,745		
Other comprehensive income (loss) for the year ended December 31, 2024, net of income tax	-	-	-	-	-	-	5,376,815	4,434,678	(864,766)	413,691	2,193,451	(3,706)	9,972,726	-	21,522,889		
Total comprehensive income (loss) for the year ended December 31, 2024	-	-	-	-	-	110,269,745	5,376,815	4,434,678	(864,766)	413,691	2,193,451	(3,706)	9,972,726	-	131,792,634		
Disposals of equity instruments at fair value through other comprehensive income	-	-	-	-	-	2,809,694	-	(2,809,694)	-	-	-	-	-	-	-		
BALANCE ON DECEMBER 31, 2024	146,692,102	15,333,000	203,143,822	78,018,683	230,128,217	273,370,397	(7,585,169)	(13,142,474)	(354,267)	(420,102)	1,075,791	12,609,000	(50,177,479)	-	888,691,521		
Appropriation of 2024 earnings																	
Legal reserve	-	-	-	11,256,386	-	(11,256,386)	-	-	-	-	-	-	-	-	-		
Special reserve	-	-	-	-	192,021,661	(192,021,661)	-	-	-	-	-	-	-	-	-		
Cash dividends on ordinary shares	-	-	-	-	-	(51,342,235)	-	-	-	-	-	-	-	-	(51,342,235)		
Cash dividends on preferred shares	-	-	-	-	-	(3,595,916)	-	-	-	-	-	-	-	-	(3,595,916)		
Changes in capital surplus from investments in associates and joint ventures accounted for using the equity method	-	-	(16,248)	-	-	4,736	-	(4,736)	-	-	-	-	-	-	(16,248)		
Changes in ownership interests in subsidiaries	-	-	(8,320)	-	-	(67,543)	-	-	-	-	-	-	-	-	(75,863)		
Net income for the year ended December 31, 2025	-	-	-	-	-	107,141,920	-	-	-	-	-	-	-	-	107,141,920		
Other comprehensive (loss) income for the year ended December 31, 2025, net of income tax	-	-	-	-	-	-	(2,429,485)	22,528,509	(1,242,697)	237,128	570,524	-	(32,180,650)	-	(12,516,671)		
Total comprehensive income (loss) for the year ended December 31, 2025	-	-	-	-	-	107,141,920	(2,429,485)	22,528,509	(1,242,697)	237,128	570,524	-	(32,180,650)	-	94,625,249		
Disposals of equity instruments at fair value through other comprehensive income	-	-	-	-	-	4,149,709	-	(4,149,709)	-	-	-	-	-	-	-		
Others	-	-	-	-	-	748	-	-	-	-	-	(748)	-	-	-		
BALANCE ON DECEMBER 31, 2025	\$ 146,692,102	\$ 15,333,000	\$ 203,119,254	\$ 89,275,069	\$ 422,149,878	\$ 126,383,769	\$ (10,014,654)	\$ 5,231,590	\$ (1,596,964)	\$ (182,974)	\$ 1,646,315	\$ 12,608,252	\$ (82,358,129)	\$ -	\$ 928,286,508		

Cathay Financial Holding Co., Ltd.

Statements of Cash Flows
(In Thousands of New Taiwan Dollars)

	For the Year Ended December 31	
	2025	2024
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	\$ 106,839,960	\$ 110,839,508
Adjustments for:		
Depreciation expenses	301,910	225,811
Amortization	-	717
Gain on financial assets at fair value through profit or loss	(364,000)	(717,500)
Interest income	(1,390,375)	(1,410,340)
Dividend income	(9,687)	(7,869)
Interest expenses	2,636,905	2,089,902
Share of profit of subsidiaries, associates and joint ventures accounted for using the equity method	(110,928,780)	(113,874,437)
Loss on disposal and retirement of property and equipment	329	473
Gain on disposal of intangible assets	-	(502)
Others	-	49
Changes in operating assets and liabilities		
Receivables	(900)	1,699
Other assets	1,602	249
Payables	(1,999)	100,951
Provisions	2,015	(60,889)
Other liabilities	34	(591)
Cash used in operations	(2,912,986)	(2,812,769)
Interest received	1,426,808	1,383,273
Dividends received	9,687	7,869
Interest paid	(2,352,723)	(2,033,925)
Income tax refund	1,989,331	551,234
	<u>(1,839,883)</u>	<u>(2,904,318)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of intangible assets	-	(10,758)
Disposal of intangible assets	-	10,543
Acquisition of property and equipment	(34,260)	(243,703)
Disposal of property and equipment	-	115
(Increase) decrease in other assets	(63,495)	158,803
Dividends received	27,415,379	20,147,077
	<u>27,317,624</u>	<u>20,062,077</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
(Decrease) increase in commercial paper payable	(5,957,554)	5,697,554
(Decrease) increase in other borrowings	(90,000)	3,000,000
Repayments of the principal portion of lease liabilities	(203,876)	(163,364)
Proceeds from corporate bonds	40,000,000	11,000,000
Repayment of corporate bonds	(4,300,000)	(4,000,000)
Dividends paid	(54,938,151)	(32,742,823)
	<u>(25,489,581)</u>	<u>(17,208,633)</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS	(11,840)	(50,874)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	<u>7,536,527</u>	<u>7,587,401</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	<u>\$ 7,524,687</u>	<u>\$ 7,536,527</u>

34. INFORMATION OF THE COMPANY'S SUBSIDIARIES

a. Condensed balance sheets and condensed statements of comprehensive income

Cathay Life Insurance Co., Ltd.

Condensed Balance Sheets (In Thousands of New Taiwan Dollars)

Assets	December 31	
	2025	2024
Cash and cash equivalents	\$ 272,887,200	\$ 204,296,686
Receivables	70,315,309	110,718,541
Financial assets at fair value through profit or loss	1,557,344,229	1,552,640,818
Financial assets at fair value through other comprehensive income	886,818,614	645,721,602
Financial assets at amortized cost	4,043,001,311	4,279,409,596
Financial assets for hedging	7,721	-
Investments accounted for using the equity method	157,458,765	137,458,950
Other financial assets, net	1,499,643	-
Investment property	535,824,908	515,866,222
Loans	435,294,059	411,193,858
Reinsurance assets	2,169,149	2,244,932
Property and equipment	29,228,934	28,979,380
Right-of-use assets	486,648	369,659
Intangible assets	20,455,989	22,253,465
Deferred tax assets	67,229,646	76,970,638
Other assets	70,795,176	85,879,750
Separate account insurance product assets	<u>840,120,906</u>	<u>790,864,737</u>
Total	<u>\$ 8,990,938,207</u>	<u>\$ 8,864,868,834</u>
Liabilities		
Payables	\$ 25,315,244	\$ 27,668,666
Current tax liabilities	74,716	74,716
Financial liabilities at fair value through profit or loss	59,859,830	70,517,679
Financial liabilities for hedging	752,946	2,568,151
Bonds payable	164,817,350	165,253,825
Insurance liabilities	6,966,143,239	6,971,454,546
Reserve for insurance contracts with the nature of financial products	1,491,520	1,330,653
Reserve for foreign exchange valuation	113,806,568	27,514,387
Provisions	56,245	56,245
Lease liabilities	13,727,656	13,494,036
Deferred tax liabilities	44,354,797	72,784,233
Other liabilities	11,387,893	16,789,887
Separate account insurance product liabilities	<u>840,120,906</u>	<u>790,864,737</u>
Total liabilities	<u>8,241,908,910</u>	<u>8,160,371,761</u>
Equity		
Share capital	63,515,274	63,515,274
Capital surplus	91,914,104	91,938,672
Retained earnings	680,487,254	617,677,558
Other equity	<u>(86,887,335)</u>	<u>(68,634,431)</u>
Total equity	<u>749,029,297</u>	<u>704,497,073</u>
Total	<u>\$ 8,990,938,207</u>	<u>\$ 8,864,868,834</u>

Cathay Life Insurance Co., Ltd.

Condensed Statements of Comprehensive Income
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	For the Year Ended December 31	
	2025	2024
Operating revenue	\$ 736,420,169	\$ 766,221,525
Operating costs	(655,522,941)	(669,028,164)
Operating expenses	(32,487,541)	(28,120,641)
Operating income	48,409,687	69,072,720
Non-operating income and expenses	2,344,793	2,356,846
Profit before income tax	50,754,480	71,429,566
Income tax benefit (expense)	5,820,800	(5,856,729)
Profit from discontinued operations	-	1,310,472
Net income	56,575,280	66,883,309
Other comprehensive (loss) income	(11,950,945)	17,227,265
 Total comprehensive income	 \$ 44,624,335	 \$ 84,110,574
 Basic earnings per share	 \$8.91	 \$10.53

Cathay Life Insurance Company (Vietnam)

Condensed Balance Sheets
(In Thousands of New Taiwan Dollars)

Assets	December 31	
	2025	2024
Cash and cash equivalents	\$ 3,339,053	\$ 1,895,021
Receivables	1,603,149	1,654,605
Financial assets at fair value through profit or loss	29,305,897	29,312,173
Financial assets at amortized cost	8,857,460	10,872,230
Loans	464,088	426,196
Property and equipment	11,404	9,493
Right-of-use assets	89,102	155,900
Intangible assets	1,017	261
Other assets	92,646	99,941
Total	\$ 43,763,816	\$ 44,425,820
Liabilities		
Payables	\$ 251,679	\$ 303,112
Current tax liabilities	72,826	36,353
Insurance liabilities	15,893,899	15,521,591
Lease liabilities	87,068	153,532
Total liabilities	16,305,472	16,014,588
Equity		
Capital	20,370,930	20,370,930
Retained earnings	5,767,823	4,068,115
Other equity	1,319,591	3,972,187
Total equity	27,458,344	28,411,232
Total	\$ 43,763,816	\$ 44,425,820

Cathay Life Insurance Company (Vietnam)

**Condensed Statements of Comprehensive Income
(In Thousands of New Taiwan Dollars)**

	For the Year Ended December 31	
	2025	2024
Operating revenue	\$ 6,048,841	\$ 6,544,811
Operating costs	(2,969,734)	(3,244,612)
Operating expenses	<u>(1,036,932)</u>	<u>(1,234,290)</u>
Operating income	2,042,175	2,065,909
Non-operating income and expenses	<u>11,867</u>	<u>13,801</u>
Profit before income tax	2,054,042	2,079,710
Income tax expense	<u>(354,334)</u>	<u>(427,894)</u>
Net income	1,699,708	1,651,816
Other comprehensive (loss) income	<u>(2,652,596)</u>	<u>1,219,240</u>
Total comprehensive (loss) income	<u>\$ (952,888)</u>	<u>\$ 2,871,056</u>
Basic earnings per share	Note	Note

Note: Cathay Life (Vietnam) is a limited company, and no information is disclosed accordingly.

Lin Yuan (Shanghai) Real Estate Co., Ltd.

**Condensed Balance Sheets
(In Thousands of New Taiwan Dollars)**

	<u>December 31</u>	
	<u>2025</u>	<u>2024</u>
Assets		
Current assets	\$ 447,111	\$ 460,811
Financial assets at amortized cost	2,046,681	1,908,803
Investment property	<u>6,295,600</u>	<u>6,687,671</u>
Total	<u>\$ 8,789,392</u>	<u>\$ 9,057,285</u>
 Liabilities		
Current liabilities	\$ 8,912	\$ 10,551
Deferred tax liabilities	525,585	581,371
Other non-current liabilities	<u>34,246</u>	<u>48,952</u>
Total liabilities	<u>568,743</u>	<u>640,874</u>
 Equity		
Capital	7,223,435	7,223,435
Retained earnings	1,324,671	1,525,712
Other equity	<u>(327,457)</u>	<u>(332,736)</u>
Total equity	<u>8,220,649</u>	<u>8,416,411</u>
Total	<u>\$ 8,789,392</u>	<u>\$ 9,057,285</u>

Lin Yuan (Shanghai) Real Estate Co., Ltd.

**Condensed Statements of Comprehensive Income
(In Thousands of New Taiwan Dollars)**

	<u>For the Year Ended December 31</u>	
	<u>2025</u>	<u>2024</u>
Operating loss	\$ (212,837)	\$ (212,991)
Operating expenses	<u>(42,805)</u>	<u>(43,895)</u>
Loss before income tax	(255,642)	(256,886)
Income tax benefit	<u>54,601</u>	<u>61,475</u>
Net loss	(201,041)	(195,411)
Other comprehensive income	<u>5,279</u>	<u>300,764</u>
Total comprehensive (loss) income	<u>\$ (195,762)</u>	<u>\$ 105,353</u>
Basic earnings per share	Note	Note

Note: Lin Yuan is a limited company, and no information is disclosed accordingly.

Cathay Woolgate Exchange Holding 1 Limited

**Condensed Balance Sheets
(In Thousands of New Taiwan Dollars)**

	December 31	
	2025	2024
Assets		
Current assets	\$ 1,787,883	\$ 1,567,172
Investment property	<u>21,464,849</u>	<u>19,523,437</u>
Total	<u>\$ 23,252,732</u>	<u>\$ 21,090,609</u>
 Liabilities		
Current liabilities	\$ 259	\$ 185
Total liabilities	<u>259</u>	<u>185</u>
 Equity		
Capital	22,258,333	22,258,333
Retained earnings	3,621,872	2,081,982
Other equity	<u>(2,627,732)</u>	<u>(3,249,891)</u>
Total equity	<u>23,252,473</u>	<u>21,090,424</u>
Total	<u>\$ 23,252,732</u>	<u>\$ 21,090,609</u>

Cathay Woolgate Exchange Holding 1 Limited

**Condensed Statements of Comprehensive Income
(In Thousands of New Taiwan Dollars)**

	For the Year Ended December 31	
	2025	2024
Operating revenue	\$ 1,664,490	\$ 2,425,662
Operating expenses	<u>(138,399)</u>	<u>(119,534)</u>
Operating income	1,526,091	2,306,128
Non-operating income and expenses	<u>13,799</u>	<u>97,917</u>
Net income	1,539,890	2,404,045
Other comprehensive income	<u>622,159</u>	<u>886,840</u>
Total comprehensive income	<u>\$ 2,162,049</u>	<u>\$ 3,290,885</u>
Basic earnings per share	Note	Note

Note: Cathay Woolgate Exchange Holding 1 Limited is a limited company, and no information is disclosed accordingly.

Cathay Woolgate Exchange Holding 2 Limited

**Condensed Balance Sheets
(In Thousands of New Taiwan Dollars)**

	December 31	
	2025	2024
Assets		
Current assets	\$ 10,384	\$ 9,270
Investment property	<u>216,817</u>	<u>197,206</u>
Total	<u>\$ 227,201</u>	<u>\$ 206,476</u>
 Liabilities		
Current liabilities	<u>\$ 682</u>	<u>\$ 185</u>
Total liabilities	<u>682</u>	<u>185</u>
 Equity		
Capital	224,832	224,832
Retained earnings	28,860	14,691
Other equity	<u>(27,173)</u>	<u>(33,232)</u>
Total equity	<u>226,519</u>	<u>206,291</u>
Total	<u>\$ 227,201</u>	<u>\$ 206,476</u>

Cathay Woolgate Exchange Holding 2 Limited

**Condensed Statements of Comprehensive Income
(In Thousands of New Taiwan Dollars)**

	For the Year Ended December 31	
	2025	2024
Operating revenue	\$ 16,509	\$ 24,032
Operating expenses	<u>(2,479)</u>	<u>(2,275)</u>
Operating income	14,030	21,757
Non-operating income and expenses	<u>139</u>	<u>990</u>
Net income	14,169	22,747
Other comprehensive income	<u>6,059</u>	<u>8,700</u>
Total comprehensive income	<u>\$ 20,228</u>	<u>\$ 31,447</u>
Basic earnings per share	Note	Note

Note: Cathay Woolgate Exchange Holding 2 Limited is a limited company, and no information is disclosed accordingly.

Cathay Walbrook Holding 1 Limited

Condensed Balance Sheets
(In Thousands of New Taiwan Dollars)

	December 31	
	2025	2024
Assets		
Current assets	\$ 940,701	\$ 1,153,339
Investment property	16,578,650	15,628,587
Other non-current assets	-	180
Total	<u>\$ 17,519,351</u>	<u>\$ 16,782,106</u>
 Liabilities		
Current liabilities	\$ 249,469	\$ 189,195
Non-current liabilities	13,307,390	12,953,009
Total liabilities	<u>13,556,859</u>	<u>13,142,204</u>
 Equity		
Capital	10,189,090	10,189,090
Accumulated deficit	(4,660,912)	(4,877,565)
Other equity	(1,565,686)	(1,671,623)
Total equity	<u>3,962,492</u>	<u>3,639,902</u>
Total	<u>\$ 17,519,351</u>	<u>\$ 16,782,106</u>

Cathay Walbrook Holding 1 Limited

Condensed Statements of Comprehensive Income
(In Thousands of New Taiwan Dollars)

	For the Year Ended December 31	
	2025	2024
Operating revenue (loss)	\$ 1,441,047	\$ (883,251)
Operating costs	(952,277)	(1,046,371)
Operating expenses	(78,826)	(27,314)
Operating income (loss)	409,944	(1,956,936)
Non-operating income and expenses	44,402	53,311
Net profit (loss) before income tax	454,346	(1,903,625)
Income tax expense	(237,693)	(235,326)
Net income (loss)	216,653	(2,138,951)
Other comprehensive income	105,937	274,438
Total comprehensive income (loss)	<u>\$ 322,590</u>	<u>\$ (1,864,513)</u>
Basic earnings per share	Note	Note

Note: Cathay Walbrook Holding 1 Limited is a limited company, and no information is disclosed accordingly.

Cathay Walbrook Holding 2 Limited

Condensed Balance Sheets
(In Thousands of New Taiwan Dollars)

	December 31	
	2025	2024
Assets		
Current assets	\$ 44,255	\$ 56,483
Investment property	872,561	822,557
Other non-current assets	<u>-</u>	<u>180</u>
Total	<u>\$ 916,816</u>	<u>\$ 879,220</u>
 Liabilities		
Current liabilities	\$ 14,666	\$ 10,302
Non-current liabilities	<u>708,628</u>	<u>689,756</u>
Total liabilities	<u>723,294</u>	<u>700,058</u>
 Equity		
Capital	536,268	536,268
Accumulated deficit	(259,511)	(268,700)
Other equity	<u>(83,235)</u>	<u>(88,406)</u>
Total equity	<u>193,522</u>	<u>179,162</u>
Total	<u>\$ 916,816</u>	<u>\$ 879,220</u>

Cathay Walbrook Holding 2 Limited

Condensed Statements of Comprehensive Income
(In Thousands of New Taiwan Dollars)

	For the Year Ended December 31	
	2025	2024
Operating revenue (loss)	\$ 75,551	\$ (46,690)
Operating costs	(50,709)	(55,720)
Operating expenses	<u>(5,660)</u>	<u>(3,101)</u>
Operating income (loss)	19,182	(105,511)
Non-operating income and expenses	<u>2,337</u>	<u>2,806</u>
Net profit (loss) before income tax	21,519	(102,705)
Income tax expense	<u>(12,330)</u>	<u>(11,960)</u>
Net income (loss)	9,189	(114,665)
Other comprehensive income	<u>5,171</u>	<u>13,936</u>
Total comprehensive income (loss)	<u>\$ 14,360</u>	<u>\$ (100,729)</u>
Basic earnings per share	Note	Note

Note: Cathay Walbrook Holding 2 Limited is a limited company, and no information is disclosed accordingly.

Cathaylife Singapore Pte. Ltd.

Condensed Balance Sheets
(In Thousands of New Taiwan Dollars)

Assets	December 31	
	2025	2024
Current assets	\$ 1,793,074	\$ 2,897,830
Financial assets at fair value through other comprehensive income	2,521,535	2,072,328
Financial assets at amortized cost	<u>25,445,399</u>	<u>26,630,307</u>
Total	<u>\$ 29,760,008</u>	<u>\$ 31,600,465</u>
Liabilities		
Current liabilities	\$ 158,562	\$ 750,403
Non-current liabilities	<u>28,786,232</u>	<u>30,003,505</u>
Total liabilities	<u>28,944,794</u>	<u>30,753,908</u>
Equity		
Capital	975,840	975,840
Accumulated deficit	(143,616)	(45,100)
Other equity	<u>(17,010)</u>	<u>(84,183)</u>
Total equity	<u>815,214</u>	<u>846,557</u>
Total	<u>\$ 29,760,008</u>	<u>\$ 31,600,465</u>

Cathaylife Singapore Pte. Ltd.

Condensed Statements of Comprehensive Income
(In Thousands of New Taiwan Dollars)

	For the Year Ended December 31	From July 3 to December 31, 2024
Operating revenue	\$ 1,571,823	\$ 698,199
Operating costs	(1,651,883)	(735,528)
Operating expenses	<u>(18,456)</u>	<u>(7,771)</u>
Operating loss	(98,516)	(45,100)
Non-operating income and expenses	<u>-</u>	<u>-</u>
Loss before income tax	(98,516)	(45,100)
Income tax expense	<u>-</u>	<u>-</u>
Net loss	(98,516)	(45,100)
Other comprehensive income (loss)	<u>67,173</u>	<u>(84,183)</u>
Total comprehensive loss	<u>\$ (31,343)</u>	<u>\$ (129,283)</u>
Basic earnings per share	Note 2	Note 2

Note 1: Cathaylife Singapore Pte. Ltd. has been established and merged into the consolidated financial statements as a subsidiary since July 3, 2024.

Note 2: Cathaylife Singapore Pte. Ltd. is a limited company, and no information is disclosed accordingly.

Cathay Industrial Research and Design Center Co., Ltd.

Condensed Balance Sheets
(In Thousands of New Taiwan Dollars)

Assets	December 31	
	2025	2024
Current assets	\$ 647,933	\$ 2,285,082
Financial assets at amortized cost	148,727	297,454
Investment property	4,465,936	2,812,269
Property and equipment	508	1,063
Right-of-use assets	-	1,030
Intangible assets	127	-
Deferred tax assets	77,587	66,541
Other assets	177,861	91,052
Total	\$ 5,518,679	\$ 5,554,491
Liabilities		
Current liabilities	\$ 2,572	\$ 2,294
Lease liabilities	1,326,435	1,318,375
Other non-current liabilities	38	4
Total liabilities	1,329,045	1,320,673
Equity		
Share capital	4,500,000	4,500,000
Accumulated deficit	(310,366)	(266,182)
Total equity	4,189,634	4,233,818
Total	\$ 5,518,679	\$ 5,554,491

Cathay Industrial Research and Design Center Co., Ltd.

Condensed Statements of Comprehensive Income
(In Thousands of New Taiwan Dollars, Except Loss Per Share)

	For the Year Ended December 31	
	2025	2024
Operating loss	\$ (7,339)	\$ (19,661)
Operating costs	(52,119)	(52,038)
Operating expenses	(10,901)	(11,904)
Operating loss	(70,359)	(83,603)
Non-operating income and expenses	15,129	18,016
Loss before income tax	(55,230)	(65,587)
Income tax benefit	11,046	13,144
Net loss	(44,184)	(52,443)
Total comprehensive loss	\$ (44,184)	\$ (52,443)
Basic loss per share	\$(0.10)	\$(0.17)

Cathay Power Inc.
Condensed Balance Sheets
(In Thousands of New Taiwan Dollars)

	December 31	
Assets	2025	2024
Current assets	\$ 1,050,928	\$ 847,836
Financial assets at amortized cost	-	1,518
Equity investments accounted for using the equity method	206,831	-
Property and equipment	11,436,171	11,636,513
Right-of-use assets	612,304	661,420
Intangible assets	90,664	93,230
Deferred tax assets	425	544
Other non-current assets	<u>879,931</u>	<u>1,268,820</u>
Total	<u><u>\$ 14,277,254</u></u>	<u><u>\$ 14,509,881</u></u>
Liabilities		
Current liabilities	\$ 4,463,995	\$ 4,840,326
Lease liabilities	645,637	688,733
Other non-current liabilities	<u>5,053,674</u>	<u>4,482,263</u>
Total liabilities	<u><u>10,163,306</u></u>	<u><u>10,011,322</u></u>
Equity		
Share capital	3,703,770	3,703,770
Capital surplus	140,593	152,479
Retained earnings	200,601	276,393
Other equity	(1,109)	(134)
Non-controlling interests	<u>70,093</u>	<u>366,051</u>
Total equity	<u><u>4,113,948</u></u>	<u><u>4,498,559</u></u>
Total	<u><u>\$ 14,277,254</u></u>	<u><u>\$ 14,509,881</u></u>

Cathay Power Inc.

Condensed Statements of Comprehensive Income
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	For the Year Ended December 31	
	2025	2024
Operating revenue	\$ 1,567,017	\$ 1,526,683
Operating costs	(1,146,660)	(1,094,452)
Operating expenses	<u>(146,999)</u>	<u>(139,066)</u>
Operating income	273,358	293,165
Non-operating income and expenses	<u>875</u>	<u>6,499</u>
Profit before income tax	274,233	299,664
Income tax expense	<u>(57,855)</u>	<u>(61,274)</u>
Net income	216,378	238,390
Other comprehensive loss	<u>(975)</u>	<u>(134)</u>
Total comprehensive income	<u>\$ 215,403</u>	<u>\$ 238,256</u>
Basic earnings per share	<u>\$0.58</u>	<u>\$0.64</u>

Cathay Wind Power Holdings Co., Ltd.

Condensed Balance Sheets
(In Thousands of New Taiwan Dollars)

Assets	December 31	
	2025	2024
Current assets	\$ 38,790,693	\$ 18,021,350
Financial assets for hedging	28,288	6,615
Equity investments accounted for using the equity method	12,203,743	3,756,348
Deferred tax assets	27,727	4,685
Other non-current assets	1,703,890	800,955
Total	\$ 52,754,341	\$ 22,589,953
Liabilities		
Current liabilities	\$ 606,865	\$ 20,691,066
Financial liabilities for hedging	166,925	23,424
Other financial liabilities - non-current	31,307,408	1,898,326
Deferred tax liabilities	-	1,323
Total liabilities	32,081,198	22,614,139
Equity		
Share capital	21,310,000	10,000
Accumulated deficit	(525,948)	(20,739)
Other equity	(110,909)	(13,447)
Total equity	20,673,143	(24,186)
Total	\$ 52,754,341	\$ 22,589,953

Cathay Wind Power Holdings Co., Ltd.

Condensed Statements of Comprehensive Income
(In Thousands of New Taiwan Dollars, Except Loss Per Share)

	For the Year Ended December 31	
	2025	2024
Operating revenue	\$ 1,250,191	\$ 30,059
Operating costs	(1,479,176)	(37,895)
Operating expenses	(381,266)	(12,903)
Operating loss	(610,251)	(20,739)
Non-operating income and expenses	105,118	-
Loss before income tax	(505,133)	(20,739)
Income tax expense	(76)	-
Net loss	(505,209)	(20,739)
Other comprehensive loss	(97,462)	(13,447)
Total comprehensive loss	\$ (602,671)	\$ (34,186)
Basic loss per share	\$(9.44)	\$(113.26)

Cathay II Wind Power Holdings Co., Ltd.

Condensed Balance Sheets
(In Thousands of New Taiwan Dollars)

	December 31, 2025
Assets	
Current assets	\$ 9,994
Total	<u>\$ 9,994</u>
Liabilities	
Current liabilities	\$ -
Total liabilities	<u>-</u>
Equity	
Share capital	10,000
Accumulated deficit	(6)
Other equity	<u>-</u>
Total equity	<u>9,994</u>
Total	<u>\$ 9,994</u>

Cathay II Wind Power Holdings Co., Ltd.

Condensed Statements of Comprehensive Income
(In Thousands of New Taiwan Dollars, Except Loss Per Share)

	From October 8 to December 31, 2025
Operating revenue	\$ 1
Operating costs	-
Operating expenses	<u>(7)</u>
Operating loss	(6)
Non-operating income and expenses	<u>-</u>
Loss before income tax	(6)
Income tax expense	<u>-</u>
Net loss	(6)
Other comprehensive loss	<u>-</u>
Total comprehensive loss	<u><u>\$ (6)</u></u>
Basic loss per share	<u><u>\$(0.13)</u></u>

Note: Cathay II Wind Power Holdings Co., Ltd. was established on October 8, 2025 and is a subsidiary incorporated into the consolidated financial statements.

Cathay Century Insurance Co., Ltd.

Condensed Balance Sheets
(In Thousands of New Taiwan Dollars)

	December 31	
Assets	2025	2024
Cash and cash equivalents	\$ 15,024,493	\$ 10,844,393
Receivables	3,249,028	3,219,326
Financial assets at fair value through profit or loss	14,680,235	14,496,026
Financial assets at fair value through other comprehensive income	653,324	654,599
Financial assets at amortized cost	10,756,784	9,374,739
Investments accounted for using the equity method	3,244,049	3,139,902
Loans	68,788	96,451
Reinsurance assets	25,620,771	16,875,287
Property and equipment	314,418	461,110
Right-of-use assets	288,712	174,279
Intangible assets	108,501	82,745
Deferred tax assets	4,558,554	4,585,963
Other assets	<u>502,689</u>	<u>563,259</u>
Total	<u>\$ 79,070,346</u>	<u>\$ 64,568,079</u>
Liabilities		
Payables	\$ 4,920,965	\$ 4,180,132
Financial liabilities at fair value through profit or loss	213,942	224,161
Lease liabilities	289,654	174,288
Insurance liabilities	51,453,279	39,614,194
Provisions	292,047	349,882
Deferred tax liabilities	369,470	445,513
Other liabilities	<u>1,503,561</u>	<u>1,632,726</u>
Total liabilities	<u>59,042,918</u>	<u>46,620,896</u>
Equity		
Share capital	2,000,000	2,000,000
Capital surplus	7,861,133	7,861,133
Retained earnings	9,859,729	7,559,975
Other equity	<u>306,566</u>	<u>526,075</u>
Total equity	<u>20,027,428</u>	<u>17,947,183</u>
Total	<u>\$ 79,070,346</u>	<u>\$ 64,568,079</u>

Cathay Century Insurance Co., Ltd.

Condensed Statements of Comprehensive Income
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	For the Year Ended December 31	
	2025	2024
Operating revenue	\$ 30,422,456	\$ 27,584,516
Operating costs	(19,840,749)	(18,418,850)
Operating expenses	<u>(6,175,461)</u>	<u>(5,999,545)</u>
Operating profit	4,406,246	3,166,121
Non-operating income and expenses	<u>7,895</u>	<u>22,185</u>
Profit before income tax	4,414,141	3,188,306
Income tax expense	<u>(659,263)</u>	<u>(551,684)</u>
Net income	3,754,878	2,636,622
Other comprehensive (loss) income	<u>(217,141)</u>	<u>618,036</u>
Total comprehensive income	<u>\$ 3,537,737</u>	<u>\$ 3,254,658</u>
Basic earnings per share	<u>\$18.77</u>	<u>\$13.18</u>

Cathay Insurance (Vietnam) Co., Ltd.

Condensed Balance Sheets
(In Thousands of New Taiwan Dollars)

	December 31	
Assets	2025	2024
Cash and cash equivalents	\$ 260,605	\$ 329,791
Receivables	184,874	119,486
Financial assets at amortized cost	593,695	664,986
Reinsurance assets	398,417	442,336
Property and equipment	1,316	2,644
Right-of-use assets	10,901	23,120
Intangible assets	13,609	21,733
Other assets	57,292	69,181
Total	\$ 1,520,709	\$ 1,673,277
Liabilities		
Payables	\$ 196,419	\$ 220,157
Insurance liabilities	606,037	670,275
Lease liabilities	11,147	23,342
Deferred tax liabilities	171	157
Other liabilities	16,670	26,335
Total liabilities	830,444	940,266
Equity		
Capital	845,585	845,585
Retained earnings	46,464	37,726
Other equity	(201,784)	(150,300)
Total equity	690,265	733,011
Total	\$ 1,520,709	\$ 1,673,277

Cathay Insurance (Vietnam) Co., Ltd.

**Condensed Statements of Comprehensive Income
(In Thousands of New Taiwan Dollars)**

	For the Year Ended December 31	
	2025	2024
Operating revenue	\$ 479,565	\$ 539,493
Operating costs	(136,303)	(157,660)
Operating expenses	<u>(332,910)</u>	<u>(353,771)</u>
Operating income	10,352	28,062
Non-operating income and expenses	<u>230</u>	<u>999</u>
Profit before income tax	10,582	29,061
Income tax expense	<u>(1,844)</u>	<u>(6,436)</u>
Net income	8,738	22,625
Other comprehensive (loss) income	<u>(51,484)</u>	<u>9,625</u>
Total comprehensive (loss) income	<u>\$ (42,746)</u>	<u>\$ 32,250</u>
Basic earnings per share	Note	Note

Note: Cathay Insurance (Vietnam) is a limited company, and no information is disclosed accordingly.

Cathay United Bank Co., Ltd.

Condensed Balance Sheets
(In Thousands of New Taiwan Dollars)

Assets	December 31	
	2025	2024
Cash and cash equivalents	\$ 60,365,142	\$ 92,612,662
Due from the Central Bank and call loans to banks	411,387,405	291,316,911
Financial assets at fair value through profit or loss	368,084,926	261,380,653
Financial assets at fair value through other comprehensive income	336,431,431	328,713,904
Debt instruments at amortized cost	686,643,677	575,027,841
Notes and bonds purchased under resale agreements	35,291,150	19,649,219
Receivables	146,089,438	136,066,955
Current tax assets	459	494
Loans	2,777,974,159	2,576,471,168
Investments accounted for using the equity method	28,568,543	28,601,271
Other financial assets	362,394	36,710
Property and equipment	24,653,715	23,835,973
Right-of-use assets	6,359,810	5,599,216
Investment property	2,289,150	2,301,344
Intangible assets	7,947,778	7,809,294
Deferred tax assets	4,046,307	3,758,684
Other assets	32,957,601	32,829,026
Total	\$ 4,929,453,085	\$ 4,386,011,325
Liabilities		
Deposits from the Central Bank and banks	\$ 80,250,081	\$ 103,969,851
Financial liabilities at fair value through profit or loss	103,737,995	130,911,042
Notes and bonds under repurchase agreements	1,661,079	10,942,366
Payables	44,352,328	40,809,520
Current tax liabilities	224,317	257,571
Deposits and remittances	4,302,616,565	3,721,670,994
Financial debentures payable	18,600,000	12,700,000
Other financial liabilities	36,875,277	44,541,469
Provisions	3,687,824	3,737,042
Lease liabilities	6,507,891	5,644,390
Deferred tax liabilities	2,117,026	2,593,387
Other liabilities	8,966,811	12,844,089
Total liabilities	4,609,597,194	4,090,621,721
Equity		
Share capital	128,220,970	120,113,139
Capital surplus	38,869,080	38,869,080
Retained earnings	152,526,507	140,136,068
Other equity	239,334	(3,728,683)
Total equity	319,855,891	295,389,604
Total	\$ 4,929,453,085	\$ 4,386,011,325

Cathay United Bank Co., Ltd.

Condensed Statements of Comprehensive Income
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	For the Year Ended December 31	
	2025	2024
Interest income	\$ 118,005,520	\$ 112,427,736
Interest expense	<u>(53,185,448)</u>	<u>(54,885,043)</u>
Net interest income	64,820,072	57,542,693
Net income and gains other than interest income	<u>48,174,494</u>	<u>46,058,973</u>
Profit from operations	112,994,566	103,601,666
Provision for bad debt, commitments and guarantee reserve	(6,840,692)	(8,569,759)
Operating expenses	<u>(54,304,641)</u>	<u>(49,181,486)</u>
Profit before income tax	51,849,233	45,850,421
Income tax expense	<u>(8,841,000)</u>	<u>(8,070,000)</u>
Net income	43,008,233	37,780,421
Other comprehensive income	<u>1,837,988</u>	<u>2,348,457</u>
 Total comprehensive income	 <u>\$ 44,846,221</u>	 <u>\$ 40,128,878</u>
 Basic earnings per share	 <u>\$3.35</u>	 <u>\$2.95</u>

Indovina Bank Limited
Condensed Balance Sheets
(In Thousands of New Taiwan Dollars)

Assets	December 31	
	2025	2024
Cash and cash equivalents	\$ 80,285,041	\$ 68,915,527
Due from the Central Bank and call loans to banks	4,341,814	5,257,848
Financial assets at fair value through profit or loss	2,582,436	7,614,086
Financial assets at fair value through other comprehensive income	8,051,416	7,654,969
Receivables	1,334,156	1,312,969
Loans	56,473,461	50,066,877
Property and equipment	566,588	597,350
Right-of-use assets	127,985	174,298
Intangible assets	44,656	56,113
Deferred tax assets	142,275	91,978
Other assets	<u>79,589</u>	<u>94,919</u>
Total	<u>\$ 154,029,417</u>	<u>\$ 141,836,934</u>
Liabilities		
Due to the Central Bank and banks	\$ 88,610,819	\$ 72,782,660
Financial liabilities at fair value through profit or loss	8,015	583
Payables	1,621,845	1,650,237
Current tax liabilities	102,912	79,124
Deposits and remittances	53,929,738	57,823,326
Provisions	5,578	5,203
Lease liabilities	114,516	157,094
Deferred tax liabilities	-	-
Other liabilities	<u>29,679</u>	<u>21,854</u>
Total liabilities	<u>144,423,102</u>	<u>132,520,081</u>
Equity		
Capital	7,823,375	6,094,911
Retained earnings	1,404,983	2,130,341
Other equity	<u>377,957</u>	<u>1,091,601</u>
Total equity	<u>9,606,315</u>	<u>9,316,853</u>
Total	<u>\$ 154,029,417</u>	<u>\$ 141,836,934</u>

Indovina Bank Limited

**Condensed Statements of Comprehensive Income
(In Thousands of New Taiwan Dollars)**

	For the Year Ended December 31	
	2025	2024
Interest income	\$ 5,132,672	\$ 4,235,118
Interest expense	<u>(3,534,358)</u>	<u>(2,594,437)</u>
Net interest income	1,598,314	1,640,681
Net income and gains other than interest income	<u>646,110</u>	<u>773,470</u>
Profit from operations	2,244,424	2,414,151
Provision for bad debt, commitments and guarantee reserve	(173,685)	(83,621)
Operating expenses	<u>(821,688)</u>	<u>(903,986)</u>
Profit before income tax	1,249,051	1,426,544
Income tax expense	<u>(245,945)</u>	<u>(305,831)</u>
Net income	1,003,106	1,120,713
Other comprehensive (loss) income	<u>(713,644)</u>	<u>327,276</u>
Total comprehensive income	<u>\$ 289,462</u>	<u>\$ 1,447,989</u>
Basic earnings per share	Note	Note

Note: Indovina Bank is a limited company, and no information is disclosed accordingly.

Cathay United Bank (Cambodia) PLC.

Condensed Balance Sheets
(In Thousands of New Taiwan Dollars)

Assets	December 31	
	2025	2024
Cash and cash equivalents	\$ 1,747,333	\$ 1,820,870
Due from the Central Bank and call loans to banks	3,316,991	2,309,827
Financial assets at fair value through other comprehensive income	804	839
Debt instruments at amortized cost	-	160,176
Receivables	241,519	232,326
Loans	13,212,618	16,438,609
Property and equipment	165,597	194,973
Right-of-use assets	91,256	70,192
Intangible assets	29,668	36,178
Deferred tax assets	6,589	29,870
Other assets	104,758	67,828
Total	\$ 18,917,133	\$ 21,361,688
Liabilities		
Deposits from the Central Bank and banks	\$ 8,367,711	\$ 8,862,230
Payables	207,370	243,041
Current tax liabilities	19,282	16,839
Deposits and remittances	6,736,952	8,539,505
Provisions	2,262	1,945
Lease liabilities	92,059	71,264
Other liabilities	1,622	1,692
Total liabilities	15,427,258	17,736,516
Equity		
Share capital	3,020,769	3,020,769
Retained earnings	314,219	302,576
Other equity	154,887	301,827
Total equity	3,489,875	3,625,172
Total	\$ 18,917,133	\$ 21,361,688

Cathay United Bank (Cambodia) PLC.

Condensed Statements of Comprehensive Income
(In Thousands of New Taiwan Dollars, Except Earnings (Loss) Per Share)

	For the Year Ended December 31	
	2025	2024
Interest income	\$ 1,351,011	\$ 1,464,205
Interest expense	<u>(584,855)</u>	<u>(728,985)</u>
Net interest income	766,156	735,220
Net income and gains other than interest income	<u>43,017</u>	<u>49,477</u>
Profit from operations	809,173	784,697
Provision for bad debt, commitments and guarantee reserve	(196,283)	(492,039)
Operating expenses	<u>(565,456)</u>	<u>(603,820)</u>
Profit (loss) before income tax	47,434	(311,162)
Income tax (expense) benefit	<u>(35,791)</u>	<u>45,100</u>
Net income (loss)	11,643	(266,062)
Other comprehensive (loss) income	<u>(146,940)</u>	<u>242,684</u>
Total comprehensive loss	<u>\$ (135,297)</u>	<u>\$ (23,378)</u>
Basic earnings (loss) per share	<u>\$0.12</u>	<u>\$(2.66)</u>

Cathay United Bank (China) Co., Ltd.

Condensed Balance Sheets
(In Thousands of New Taiwan Dollars)

Assets	December 31	
	2025	2024
Cash and cash equivalents	\$ 482,579	\$ 2,081,199
Due from the Central Bank and call loans to banks	10,086,464	7,155,163
Financial assets at fair value through profit or loss	1,726,722	3,039,274
Financial assets at fair value through other comprehensive income	38,674,966	32,805,410
Debt instruments at amortized cost	1,839,464	1,826,964
Notes and bonds purchased under resale agreements	-	1,925,397
Receivables	9,480,436	8,442,345
Current tax assets	65,623	-
Loans	39,269,140	36,256,021
Property and equipment	143,835	139,243
Right-of-use assets	291,823	304,112
Intangible assets	187,250	194,134
Other assets	291,995	<u>395,964</u>
Total	<u>\$ 102,540,297</u>	<u>\$ 94,565,226</u>
Liabilities		
Deposits from the Central Bank and banks	\$ 3,504,447	\$ 2,326,576
Financial liabilities at fair value through profit or loss	490,108	1,861,150
Notes and bonds sold under repurchase agreements	449,821	-
Payables	9,778,987	9,293,809
Current tax liabilities	-	5,595
Deposits and remittances	67,672,103	60,552,600
Other financial liabilities	2,153,303	1,657,229
Provisions	27,407	26,842
Lease liabilities	324,450	325,729
Deferred tax liabilities	2,781	100,552
Other liabilities	<u>264,617</u>	<u>356,235</u>
Total liabilities	<u>84,668,024</u>	<u>76,506,317</u>
Equity		
Capital	14,377,562	14,377,562
Capital surplus	2,522,670	2,522,670
Retained earnings	1,810,177	1,575,753
Other equity	<u>(838,136)</u>	<u>(417,076)</u>
Total equity	<u>17,872,273</u>	<u>18,058,909</u>
Total	<u>\$ 102,540,297</u>	<u>\$ 94,565,226</u>

Cathay United Bank (China) Co., Ltd.

**Condensed Statements of Comprehensive Income
(In Thousands of New Taiwan Dollars)**

	For the Year Ended December 31	
	2025	2024
Interest income	\$ 2,284,033	\$ 2,365,438
Interest expense	<u>(1,227,227)</u>	<u>(1,371,210)</u>
Net interest income	1,056,806	994,228
Net income and gains other than interest income	<u>429,449</u>	<u>617,135</u>
Profit from operations	1,486,255	1,611,363
Provision for bad debt, commitments and guarantee reserve	(82,144)	(66,021)
Operating expenses	<u>(1,117,956)</u>	<u>(1,160,211)</u>
Profit before income tax	286,155	385,131
Income tax expense	<u>(51,731)</u>	<u>(98,896)</u>
Net income	234,424	286,235
Other comprehensive (loss) income	<u>(421,060)</u>	<u>1,183,509</u>
Total comprehensive (loss) income	<u>\$ (186,636)</u>	<u>\$ 1,469,744</u>
Basic earnings per share	Note	Note

Note: CUBCN BANK is a limited company, and no information is disclosed accordingly.

Cathay Securities Corporation
Condensed Balance Sheets
(In Thousands of New Taiwan Dollars)

	December 31	
Assets	2025	2024
Current assets	\$ 97,950,952	\$ 73,673,834
Financial assets at fair value through other comprehensive income - non-current	435	1,119
Investments accounted for using the equity method	3,389,037	5,231,158
Property and equipment	553,196	367,757
Right-of-use assets	235,044	309,109
Intangible assets	119,091	76,923
Deferred tax assets	139,060	86,040
Other non-current assets	1,239,838	1,053,117
Total	\$ 103,626,653	\$ 80,799,057
Liabilities		
Current liabilities	\$ 84,628,741	\$ 61,115,010
Lease liabilities - non-current	130,526	210,310
Deferred tax liabilities	106,253	112,696
Other non-current liabilities	36,740	37,729
Total liabilities	84,902,260	61,475,745
Equity		
Share capital	7,700,000	7,700,000
Capital surplus	914,810	914,810
Retained earnings	9,085,819	7,534,238
Other equity	1,023,764	3,174,264
Total equity	18,724,393	19,323,312
Total	\$ 103,626,653	\$ 80,799,057

Cathay Securities Corporation

Condensed Statements of Comprehensive Income
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	For the Year Ended December 31	
	2025	2024
Revenues	\$ 12,749,048	\$ 11,615,815
Operating costs and expenses	<u>(7,476,139)</u>	<u>(6,715,300)</u>
Operating income	5,272,909	4,900,515
Non-operating income and expenses	<u>161,065</u>	<u>139,969</u>
Profit before income tax	5,433,974	5,040,484
Income tax expense	<u>(932,654)</u>	<u>(863,677)</u>
Net income	4,501,320	4,176,807
Other comprehensive (loss) income	<u>(2,152,283)</u>	<u>1,306,809</u>
 Total comprehensive income	 <u>\$ 2,349,037</u>	 <u>\$ 5,483,616</u>
 Basic earnings per share	 <u>\$5.85</u>	 <u>\$5.42</u>

Cathay Futures Co., Ltd.

Condensed Balance Sheets
(In Thousands of New Taiwan Dollars)

	December 31	
Assets	2025	2024
Current assets	\$ 28,156,384	\$ 20,439,640
Financial assets at fair value through other comprehensive income - non-current	1,336,549	3,433,539
Property and equipment	59,252	60,728
Investment property	290,341	290,341
Right-of-use assets	12,950	19,151
Intangible assets	29,039	29,835
Deferred tax assets	606	560
Other non-current assets	174,955	166,639
Total	\$ 30,060,076	\$ 24,440,433
Liabilities		
Current liabilities	\$ 27,301,894	\$ 19,800,137
Deferred tax liabilities	6,110	6,076
Other non-current liabilities	6,362	14,093
Total liabilities	27,314,366	19,820,306
Equity		
Share capital	819,600	667,000
Capital surplus	2,455	2,455
Retained earnings	619,260	549,103
Other equity	1,304,395	3,401,569
Total equity	2,745,710	4,620,127
Total	\$ 30,060,076	\$ 24,440,433

Cathay Futures Co., Ltd.

Condensed Statements of Comprehensive Income
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	For the Year Ended December 31	
	2025	2024
Revenues	\$ 535,187	\$ 516,932
Operating costs and expenses	<u>(616,365)</u>	<u>(579,834)</u>
Operating loss	(81,178)	(62,902)
Non-operating income and expenses	<u>355,183</u>	<u>331,395</u>
Profit before income tax	274,005	268,493
Income tax expense	<u>(51,226)</u>	<u>(49,939)</u>
Net income	222,779	218,554
Other comprehensive (loss) income	<u>(2,097,174)</u>	<u>1,468,168</u>
Total comprehensive (loss) income	<u>\$ (1,874,395)</u>	<u>\$ 1,686,722</u>
Basic earnings per share	<u>\$2.72</u>	<u>\$2.67</u>

Cathay Securities (Hong Kong) Limited

**Condensed Balance Sheets
(In Thousands of New Taiwan Dollars)**

	December 31	
	2025	2024
Assets		
Current assets	\$ 1,641,867	\$ 2,771,313
Property and equipment	4,418	4,113
Right-of-use assets	14,990	27,960
Intangible assets	2,011	2,102
Other non-current assets	63,096	39,339
Total	\$ 1,726,382	\$ 2,844,827
 Liabilities		
Current liabilities	\$ 1,078,334	\$ 2,216,956
Non-current liabilities	4,463	16,407
Total liabilities	1,082,797	2,233,363
 Equity		
Capital	1,108,244	1,108,244
Retained earnings	(435,979)	(494,002)
Other equity	(28,680)	(2,778)
Total equity	643,585	611,464
Total	\$ 1,726,382	\$ 2,844,827

Cathay Securities (Hong Kong) Limited

**Condensed Statements of Comprehensive Income
(In Thousands of New Taiwan Dollars)**

	For the Year Ended December 31	
	2025	2024
Revenues	\$ 240,419	\$ 378,597
Operating costs and expenses	(185,409)	(206,973)
Operating income	55,010	171,624
Non-operating income and expenses	3,013	4,263
Net income	58,023	175,887
Other comprehensive (loss) income	(25,902)	33,939
Total comprehensive income	\$ 32,121	\$ 209,826
Basic earnings per share	Note	Note

Note: Cathay Securities (Hong Kong) is a limited company, and no information is disclosed accordingly.

Cathay Securities Investment Trust Co., Ltd.

Condensed Balance Sheets
(In Thousands of New Taiwan Dollars)

	December 31	
Assets	2025	2024
Current assets	\$ 6,300,036	\$ 5,535,128
Financial assets at fair value through other comprehensive income - non-current	19,027	16,506
Investments accounted for using the equity method	178,381	364,074
Property and equipment	159,430	97,323
Right-of-use assets	39,027	86,158
Intangible assets	98,983	95,957
Deferred tax assets	107,128	21,634
Guarantee deposits paid	409,584	382,206
Other non-current assets	<u>56,231</u>	<u>45,416</u>
 Total	 <u>\$ 7,367,827</u>	 <u>\$ 6,644,402</u>
 Liabilities		
Current liabilities	\$ 1,982,021	\$ 1,426,619
Non-current liabilities	<u>109,035</u>	<u>124,591</u>
Total liabilities	<u>2,091,056</u>	<u>1,551,210</u>
 Equity		
Share capital	1,500,000	1,500,000
Capital surplus	23,169	23,169
Retained earnings	3,834,903	3,648,540
Other equity	<u>(81,301)</u>	<u>(78,517)</u>
Total equity	<u>5,276,771</u>	<u>5,093,192</u>
 Total	 <u>\$ 7,367,827</u>	 <u>\$ 6,644,402</u>

Cathay Securities Investment Trust Co., Ltd.

Condensed Statements of Comprehensive Income
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	For the Year Ended December 31	
	2025	2024
Operating revenue	\$ 6,351,797	\$ 5,404,134
Operating expenses	<u>(2,770,155)</u>	<u>(2,454,160)</u>
Operating profit	3,581,642	2,949,974
Non-operating income and expenses	<u>(556,659)</u>	<u>94,413</u>
Profit before income tax	3,024,983	3,044,387
Income tax expense	<u>(637,418)</u>	<u>(602,948)</u>
Net income	2,387,565	2,441,439
Other comprehensive (loss) income	<u>(2,784)</u>	<u>3,906</u>
Total comprehensive income	<u>\$ 2,384,781</u>	<u>\$ 2,445,345</u>
Basic earnings per share	<u>\$15.92</u>	<u>\$16.28</u>

Cathay Private Equity Co., Ltd.

Condensed Balance Sheets
(In Thousands of New Taiwan Dollars)

	December 31	
	2025	2024
Assets		
Current assets	\$ 68,031	\$ 80,934
Non-current assets	<u>91,097</u>	<u>76,175</u>
Total	<u>\$ 159,128</u>	<u>\$ 157,109</u>
Liabilities		
Current liabilities	\$ 12,262	\$ 13,542
Non-current liabilities	<u>1,176</u>	<u>408</u>
Total liabilities	<u>13,438</u>	<u>13,950</u>
Equity		
Share capital	150,000	150,000
Capital surplus	361	361
Retained earnings	<u>(4,671)</u>	<u>(7,202)</u>
Total equity	<u>145,690</u>	<u>143,159</u>
Total	<u>\$ 159,128</u>	<u>\$ 157,109</u>

Cathay Private Equity Co., Ltd.

Condensed Statements of Comprehensive Income
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	For the Year Ended December 31	
	2025	2024
Operating revenue	\$ 56,152	\$ 62,127
Operating expenses	<u>(45,031)</u>	<u>(43,922)</u>
Operating profit	11,121	18,205
Non-operating income and expenses	<u>(6,283)</u>	<u>17,983</u>
Profit before income tax	4,838	36,188
Income tax expense	<u>(2,307)</u>	<u>(3,746)</u>
Net income	<u>2,531</u>	<u>32,442</u>
Total comprehensive income	<u>\$ 2,531</u>	<u>\$ 32,442</u>
Basic earnings per share	<u>\$ 0.17</u>	<u>\$ 2.16</u>

Cathay Venture Inc.
Condensed Balance Sheets
(In Thousands of New Taiwan Dollars)

	December 31	
Assets	2025	2024
Current assets	\$ 922,929	\$ 545,981
Financial assets at fair value through profit or loss - non-current	6,519,832	5,339,687
Financial assets at fair value through other comprehensive income - non-current	405,158	482,684
Investments accounted for using the equity method	-	264,784
Property and equipment	1,530	1,915
Right-of-use assets	25,296	8,541
Deferred tax assets	295,129	206,246
Other non-current assets	2,138	2,086
Total	\$ 8,172,012	\$ 6,851,924
Liabilities		
Current liabilities	\$ 98,001	\$ 64,284
Non-current liabilities	21,661	6,028
Total liabilities	119,662	70,312
Equity		
Share capital	5,181,730	5,181,730
Capital surplus	576,952	576,952
Retained earnings	2,310,622	987,370
Other equity	(16,954)	35,560
Total equity	8,052,350	6,781,612
Total	\$ 8,172,012	\$ 6,851,924

Cathay Venture Inc.

Condensed Statements of Comprehensive Income
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	For the Year Ended December 31	
	2025	2024
Operating revenue	\$1,932,717	\$ 685,339
Operating costs	(52,538)	(45,894)
Operating expenses	(20,618)	(20,176)
Non-operating income and expenses	11,069	1,063
Profit before income tax	1,870,630	620,332
Income tax benefit	35,181	14,922
Net income	1,905,811	635,254
Other comprehensive (loss) income	(63,345)	36,850
 Total comprehensive income	 <u>\$1,842,466</u>	 <u>\$ 672,104</u>
 Basic earnings per share	 <u>\$3.68</u>	 <u>\$1.23</u>

- b. The profitability of the Company, the Group and its insurance subsidiaries, banking subsidiaries and securities subsidiaries.

For the year ended December 31, 2025

Unit: %

	Return on Assets		Return on Equity		Net Income
	Before Tax	After Tax	Before Tax	After Tax	Ratio
The Group	0.80	0.77	12.27	11.69	30.72
The Company	9.66	9.68	11.76	11.79	97.38
Cathay Life	0.57	0.63	6.98	7.78	7.68
Cathay Century	6.15	5.23	23.25	19.78	12.34
Cathay United Bank	1.11	0.92	16.85	13.98	38.06
Cathay Securities	5.89	4.88	28.56	23.66	35.31

For the year ended December 31, 2024

Unit: %

	Return on Assets		Return on Equity		Net Income
	Before Tax	After Tax	Before Tax	After Tax	Ratio
The Group	0.97	0.84	15.15	13.02	30.69
The Company	10.97	10.91	13.22	13.15	96.91
Cathay Life	0.86	0.78	11.21	10.11	8.70
Cathay Century	5.35	4.42	19.36	16.01	9.56
Cathay United Bank	1.08	0.89	16.16	13.32	36.47
Cathay Securities	7.35	6.09	29.04	24.06	35.96

Note 1: Net income ratio = Net income/Net revenue.

Note 2: For 2024, net income includes the profit (loss) from discontinued operations.

35. BUSINESS OR TRADING ACTIVITIES WITHIN SUBSIDIARIES

a. Integration of business activities

In order to improve the Group's competitiveness and enhance its operation synergy, the Company integrates various services, such as banking, insurance, and securities, and builds up a full-functioning financial platform; with over 700 operating locations all over Taiwan and about 25,000 professional salespersons, the Company provides comprehensive financial planning and one-stop shopping services to its clients.

b. Cross utilization of information

To provide diversified financial commodities and services to clients, the Company has referred to the Financial Holding Company Act, Personal Data Protection Act, Regulations for Co-selling Activities among Subsidiaries of Financial Holding Company, Self-discipline Standards for Financial Holding Company and its Subsidiaries and other related regulations issued by the FSC, to stipulate the Regulations for Co-selling Activities among Subsidiaries of Cathay Financial Holdings, contracts for Co-selling Activities among Subsidiaries of Cathay Financial Holdings, Non-disclosure Agreement of Business Information and Customers' Personal Data among Subsidiary of Cathay Financial Holdings, Joint Statement for Security Measures of Cathay Financial Holdings and its Subsidiaries, Operation Rules of Cathay Financial Holdings Strategies Communication and Marketing Division for Monitoring Subsidiaries' Selling Activities, and Guidelines of Cathay Financial Holdings' Data Storage Management, Cathay Financial Holdings and Subsidiary Data Sharing Management Policy and the Adoption of Management Measures for Data Sharing among its Subsidiaries by providing customers with exit mechanism, the Company strives to cross-utilize clients' personal data under a legal and safe environment and provide comprehensive and integrated financial commodities and services to clients.

c. Joint business facilities and locations

In order to achieve the target of providing comprehensive financial services through one-stop shopping, the Group keep on expanding the co-selling of products across subsidiaries to the extent allowed by laws and regulations.

- 1) Aside from the insurance agency business and life insurance product promotion, Cathay United Bank has engaged in co-selling activities for securities and property insurance businesses across all branches.
- 2) Cathay Life is engaged in co-selling activities for banking and property insurance businesses across all business locations.

d. Allocation of revenues, costs, expenses, profits and losses

Revenue, costs, expenses, profits or losses arising from integrated business activities among the Company's subsidiaries are allocated to each subsidiary based on the related business features or other reasonable allocation methods.

36. SEGMENT INFORMATION

a. General information on operating segments

The Group separated operating segments based on the nature of business and classified them into five reportable segments for management purposes:

- 1) **Banking operating segment:** The banking operating segment is engaged in permitted businesses of commercial banks provided by the Banking Act of the Republic of China, foreign exchange business, guarantee business, advisory service of foreign currency investments, trust business, offshore banking units and other financial business of investments from returning expatriates.
- 2) **Life insurance operating segments:** The life insurance operating segment is engaged in traditional insurance, investment-linked insurance and interest-sensitive sales of annuity insurance and providing financial planning services and policy loan services.
- 3) **Property insurance operating segment:** The property insurance operating segment is engaged in fire insurance, marine insurance, land and air insurance, liability insurance, financial guarantee insurance, reinsurance and other insurance.
- 4) **Securities operating segment:** The securities operating segment is engaged in brokerage, dealership, and underwriting business and is dedicated to capabilities of research, development and design to provide security financial services with a variety of new financial products.
- 5) **Other operating segment:** Such segment includes assets, liabilities, revenue and expenditures which cannot be directly attributable to or reasonably allocated to certain operating segments.

To determine allocation of resources and performance measure, the management monitors results of each operating segment. The accounting policies for each operating segment are the same as those stated in Note 4 the summary of material accounting policy information.

b. Information of reporting segment income was as follows:

For the year ended December 31, 2025

Segment	Banking Division	Life Insurance Division	Property Insurance Division	Securities Division	Other Division	Total
Net interest income (loss)	\$ 69,248,024	\$ 198,813,220	\$ 923,090	\$ 836,758	\$ (2,450,434)	\$ 267,370,658
Net income and gains other than interest income	39,599,988	8,735,529	12,758,207	10,559,615	11,380,918	83,034,257
Profit from operations	108,848,012	207,548,749	13,681,297	11,396,373	8,930,484	350,404,915
Provision for bad debt, commitments and guarantee reserve	(7,292,804)	(880,484)	(14,225)	(3,099)	(1,300)	(8,191,912)
Net changes in insurance liability reserve	-	(112,128,927)	(2,933,083)	-	-	(115,062,010)
Operating expenses	(55,262,772)	(41,110,574)	(5,203,164)	(5,611,575)	(6,990,872)	(114,178,957)
Profit from continuing operations before taxes	46,292,436	53,428,764	5,530,825	5,781,699	1,938,312	112,972,036
Income tax (expense) benefit	(9,182,481)	6,039,888	(661,290)	(932,992)	(602,029)	(5,338,904)
Net income from continuing operations	37,109,955	59,468,652	4,869,535	4,848,707	1,336,283	107,633,132

For the year ended December 31, 2024

Segment	Banking Division	Life Insurance Division	Property Insurance Division	Securities Division	Other Division	Total
Net interest income (loss)	\$ 61,750,716	\$ 200,659,534	\$ 821,428	\$ 719,625	\$ (1,829,356)	\$ 262,121,947
Net income and gains other than interest income	35,561,259	31,745,793	10,026,999	9,770,057	8,490,862	95,594,970
Profit from operations	97,311,975	232,405,327	10,848,427	10,489,682	6,661,506	357,716,917
(Provision) recovery for bad debt, commitments and guarantee reserve	(9,211,440)	55,364	(117,308)	(5,857)	-	(9,279,241)
Net changes in insurance liability reserve	-	(112,990,517)	(1,353,758)	-	-	(114,344,275)
Operating expenses	(50,407,005)	(40,813,339)	(4,974,901)	(5,043,149)	(6,012,252)	(107,250,646)
Profit from continuing operations before taxes	37,693,530	78,656,835	4,402,460	5,440,676	649,254	126,842,755
Income tax expense	(8,434,599)	(5,318,964)	(558,307)	(863,656)	(1,450,276)	(16,625,802)
Net income (loss) from continuing operations	29,258,931	73,337,871	3,844,153	4,577,020	(801,022)	110,216,953

Note: All intercompany transactions among the operating segments have been eliminated.

c. Geographical information

	<u>For the Year Ended December 31</u>	
	<u>2025</u>	<u>2024</u>
Taiwan	\$ 297,826,409	\$ 314,130,705
Asia	49,318,873	41,909,331
Other countries	<u>3,259,633</u>	<u>1,676,881</u>
	<u>\$ 350,404,915</u>	<u>\$ 357,716,917</u>

37. RISK MANAGEMENT FOR INSURANCE CONTRACTS AND FINANCIAL INSTRUMENTS

a. Cathay Life and its subsidiaries

1) Risk management objectives, policies, procedures and methods:

a) Objectives of risk management

Cathay Life's risk management policy aims to promote operational efficiency, ensure asset safety, increase shareholders' value, and comply with applicable domestic and overseas laws and regulations for the purpose of steady growth and sustainable management.

b) Framework, organizational structure and responsibilities of risk management

i. The board of directors

i) The board of directors should establish appropriate risk management framework and culture, ratify appropriate risk management policy and review it regularly and allocate resources in the most effective manner.

ii) The board of directors and senior management should consistently promote, execute risk management and keep the consistency of the operational objectives of Cathay Life as well as operational strategies and operations management.

- iii) The board of directors should review the risk appetite on a yearly basis and make adjustments as deemed appropriate.
- iv) The board of directors should be aware of the risks arising from operations, ensure the effectiveness of risk management and bear the ultimate responsibility for overall risk management.
- v) The board of directors should delegate authority to risk management department to deal with violation to risk limits by other departments.

ii. Risk management committee

- i) The committee should propose the risk management policies, framework and organizational functions and establish quantitative and qualitative risk management standards. The committee is also responsible for reporting on the implementing of risk management to the board of directors regularly and making necessary suggestions for improvement.
- ii) The committee should execute the risk management policies set by the board of directors and review the development, build-up and performance of overall risk management mechanisms regularly.
- iii) The committee should assist and monitor the risk management activities.
- iv) The committee should assist in reviewing the formulation of risk limits development process.
- v) The committee should adjust the risk category, risk limit allocation and risk taking according to the changes in environment.
- vi) The committee should coordinate cross-department interaction and communication.

iii. Chief risk officer

- i) The chief risk officer should maintain independence. Besides a position directly related to risk management and without conflict of interest, the chief risk officer should not hold a position in any profit center of Cathay Life.
- ii) The chief risk officer should be able to access any business information which may have an impact on risk overview of Cathay Life.
- iii) The chief risk officer should be in charge of overall risk management of Cathay Life.
- iv) The chief risk officer should participate in Cathay Life's important decision-making process and, as appropriate, provide opinions from a risk management perspective.

iv. Risk management department

- i) The department is responsible for operational affairs such as monitoring, measuring and evaluating daily risks, which should be performed independently of business units.
- ii) The department should perform the following functions with regard to different business activities:
 - Propose and execute the risk management policies set by the board of directors.

- Propose the risk limits based on risk appetite.
- Summarize the risk information provided by each department, coordinate and communicate with each department to facilitate the execution of the policies and the risk limits.
- Regularly present risk management reports.
- Regularly review the risk limits of each business unit and as authorized by the board of directors, handle any violations of risk limits by the business units.
- Assist in executing stress testing.
- Execute back testing if necessary.
- Other risk management related issues.

v. Business units

- i) Each business unit should assign a risk management coordinator to assist in execution of the risk management of each business unit.
- ii) The duties of the risk management include the following:
 - Identify and measure risks and report risk exposures and potential impacts on time.
 - Regularly review the risks and their limits and, in case of any excess of risk limits, report the excess of risk limits along with the corresponding actions.
 - Assist to develop the risk model and ensure that risk measurement, application of the model and the parameter settings are reasonable and consistent.
 - Ensure that internal control procedures are executed effectively to comply with applicable regulations and the risk management policies.
 - Assist in collecting data related to operational risk.
 - Manager of a business unit is responsible for daily risk management and risk reporting of the unit, and for taking necessary actions to mitigate risks.
 - Manager of a business unit should supervise the unit to submit risk management information regularly to the risk management department.

vi. Audit department

The department is responsible for the audit of each department's implementation status of risk management pursuant to the applicable laws and regulations and related rules and guidance of Cathay Life.

vii. Subsidiaries

Each subsidiary's risk management department or related unit should develop risk management policies based on the nature of its business and needs and report to Cathay Life's risk management committee to organize for future reference.

c) Range and nature of risk assessment or risk reporting

Cathay Life's risk management procedures include risk identification, risk measurement, risk control and risk reporting. Cathay Life sets its management standards for market risk, credit risk, country risk, liquidity risk, operational risk, insurance risk, asset and liability matching risk, capital adequacy, information security, personal data, emerging risk, ESG risk and reputation risk. Cathay Life also develops methods of assessment and evaluation, monitors its risks and regularly provides the risk management reports.

i. Market risk

Market risk is the risk of losses in value of Cathay Life's financial assets arising from the changes in market prices of financial instruments. Cathay Life adopts measurement indicators for market risk based on VaR and reviews regularly. In addition, Cathay Life performs back testing to ensure the accuracy of the market risk model regularly. Furthermore, Cathay Life applies scenario analysis or stress testing to evaluate the possible impacts on asset portfolio due to significant domestic and/or international events regularly. In response to the implementation of foreign exchange valuation reserve, Cathay Life determines the ceiling of foreign exchange risk, implements warning system and monitors foreign exchange risk regularly.

ii. Credit risk

Credit risk is the risk of losses on Cathay Life's rights due to the counterparty or debtor failing to perform contractual obligations. Cathay Life applies credit rating, credit concentration and VaR for credit risk as measurement indicators which are reviewed regularly. Furthermore, Cathay Life applies scenario analysis and stress testing to evaluate the possible impacts on asset portfolio due to significant domestic and international events regularly.

iii. Country risk

Country risk is the risk that Cathay Life suffers losses from loans, financial investments and long-term investments in a specific country as a result of market price fluctuation or default of security issuers or debtors stemming from local economic, domestic, and geopolitical conditions situations. Cathay Life adopts measurement indicators for country risk, which are calculated by total investments in a certain country or specific area divided by total foreign investments or adjusted net assets. Cathay Life reviews and adjusts the indicator on a regular basis.

iv. Liquidity risk

Liquidity risk is comprised of funding liquidity risk and market liquidity risk. Funding liquidity risk is the risk that Cathay Life is not capable of performing matured commitment because it fails to realize assets or obtain sufficient funds. Cathay Life has established measurement indicators of funding liquidity risk and reviews the indicators regularly. In addition, a funding reporting system has been established under which the risk management department manages funding liquidity based on the information provided by relevant business units. Furthermore, the cash flow analysis model has been applied and monitored regularly, and improvements should be made once unusual events occur. The cash flow analysis model is also applied to set the annual assets allocation plan and establish positions in liquid assets to maintain appropriate liquidity of assets. Market liquidity risk is the risk of significant changes in fair values when Cathay Life sells or offsets its positions during a market disorder or a lack of sufficient market depth. Cathay Life has established a liquidity threshold for investment positions. Each investment department evaluates the market

trading volumes and adequacy of positions held according to the features and objectives of its investment positions.

v. Operational risk

Operational risk is the risk caused by improper conduct or errors of internal process, personnel, system or external issues that lead to losses. Operational risk includes legal risk but excludes strategic risk and reputation risk. Cathay Life has set the standard operating procedures based on the nature of the business and established reporting system for loss events of operation risk as well as to collect and manage information with respect to losses resulting from operational risk. To maintain Cathay Life's operation and ability to provide customer services while minimizing the losses under a major crisis, Cathay Life has established business continuity management system, emergency handling mechanism and information system damage responses.

vi. Insurance risk

Cathay Life assumes certain risks which is transferred from policyholders after the collection of premiums from policyholders, and Cathay Life may bear losses due to unexpected changes when paying claims and related expenses. This risk is involved with policy design and pricing risk, underwriting risk, reinsurance risk, catastrophe risk, claim risk and reserve-related risk.

vii. Asset and liability matching risk

This risk resulted from the differences between the changes in values of assets and those of liabilities. Cathay Life measures the risk with capital costs, duration, cash flow management and scenario analysis.

viii. Capital adequacy

Cathay Life regards RBC ratio and equity ratio as a management indicator for capital adequacy. The RBC ratio is the total capital of Cathay Life divided by its risk-based capital, as regulated under the Insurance Act and the Regulations Governing Capital Adequacy of Insurance Companies. The equity ratio is Cathay Life's equity audited (or reviewed) by the auditors divided by the total assets excluding the total assets recorded in separate accounts for investment type insurance policies.

ix. Risk of information security management

The risk of information security management refers to the damage resulted from confidentiality, completeness and availability of information asset, or damage caused by stealing, tampering, damaging, losing or leaking information assets. Cathay Life has an information security management policy to reduce the impact of information security incidents damage, and regularly reports to the board of directors on the overall implementation of information security and the trend of information security risks.

x. Risk of personal data

The risk of personal data management refers to the damage caused by stealing, tampering, damaging, losing or leaking personal data. Cathay Life has a personal data management policy in place to reduce the impact of information security incidents and personal data damage.

xi. Emerging risks

Emerging risks refer to risks that are not currently revealed but may arise as a result in the changes of the environment, usually due to changes in politics, regulations, markets or the natural environment. Cathay Life conducts emerging risk management operations by reference to authority organizations, benchmarking enterprise reports, regularly identifying and measuring emerging risks as well as assessing risk response and control mechanism, and reports the status of emerging risk to senior management every year, which is incorporated into the risk management business implementation report and delivered to the Risk Management Committee for deliberation.

xii. ESG risks

ESG risks include environmental (climate and nature issues), social and corporate governance risks. Climate and nature-related risk is part of the environmental risks of ESG risks and refers to the potential negative impact of climate and natural environment changes, including transition risk (a wide range of risks resulting from the trend of low-carbon economy or increased focus on nature sustainability, including policy, legal, technology and market change risks) and physical risk (the risk of financial losses due to imminent extreme weather events and long-term climate pattern change or degradation of natural systems). To address ESG risks, Cathay Life has developed related risk indicators, conducts risk monitoring, scenario analysis or stress testing, and prepares corresponding risk management reports on a regular basis.

xiii. Reputation risk

Reputation risk refers to the risk that Cathay Life's reputation may be adversely impacted due to improper behavior or negative media reports that may damage brand value and shareholders' interests. Cathay Life has established a reputation risk management policy, which includes risk assessment, adoption of countermeasures, and the implementation of procedures, such as stakeholder communication.

- d) The process of assuming, measuring, monitoring and controlling risks and the underwriting policies to determine the proper risk classification and premium levels
- i. The process of assuming, measuring, monitoring and controlling insurance risks
 - i) Stipulate Cathay Life's insurance risk management standards including the definitions and range of risks, management structure, risk management indicators and other risk management measures.
 - ii) Establish methods to evaluate insurance risks.
 - iii) Regularly provide the insurance risk management report as a reference for monitoring insurance risk and for developing insurance risk management strategies.
 - iv) Regularly summarize the results of implementing risk management policies and report to the risk management committee and risk management department of the Company. When an exceptional insurance risk event occurs, the related departments should propose corresponding solutions to the risk management committee of Cathay Life.

- ii. The underwriting policies to determine proper risk classification and premium levels
 - i) Underwriters should comply with the rules of financial underwriting. For underwriting a new policy of an existing policyholders, the underwriter should consider previous information as well as the exceptional cases from the insurance notification database and total insured amounts in insurance enterprises, to check if the number of policies, the insured amounts and the premiums are reasonable and affordable according to the policyholder's financial resources and socioeconomic status and to determine if the policyholder is capable of paying renewal premiums.
 - ii) Cathay Life has set up an underwriting team to deal with controversial cases with regard to new contracts and to interpret relevant underwriting standards.
 - iii) Cathay Life has established a high-value insurance contract approval procedure to enhance risk management over large policies and avoid adverse selection and moral hazard.
- e) The scope of insurance risk assessment and management from a company-wide perspective
 - i. Insurance risk assessment covers the following risks:
 - i) Product design and pricing risk: The risk arises from improper design of products, inconsistent terms and conditions and pricing or unexpected changes.
 - ii) Underwriting risk: Unexpected losses arise from solicitation activities, underwriting and approval activities, other expenditure activities, etc.
 - iii) Reinsurance risk: This risk occurs when a company fails to reinsure the excess risk over the limits or a reinsurer fails to fulfill its obligations such that premiums, claims or expenses cannot be reimbursed.
 - iv) Catastrophe risk: This risk arises from accidents which lead to considerable losses in one or more categories of insurance and the aggregate amount of such losses is huge enough to affect Cathay Life's credit rating or solvency.
 - v) Claim risk: This risk arises from mishandling claims.
 - vi) Reserve-related risk: This risk occurs when Cathay Life does not have sufficient reserves to fulfill its obligations owing to underestimation of its liabilities.
 - ii. The scope of management of insurance risk
 - i) Develop a risk control framework of Cathay Life's insurance risk to empower related development to execute risk management.
 - ii) Establish Cathay Life's insurance risk management standards including the definitions and types of risks, management structure, risk management indicators and other risk management measures.
 - iii) Develop related response in consideration of Cathay Life's growth strategy and changes in the domestic and global economic and financial environments.
 - iv) Determine methods to measure insurance risks.
 - v) Regularly provide the insurance risk management report as a reference for monitoring insurance risk and a developing insurance risk management strategies.

vi) Other insurance risk management issues.

- f) The method to limit or transfer insurance risk exposure and to avoid inappropriate concentration risk

Cathay Life limits or transfers insurance risk exposure and avoids inappropriate concentration risk mainly through the reinsurance management plan which is developed considering Cathay Life's risk taking ability, risk profiling and legal issues factors to determine whether to retain or cede a policy. In order to maintain safety of risk transfer and to control the risk of reinsurance transactions, Cathay Life has established reinsurer selection standards.

- g) Asset/liability management

i. Cathay Life established an asset/liability management committee to improve the asset/liability management structure, ensure the application of the asset/liability management policy and review the performance from strategy and practice aspect on a regular basis to reduce all types of risks Cathay Life faces.

ii. Authorized departments review the measurement of asset/liability matching risk and report to the asset/liability management committee regularly and results are also reported to the risk management committee of Cathay Life. Furthermore, the annual report is delivered to the risk management division of the Company.

iii. When an exceptional situation occurs, the related departments should propose reactions to the asset/liability management committee, the risk management committee of Cathay Life and the risk management division of the Company.

- h) The procedures to manage, monitor and control a special event for which Cathay Life is committed to assuming additional liabilities or funding addition capital

Pursuant to the applicable laws and regulations, Cathay Life's RBC ratio and equity ratio should be higher than a certain number. In order to enhance Cathay Life's capital management and to maintain a proper RBC ratio and equity ratio, Cathay Life has established a set of capital adequacy management standards as follows:

- i. Capital adequacy management

i) Regularly provide capital adequacy management reports and analysis to the finance department of the Company.

ii) Regularly provide the analysis report to the risk management committee.

iii) Conduct simulation analysis to figure out the use of funding, the changes of the financial environment or the amendments to applicable laws and regulations affecting RBC ratio and equity ratio.

iv) Regularly review RBC ratio, equity ratio and related control standards to ensure a solid capital adequacy management.

ii. Exception management process

When RBC ratio or the net equity ratio exceeds the internal risk control criteria or other exceptions occur, Cathay Life is required to notify the risk management department and the finance department and the risk management department of Cathay Financial Holdings, and submits the capital adequacy analysis report and actions to the risk management committee and the finance department and the risk management department of Cathay Financial Holdings.

i) Policies for hedge or mitigation of risk and monitoring procedures on continuous effectiveness of hedging instruments

i. Cathay Life enters into derivative transactions to reduce market risk and credit risk of the asset positions including stock index options, index futures, single stock futures, interest rate futures, IRS, forwards, CCS and credit default swaps for hedging the equity risk, interest rate risk, cash flow risk, foreign exchange risk and credit risk from Cathay Life's investments. In addition, anticipated investment hedges use bond forward contracts as hedging instruments to mitigate the risk of price fluctuations for future bond purchases caused by interest rate volatility. These are accounted for under hedge accounting, with the effective portion of the hedge classified as FVOCI, and the ineffective portion classified as FVTPL.

ii. Hedging instruments against risks and implementation are developed preliminarily in consideration of the risk taking abilities. Cathay Life executes hedge and exercises authorized financial instruments to adjust the overall risk level to the tolerance levels based on the market dynamics, business strategies, the characteristics of products and risk management policies.

iii. Cathay Life assesses and reviews the effectiveness of the hedge instruments and hedged items regularly. The assessment report is issued and reported to the board of directors or the management, which is delegated by the board of directors; meanwhile, a copy of the assessment report is delivered to the audit department for future reference.

j) The policies and procedures against the concentration of credit and investment risks

Considering the credit risk factors, Cathay Life has set up the measurement indicators for credit and investment positions by countries, industries and business groups. When the limits of credit and investments are reached or breached as a result of any increase of the credit line or investment, Cathay Life shall not grant loans or make investment in general. However, if Cathay Life has to undertake the business under certain circumstances, Cathay Life shall follow the internal regulations, including but not limited to "Guidelines for sovereign risk management", "Guidelines for securities investment risk limit" and "Guidelines for credit and investment risk management on conglomerate and other juristic person institute".

2) Information of insurance risk

a) Sensitivity of insurance risk - insurance contracts and financial instruments with discretionary participation features

i. Cathay Life

For the Year Ended December 31, 2025					
	Scenarios	Changes in Income Before Tax		Changes in Equity	
Life table/morbidity	×1.05 (×0.95)	Decrease (increase)	\$ 3,874,535	Decrease (increase)	\$ 3,099,628
Expense	×1.05 (×0.95)	Decrease (increase)	3,842,496	Decrease (increase)	3,073,997
Surrender rate	×1.05 (×0.95)	Increase (decrease)	929,199	Increase (decrease)	743,359
Rate of return	+0.1%	Increase	7,691,701	Increase	6,153,361
Rate of return	-0.1%	Decrease	7,699,280	Decrease	6,159,424

For the Year Ended December 31, 2024					
	Scenarios	Changes in Income Before Tax		Changes in Equity	
Life table/morbidity	×1.05 (×0.95)	Decrease (increase)	\$ 3,714,012	Decrease (increase)	\$ 2,971,210
Expense	×1.05 (×0.95)	Decrease (increase)	3,527,473	Decrease (increase)	2,821,978
Surrender rate	×1.05 (×0.95)	Increase (decrease)	680,786	Increase (decrease)	544,629
Rate of return	+0.1%	Increase	7,411,991	Increase	5,929,593
Rate of return	-0.1%	Decrease	7,419,265	Decrease	5,935,412

ii. Cathay Life (Vietnam)

For the Year Ended December 31, 2025					
	Scenarios	Changes in Income Before Tax		Changes in Equity	
Life table/morbidity	×1.05 (×0.95)	Decrease (increase)	\$ 12,155	Decrease (increase)	\$ 9,724
Expense	×1.05 (×0.95)	Decrease (increase)	65,356	Decrease (increase)	52,285
Surrender rate	×1.05 (×0.95)	Increase (decrease)	26,575	Increase (decrease)	21,260
Rate of return	+0.1%	Increase	39,507	Increase	31,606
Rate of return	-0.1%	Decrease	39,545	Decrease	31,636

For the Year Ended December 31, 2024					
	Scenarios	Changes in Income Before Tax		Changes in Equity	
Life table/morbidity	×1.05 (×0.95)	Decrease (increase)	\$ 9,911	Decrease (increase)	\$ 7,928
Expense	×1.05 (×0.95)	Decrease (increase)	78,005	Decrease (increase)	62,404
Surrender rate	×1.05 (×0.95)	Increase (decrease)	32,271	Increase (decrease)	25,817
Rate of return	+0.1%	Increase	38,874	Increase	31,099
Rate of return	-0.1%	Decrease	38,911	Decrease	31,129

i) Changes in income before tax listed above referred to the effects of income before tax for the years ended December 31, 2025 and 2024. The changes in equity of Cathay Life and Cathay Life (Vietnam) were assumed that the income tax was calculated at rates of 20% and 20% of pre-tax income, respectively.

ii) As an increase (decrease) of 0.1% in discount rates is applied to the liability adequacy test, the result of the test is still adequate for Cathay Life and its subsidiaries and there is no impact on income before tax and equity. However, if the discount rate keeps declining significantly, income before tax and equity may be affected.

iii) Sensitivity test

- Mortality/morbidity sensitivity test is executed by multiplying the mortality rate, and the morbidity rate of injury insurance by changes in scenarios, resulting in the corresponding changes in income before tax.
- Expense sensitivity test is executed by multiplying all expense items listed in statements of comprehensive income (Note 1) by changes in scenarios, resulting in the corresponding changes in income before tax.

- Surrender rate sensitivity test is executed by multiplying surrender rate by changes in scenarios, resulting in the corresponding changes in income before tax.
- Rate of return sensitivity test is executed by adjusting the rate of return (Note 2) to increase (decrease) by changes in scenarios, resulting in the corresponding changes in income before tax.

Note 1: Expense items includes underwriting expenses, commission expenses, other operating costs as well as general expenses, administration expenses, employee training expenses of operating expenses, and expected credit impairment losses and gains on reversal from non-investments.

Note 2: Rate of return is calculated as follows (to be annualized):

$$2 \times (\text{Net investment} - \text{Finance costs}) / (\text{The beginning balance of available funds} + \text{The ending balance of available funds} - \text{net incomes (losses) on investment} + \text{Finance costs}).$$

b) Concentration of insurance risks

Cathay Life's insurance business is mainly from the R.O.C., and all the insurance policies have similar risk exposure; for example, the risk exposure to the unexpected changes in trend (mortality, morbidity, and surrender rate) or the risk exposure to multiple insurance contracts caused by a single incident (for example, simultaneous risk exposure to life insurance, health insurance, and casualty insurance caused by an earthquake). Cathay Life reduces risk exposure not only by monitoring risks consistently, but also by arranging reinsurance contracts.

In principle, Cathay Life performs an evaluation on the retained risks by considering the risk characteristics and its risk bearing capacity, which is submitted for approval by authority, and engages in reinsurance business for the excess of risks over the retained. At the same time, Cathay Life considers unexpected human and natural disasters in each year to estimate the reasonable maximum of losses based on the retained risks and determines according to the risk characteristics and its bearing capacity whether to adjust the reinsured amount or purchase catastrophe reinsurance. Therefore, the insurance risks to some extent are diversified to reduce the potential impact on unexpected losses.

Furthermore, according to Regulations Governing the Setting Aside of Various Reserves by Insurance Enterprises, special reserve for catastrophic events should be provided for huge claims and payments due to future catastrophic events, and special reserve for fluctuation of risk should be provided for abnormal changes in loss ratio and claims of each insurance type. The annual increase of special reserve for catastrophic events and fluctuation of risks should be recorded in special reserve of equity, net of tax in accordance with IAS 12.

c) Claim development trend

i. Cathay Life

i) Direct business development trend

Accident Year	Development Year							Claims Not Yet Filed	Reserve for Claims Not Yet Filed
	1	2	3	4	5	6	7		
2019	21,413,904	26,423,811	26,918,312	27,048,064	27,128,359	27,188,711	27,216,460	-	-
2020	21,395,743	26,259,290	26,772,059	26,891,849	26,989,420	27,028,108	27,058,140	30,032	30,092
2021	19,959,628	24,896,584	25,423,645	25,554,217	25,630,782	25,672,638	25,702,490	71,708	71,852
2022	21,550,608	26,965,386	27,465,405	27,563,609	27,647,154	27,689,784	27,722,122	158,513	158,830
2023	24,327,530	29,986,185	30,533,447	30,663,914	30,755,115	30,800,928	30,836,026	302,579	303,185
2024	26,059,435	31,635,282	32,228,539	32,365,926	32,461,944	32,509,442	32,547,323	912,041	913,865
2025	27,281,967	33,634,633	34,269,889	34,416,526	34,518,914	34,569,379	34,610,235	7,328,268	7,342,924

Expected future payments \$ 8,820,748
 Add: Assumed reserve for claims not yet filed 6,540
 Reserve for claims not yet filed 8,827,288
 Add: Claims filed but not yet paid 6,550,916
 Loss reserve balance \$ 15,378,204

ii) Retained business development trend

Accident Year	Development Year							Claims Not Yet Filed	Reserve for Claims Not Yet Filed
	1	2	3	4	5	6	7		
2019	21,441,560	26,463,749	26,959,827	27,090,237	27,170,877	27,231,366	27,259,134	-	-
2020	21,424,167	26,302,034	26,818,544	26,938,717	27,036,601	27,075,320	27,105,374	30,054	30,114
2021	19,997,091	24,959,156	25,488,398	25,619,505	25,696,108	25,738,087	25,767,969	71,861	72,005
2022	21,642,326	27,073,975	27,575,521	27,673,773	27,757,807	27,800,642	27,833,029	159,256	159,574
2023	24,382,068	30,050,040	30,597,541	30,728,405	30,819,899	30,865,834	30,900,962	303,421	304,028
2024	26,114,220	31,691,446	32,286,342	32,424,087	32,520,368	32,567,977	32,605,885	914,439	916,268
2025	27,289,259	33,643,900	34,279,426	34,426,123	34,528,554	34,579,037	34,619,897	7,330,638	7,345,299

Expected future payments \$ 8,827,288
 Add: Claims filed but not yet paid 6,530,954
 Retained loss reserve balance \$ 15,358,242

Note: Retained business equals direct business plus assumed reinsurance less ceded reinsurance business.

In accordance with Jin Guan Bao Shou No. 10402133590 issued on December 22, 2015 by the FSC, reserve for claims not yet filed is provided as claims filed and adjusted for related expenses; reserve for claims filed but not yet paid was provided on a case-by-case basis. The loss reserve is the sum of the above reserve, and due to uncertainty, estimation, and judgment, there is a high degree of complexity in the provision of loss reserve. Any changes in the estimation or judgment are treated as changes in accounting estimates and the impacts of the changes are recognized as profit or loss as incurred. Notification to Cathay Life may be delayed in certain cases, and estimates of the payments for cases not yet filed are involved with a large volume of past experiences and subjective judgment; therefore, it is unable to confirm that the loss reserve on the balance sheet date will be equal to the final settlements of claims and payments. The loss reserve is estimated based upon the currently available information; however, the final results may deviate from the original estimates because of the subsequent conditions of the cases.

The above table shows the development trend of claim payments. The accident year is the year when the insurance events occurred; the x-axis is the year of the development for the cases; the amounts above the diagonal line represent the cases in the specific accident year the corresponding accumulated claims and payments and claims filed but not yet paid at the end of the year for the cases in a specific accident year; the amounts below the diagonal line represent the estimates of corresponding accumulated developments for the cases in the specific accident year. The circumstances and trends affecting the provision of loss reserve in current year may differ in the future; therefore, the expected future payments cannot be determined by this table.

ii. Cathay Life (Vietnam)

Direct business loss development trend (same as retained business development trend)

i) Direct business development trend

Accident Year	Development Year				
	1	2	3	4	5
2021	40,610	46,787	46,795	46,795	46,795
2022	65,001	75,884	76,139	76,139	76,139
2023	83,033	93,469	93,472	93,478	93,478
2024	84,145	95,979	96,100	96,107	96,107
2025	81,301	93,156	93,273	93,280	93,280

ii) Retained business development trend

Accident Year	Development Year				
	1	2	3	4	5
2021	40,610	46,787	46,795	46,795	46,795
2022	65,001	75,884	76,139	76,139	76,139
2023	83,033	93,469	93,472	93,478	93,478
2024	84,145	95,979	96,100	96,107	96,107
2025	81,301	93,156	93,273	93,280	93,280

Cathay Life (Vietnam) provides loss reserve for claims filed but not paid and claims not yet filed. Reserve for claims not yet filed is estimated by multiplying the loss ratio of earned premiums by loss ratio based upon the past loss experiences instead of loss triangle method, which was approved by local authorities in Vietnam; therefore, provision for loss reserve is not determined by the above table. Estimates of the payments for cases not yet filed involved a large volume of past experiences and subjective judgment; therefore, it is unable to confirm that the loss reserve on the balance sheet date will be equal to the final settlements of claims and payments.

The above table shows the development trend of claim payments. The accident year is the year when the insurance events occurred; the x-axis is the year of the development for the cases; the amounts above the diagonal line represent the cases in a specific accident year the corresponding accumulated claims and payments and claims filed but not yet paid at the end of the year for the cases in a specific accident year; the amounts below the diagonal line represent the estimates of corresponding accumulated developments for the cases in a specific accident year.

3) Credit risk, liquidity risk, and market risk for insurance contracts

a) Credit risk

The credit risk of the insurance contracts occurs as the reinsurers fail to perform the obligations of reinsurance contracts, which may result in impairment losses on reinsurance assets.

Due to the nature of reinsurance market and the regulations on qualified reinsurers, the insurers in Taiwan sustain certain degree of credit risk concentration of reinsurers. To reduce this risk, Cathay Life chooses the reinsurance counterparty, reviews its credit rating periodically, monitors and controls the risk of reinsurance transactions properly in accordance with Cathay Life's Reinsurance Risk Management Plan and Evaluation Standards for Reinsurers.

The credit ratings of Cathay Life’s reinsurers are above a certain level, complying with Cathay Life’s internal rules and relevant legal requirements in Taiwan. Furthermore, reinsurance assets are relatively immaterial to the Company’s total assets; therefore, no significant credit risk exists.

b) Liquidity risk

The table below is the analysis of the net (undiscounted) cash flow of insurance contracts and of financial instruments with discretionary participation features. The figures shown in this table are the estimated amount of the total insurance payments and expenses of valid insurance contracts in the future deducting total premium on the balance sheet date. The actual future payment amounts may differ due to the difference between the result and expected amount.

Unit: In 100 Millions of NTD

	Insurance Contracts and Financial Instruments with Discretionary Participation Features		
	Within 1 Year	1 to 5 Years	Over 5 Years
December 31, 2025	\$ 558	\$ 5,373	\$ 190,450
December 31, 2024	468	4,380	192,692

Note: Separate account products were not included.

c) Market risk

Cathay Life measures insurance liabilities by the discounted rates required by the authorities. The authorities regularly review the assumption of the discount rate for policy reserves; however, the change of the assumption may not be at the same time, in the same direction of change with the market price and interest rate, and only applied to new contracts. Therefore, the impacts of those possible changes in market risk on the provision of policy reserve for Cathay Life’s valid insurance contracts are considered minor to profit or loss or equity. When the authorities change the discount rate assumption in a reasonably possible manner with remote possibility as current assessment, it will have an impact in a range on profit or loss or equity depending upon the level of the change and the overall product portfolio of Cathay Life. Furthermore, the reasonably possible change in the market risk may have impact on the future cash flows of insurance contracts and financial instruments with discretionary participation features, which are estimated based on available information at the balance sheet date and are used for assessing the adequacy of recognized insurance liabilities. Based on the reasonably possible changes in current market risk, it has little impact on the adequacy of recognized insurance liabilities.

b. Cathay Century and its subsidiaries

1) Risk management objectives, policies, procedures and methods:

a) Framework, organizational structure and responsibilities

i. Board of directors

- i) The board of directors should be aware of the risks arising from operations, ensure the effectiveness of risk management and bear the ultimate responsibility for overall risk management.

- ii) The board of directors should establish an appropriate risk management framework and culture, ratify the appropriate risk management policy and allocate resources in the most effective manner.
- iii) The board of directors should consider the effect of the aggregated risks from Cathay Century's overall perspective; the board of directors should also follow the legal capital requirement and the relevant financial or business operating regulations that affect capital allocation.

ii. Risk management department

i) Risk management committee

- The committee should propose the risk management policies, framework, and organization functions and establish quantitative and qualitative management standards. The committee is also responsible for reporting the results of implementing risk management to the board of directors regularly, and making necessary suggestions for improvement.
- The committee should execute the risk management policies set by the board of directors and review development, build-up and performance of overall management mechanisms regularly.
- The committee should assist and monitor the risk management activities performed by each department.
- The committee should assist in deliberating related procedures for formulating risk limits.
- The committee should adjust the risk category, risk limit allocation and risk taking according to the changes in environment.
- The committee should coordinate cross-department interaction and communication.

ii) Chief risk officer

The appointment of chief risk officers of Cathay Century and its subsidiaries should be approved by the board of directors, who should maintain independence and should not concurrently play a business or financial role nor has the right to access any information which may affect Cathay Century and its subsidiaries' risk overview.

- The chief risk officer should be in charge of the overall risk management.
- The chief risk officer should participate in the important decision making process and provide appropriate suggestions from a risk management perspective.
- The chief risk officer should be a member of the risk management committee.

iii) Risk management department

Cathay Century and its subsidiaries established a risk management department, which is responsible for monitoring, measuring and evaluating major risks, performed independently of business units.

Duties of risk management department are as follows:

- Propose and execute the risk management policies set by the board of directors.
- Propose the risk limits based on risk appetite.
- Summarize the risk information provided by each department, coordinate and communicate with each department to facilitate the execution of the policies and the risk limits.
- Regularly present risk management reports.
- Regularly review the risk limits and its use of each business unit.
- Assist in executing stress testing and back testing if necessary.
- Other risk management related issues.

iii. Business unit

i) The risk management duties of the manager of a business unit are as follows:

- Manage and report daily risk of the business unit and take necessary responsive actions.
- Supervise regular submission of risk management information to the risk management department.

ii) The risk management duties of a business unit are as follows:

- Identify and measure risks and report risk exposures and impacts.
- Regularly review various risks and their corresponding limits to ensure the effective implementation of risk limit policies within each business unit.
- Monitor risk exposures and report any breaches of risk limits, including the remedial actions taken by the respective business units.
- Assist in developing the risk model and ensure that the risk measurement, application of model, and the parameter settings are reasonable and consistent.
- Ensure that internal control procedures are executed effectively to comply with applicable rules and risk management policies of Cathay Century.
- Assist in collecting data related to operational risk.

iv. Audit department

The department is responsible for the audit of each department's performance of risk management pursuant to the applicable laws and regulations and related rules and guidance of Cathay Century.

b) Risk reporting and the scope and nature of risk assessment for property insurance business

i. Risk management reports

- i) Each business unit should regularly deliver risk information to the risk management department, and report the excess of risk limits and responding measures when risk exposure exceeds the limit.
- ii) The risk management department summarizes the risk information provided by each department, tracks the uses of major risk limit, submits a monthly risk management report to the chairman, and makes quarterly report to the risk management committee and the board of directors.

ii. The scope and nature of risk assessment

The risk management department of Cathay Century and its subsidiaries and the Company collaborated in building the market risk management system. The system structure was developed in consideration of the system functionality, data source, completeness of data upload, and the safety of the environment of the system. The front-end of investment department has acquired the information system related to the investment market. The risk management system focuses on risk quantification, which is needed by middle-end, and would be only authorized to risk management personnel.

c) Processes to undertake, evaluate, supervise and control insurance risk of property insurance business and underwriting policies to ensure proper risk classification and premium level

In Cathay Century and its subsidiaries, risk management department is responsible for monitoring and integrating insurance risks as a whole, and setting up risk indicators, risk limit, and managing mechanism. Each related department is the execution unit of insurance risk control and regularly reports execution to risk management department in accordance with laws and regulations, internal rules, and professional knowledge and experience related to its duties. The risk management department proposes the insurance risk management report to the risk management committee and the board of directors each quarter.

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

Insurance risk management of Cathay Century and its subsidiaries covers product design and pricing, underwriting, reinsurance, catastrophe, claim, and reserve. Proper management mechanisms are set up and executed thoroughly.

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

When Cathay Century and its subsidiaries implement business, the underwriter evaluates the quality of the business based on the underwriting criteria of each insurance to decide whether to undertake the business to properly hedge and control the risk and reduce the exposure.

In addition, for reinsurance business, risk management mechanism is set up in accordance with the Regulations Governing Insurance Enterprises Engaging in Operating Reinsurance and Other Risk Spreading Mechanisms. The capabilities for undertaking risk are considered in developing the reinsurance risk management plan and the maximum of accumulated retained risks of each risk unit and each individual risk event for execution.

Accumulated risk with the portfolio of direct written premiums and other inward-insurance business is conducted before an individual case of outward/inward reinsurance is executed. When the cumulative insurance amount exceeds contract limit or self-retain limit, risk is diversified through facultative reinsurance.

According to Cathay Century and its subsidiaries' reinsurance risk management policy, the basis for managing the maximum accumulated risk limit of each risk unit requires the risk management and each insurance department to jointly review and discuss the accumulated retained risk limit of a risk unit for each insurance type every year, which is submitted to the general manager for approval before implementation. The following table summarizes the maximum accumulated retained risk limit of a risk unit by insurance type:

Insurance Type	For the Year Ended December 31	
	2025	2024
Fire insurance	\$ 1,200,000	\$ 1,200,000
Marine insurance	1,200,000	1,200,000
Engineering insurance	1,200,000	1,200,000
Miscellaneous insurance/liability insurance	1,200,000	1,200,000
Healthy and accident insurance	1,200,000	1,200,000
Automobile insurance	50,000	50,000
Liability insurance	250,000	250,000

f) Asset-liability management

i. Asset-liability coordinated with risk identification and measurement

Financial accounting and actuarial department should identify the possible market risk, liquidity risk and insurance risk that may occur during operation. The cash inflows from assets are measured by cash flow test method (or other method) to evaluate whether the amount of inflows is sufficient to cover the cash outflow for liabilities, that is, whether the asset allocation has reasonable liquidity to pay liabilities for expenditures in future years.

ii. Asset-liability coordinated with risk response

When market risk, liquidity risk and insurance risk events occur, financial, accounting and actuarial service department should take appropriate reactions to coordinate asset-liability risk, and report to the risk management department and propose to the risk management committee evaluation of the risk.

g) Procedures to manage, monitor and control a special event for which property insurance business is committed to assuming additional liabilities or raising additional capital

Cathay Century and its subsidiaries have established a set of capital adequacy management standards, including RBC management indicators for regular review, under which RBC is calculated each quarter and RBC management report is prepared every half year as implementation of RBC management.

If the risk-based capital ratio exceeds the control criteria (risk limit) or other exceptions occur, the related departments should propose a response to the risk management committee and inform the Company to review the impact on the Group's risk-based capital.

2) Liability on policyholders' claims filed and losses not yet filed

Claims and payments recoverable for policyholders' claims filed and paid

Insurance Type	Claims Filed and Paid	
	December 31	
	2025	2024
Fire insurance	\$ 233,464	\$ 155,589
Marine insurance	46,848	47,866
Land and air insurance	80,129	98,878
Liability insurance	43,743	85,357
Guarantee insurance	280	166
Other property insurance	66,238	64,031
Accident insurance	42,914	66,953
Health insurance	216	48
Compulsory automobile liability insurance	<u>156,089</u>	<u>153,164</u>
	669,921	672,052
Less: Loss allowance	<u>(6,796)</u>	<u>(6,721)</u>
Net amount	<u>\$ 663,125</u>	<u>\$ 665,331</u>

3) Receivables and payables of insurance contracts

a) Receivables

Insurance Type	Premiums Receivable	
	December 31	
	2025	2024
Fire insurance	\$ 879,501	\$ 1,273,543
Marine insurance	453,920	399,441
Land and air insurance	160,425	184,170
Liability insurance	530,269	151,132
Guarantee insurance	29,939	26,554
Other property insurance	528,393	515,376
Accident insurance	120,856	137,054
Health insurance	4,265	4,319
Policy-oriented residential earthquake insurance	29,506	33,802
Compulsory automobile liability insurance	<u>14,173</u>	<u>19,129</u>
	2,751,247	2,744,520
Less: Loss allowance	<u>(36,938)</u>	<u>(36,113)</u>
Net amount	<u>\$ 2,714,309</u>	<u>\$ 2,708,407</u>

Aging analysis of premiums receivable:

	December 31	
	2025	2024
Up to 90 days	\$ 1,741,051	\$ 1,839,072
Over 90 days	<u>1,010,196</u>	<u>905,448</u>
	<u>\$ 2,751,247</u>	<u>\$ 2,744,520</u>

The overdue amounts as of December 31, 2025 and 2024 in the above premiums receivable were \$1,010,196 thousand and \$905,448 thousand, respectively, and loss allowance of \$20,204 thousand and \$18,109 thousand were provided, respectively.

b) Accounts payables

December 31, 2025			
Insurance Type	Commission Payable	Others	Total
Fire insurance	\$ 28,061	\$ 17,838	\$ 45,899
Marine insurance	19,804	15,785	35,589
Land and air insurance	367,628	148,701	516,329
Liability insurance	28,575	48,262	76,837
Guarantee insurance	2,432	822	3,254
Other property insurance	15,482	14,757	30,239
Accident insurance	9,468	48,524	57,992
Health insurance	456	4,674	5,130
Policy-oriented residential earthquake insurance	342	3,730	4,072
Compulsory automobile liability insurance	<u>21,410</u>	<u>-</u>	<u>21,410</u>
	<u>\$ 493,658</u>	<u>\$ 303,093</u>	<u>\$ 796,751</u>
December 31, 2024			
Insurance Type	Commission Payable	Others	Total
Fire insurance	\$ 38,242	\$ 15,142	\$ 53,384
Marine insurance	17,081	13,408	30,489
Land and air insurance	331,973	155,926	487,899
Liability insurance	32,631	44,708	77,339
Guarantee insurance	2,076	739	2,815
Other property insurance	17,257	14,887	32,144
Accident insurance	9,237	48,926	58,163
Health insurance	482	3,574	4,056
Policy-oriented residential earthquake insurance	329	3,706	4,035
Compulsory automobile liability insurance	<u>21,987</u>	<u>-</u>	<u>21,987</u>
	<u>\$ 471,295</u>	<u>\$ 301,016</u>	<u>\$ 772,311</u>

c) Due from (to) reinsurers and ceding companies - reinsurance

Items	<u>December 31, 2025</u>	
	Due from Reinsurers and Ceding Companies	Due to Reinsurers and Ceding Companies
Central Re	\$ 661	\$ 158,318
Hannover Re Shanghai	206,183	7,557
Howden	306,928	310,476
Marsh	1,711,132	391,462
Non-Life Insurance Association of the R.O.C.	143,172	382,014
Others (individually below 5%)	<u>650,857</u>	<u>1,318,393</u>
	3,018,933	2,568,220
Less: Loss allowance	<u>(322,239)</u>	<u>-</u>
Net amount	<u>\$ 2,696,694</u>	<u>\$ 2,568,220</u>

Items	<u>December 31, 2024</u>	
	Due from Reinsurers and Ceding Companies	Due to Reinsurers and Ceding Companies
AON	\$ 63,382	\$ 108,743
Central Re	11,847	160,704
Guy Carpenter	200,776	111,874
Hannover Re Shanghai	200,397	51,145
Marsh	1,199,228	142,554
Swiss Re	39,636	271,859
Gallagher Re	142,430	380,486
Non-Life Insurance Association of the R.O.C.	47,380	115,808
Others (individually below 5%)	<u>295,138</u>	<u>746,913</u>
	2,200,214	2,090,086
Less: Loss allowance	<u>(308,474)</u>	<u>-</u>
Net amount	<u>\$ 1,891,740</u>	<u>\$ 2,090,086</u>

The overdue amounts as of December 31, 2025 and 2024 in the above due from reinsurers and ceding companies were \$1,356,395 thousand and \$1,225,883 thousand, respectively, and loss allowances of \$305,217 thousand and \$298,409 thousand were provided, respectively.

Due from and due to the reinsurers and ceding companies cannot be offset, except for those meeting requirements in Article 42 of IAS 32.

4) Reserve required for specific assets

The accounting of the compulsory automobile liability insurance (“CAL Insurance”) held by Cathay Century is based on Article 4 of the Regulations for the Accounting Treatment and the Financial Information Reported of Compulsory Automobile Liability Insurance, which was legislated according to Article 47, Paragraph 3 of the Compulsory Automobile Liability Insurance Act.

Under Article 5 of the Regulations for the Management of the Various Reserves for Compulsory Automobile Liability Insurance, for the special reserve set aside for CAL Insurance, the insurer should 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, banker's 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% of the total amount of the insurer's retained earned pure premiums for CAL 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 the Cathay Century's special reserve becomes less than the 30% of its most recent retained earned pure premiums, as audited or reviewed by an independent certified public accountant, the full amount of the special reserve should be invested in treasury bills or placed in a financial institution.

Under Article 6 of the Regulations for the Management of the Various Reserves for Compulsory Automobile Liability Insurance, funds, except for special reserve mentioned above, held by an insurer for this insurance (various reserve, payables and temporary receivable) should be deposited in a financial institution as special reserve in the form of demand deposits and time deposits:

- a) Treasury bills.
- b) Negotiable certificates of deposit, banker's acceptances, and commercial paper guaranteed by a financial institution.
- c) Government bonds under repurchase agreement.

The amount of demand deposits placed in financial institutions, which are mentioned in the preceding paragraph, should not be less than (a) 45% of the remaining balance of the funds after subtracting the special reserves from the funds held by Cathay Century due to the operation of CAL Insurance, and less than (b) 30% of the retained earned pure premiums for the most recent period as audited or reviewed by an independent certified public accountant. The relevant authorities may raise the percentage of demand deposits required for Cathay Century to a level they deem appropriate on the basis of Cathay Century's operating status.

If the total amount of unearned premium reserve and loss reserve of Cathay Century for the CAL Insurance is less than 30% of the retained earned pure premiums of this insurance for the most recent period as audited or reviewed by an independent certified public accountant, the funds held by Cathay Century through its provision of this insurance should be deposited in full in a financial institution in the form of demand deposits.

Under Article 11 of the Regulations for the Management of the Various Reserves for Compulsory Automobile Liability Insurance, the various reserves for this insurance should be transferred to the various reserves set aside for handling this insurance by the other insurer or other property and casualty insurance company if the Group suspends its business operations or ceases to provide this type of insurance. The various reserves for this insurance should be transferred to the Motor Vehicle Accident Compensation Fund if no other insurance company can sustain this insurance business and the liability of this insurance has been settled with a positive balance in the various reserves.

The various reserves for this insurance should be transferred to the Motor Vehicle Accident Compensation Fund if (a) the Group has been duly ordered to suspend business and undergo rehabilitation or ordered to dissolve, or (b) its permission to operate this insurance business has been revoked, and no other insurance company can sustain this insurance business and the liability of this insurance has been settled with a positive balance in the various reserves.

5) Acquisition cost of insurance contracts

For the Year Ended December 31, 2025					
Insurance Type	Commission Expenses	Service Fee Charge	Reinsurance Commission Expenses	Others	Total
Fire insurance	\$ 248,731	\$ 3,158	\$ 1,620	\$ 37,533	\$ 291,042
Marine insurance	96,894	205	1,763	3,408	102,270
Land and air insurance	1,876,331	-	21	694,760	2,571,112
Liability insurance	343,271	55	4,385	61,800	409,511
Guarantee insurance	12,516	6	1,316	896	14,734
Other property insurance	166,261	682	18,988	9,219	195,150
Accident insurance	553,348	1	(113)	210,035	763,271
Health insurance	66,814	-	-	24,532	91,346
Policy-oriented residential earthquake insurance	12,584	21	-	14,474	27,079
Compulsory automobile liability insurance	<u>-</u>	<u>330,334</u>	<u>-</u>	<u>-</u>	<u>330,334</u>
	<u>\$ 3,376,750</u>	<u>\$ 334,462</u>	<u>\$ 27,980</u>	<u>\$ 1,056,657</u>	<u>\$ 4,795,849</u>
For the Year Ended December 31, 2024					
Insurance Type	Commission Expenses	Service Fee Charge	Reinsurance Commission Expenses	Others	Total
Fire insurance	\$ 249,715	\$ 4,634	\$ 24,890	\$ 40,782	\$ 320,021
Marine insurance	96,085	174	1,101	3,555	100,915
Land and air insurance	1,778,087	4	1,392	683,606	2,463,089
Liability insurance	323,363	162	194	59,539	383,258
Guarantee insurance	11,275	1	2,273	1,060	14,609
Other property insurance	174,425	730	22,281	8,303	205,739
Accident insurance	530,990	-	165	203,097	734,252
Health insurance	53,961	51	207	19,149	73,368
Policy-oriented residential earthquake insurance	11,952	29	-	14,461	26,442
Compulsory automobile liability insurance	<u>-</u>	<u>330,300</u>	<u>-</u>	<u>-</u>	<u>330,300</u>
	<u>\$ 3,229,853</u>	<u>\$ 336,085</u>	<u>\$ 52,503</u>	<u>\$ 1,033,552</u>	<u>\$ 4,651,993</u>

Acquisition costs of the insurance contracts were not deferred.

6) Profit and loss analysis of the insurance business

Direct underwriting business

For the Year Ended December 31, 2025						
Insurance Type	Written Premium	Net Changes in Unearned Premium Reserve	Acquisition Cost of Insurance Contracts	Claims and Payments (Including Claim Expense)	Net Changes in Loss Reserve	Profit (Loss)
Fire insurance	\$ 5,274,574	\$ (281,765)	\$ 289,422	\$ 3,695,839	\$ 3,682,508	\$ (2,111,430)
Marine insurance	1,393,615	(6,572)	100,507	422,066	(6,152)	883,766
Land and air insurance	16,713,001	559,545	2,571,092	7,738,535	1,435,219	4,408,610
Liability insurance	3,298,268	157,849	405,127	1,078,928	611,521	1,044,843
Guarantee insurance	123,007	(2,754)	13,417	10,668	(7,134)	108,810
Other property insurance	4,320,926	374,039	176,161	940,620	5,093,406	(2,263,300)
Accident insurance	4,901,460	15,617	763,384	1,281,003	202,121	2,639,335
Health insurance	511,724	4,151	91,346	50,980	14,077	351,170
Policy-oriented residential earthquake insurance	508,240	8,095	27,079	799	(802)	473,069
Compulsory automobile liability insurance	<u>3,110,902</u>	<u>20,743</u>	<u>330,334</u>	<u>1,996,770</u>	<u>56,578</u>	<u>706,477</u>
	<u>\$ 40,155,717</u>	<u>\$ 848,948</u>	<u>\$ 4,767,869</u>	<u>\$ 17,216,208</u>	<u>\$ 11,081,342</u>	<u>\$ 6,241,350</u>
For the Year Ended December 31, 2024						
Insurance Type	Written Premium	Net Changes in Unearned Premium Reserve	Acquisition Cost of Insurance Contracts	Claims and Payments (Including Claim Expense)	Net Changes in Loss Reserve	Profit (Loss)
Fire insurance	\$ 5,502,798	\$ 262,046	\$ 295,130	\$ 1,789,437	\$ 3,031,957	\$ 124,228
Marine insurance	1,269,239	6,599	99,814	433,089	299,883	429,854
Land and air insurance	15,733,165	746,283	2,461,697	7,877,999	525,098	4,122,088
Liability insurance	3,071,582	115,143	383,064	1,324,581	145,338	1,103,456
Guarantee insurance	117,315	(13,707)	12,336	23,583	1,997	93,106
Other property insurance	3,176,485	898,010	183,458	573,743	764,449	756,825
Accident insurance	4,642,837	(18,764)	734,086	1,596,829	38,794	2,291,892
Health insurance	397,007	(2,600)	73,162	88,949	(117,632)	355,128
Policy-oriented residential earthquake insurance	493,094	10,054	26,443	37,587	800	418,210
Compulsory automobile liability insurance	<u>3,060,192</u>	<u>24,947</u>	<u>330,300</u>	<u>1,843,567</u>	<u>(108,875)</u>	<u>970,253</u>
	<u>\$ 37,463,714</u>	<u>\$ 2,028,011</u>	<u>\$ 4,599,490</u>	<u>\$ 15,589,364</u>	<u>\$ 4,581,809</u>	<u>\$ 10,665,040</u>

Reinsurance inward business

For the Year Ended December 31, 2025						
Insurance Type	Reinsurance Premium	Net Changes in Unearned Premium Reserve	Reinsurance Commission Expense	Reinsurance Claim	Net Changes in Loss Reserve	Profit (Loss)
Fire insurance	\$ 77,528	\$ (2,290)	\$ 1,620	\$ 272,767	\$ (192,049)	\$ (2,520)
Marine insurance	18,827	444	1,763	6,807	(7,988)	17,801
Land and air insurance	118	(96)	21	214	(2,059)	2,038
Liability insurance	16,500	6,051	4,385	5,473	4,010	(3,419)
Guarantee insurance	3,510	694	1,316	347	1,185	(32)
Other property insurance	80,136	(1,753)	18,988	34,702	(11,107)	39,306
Accident insurance	8,100	176	(113)	2,747	(41)	5,331
Health insurance	-	-	-	-	(399)	399
Policy-oriented residential earthquake insurance	68,456	717	-	1,513	(175)	66,401
Compulsory automobile liability insurance	<u>792,992</u>	<u>1,764</u>	<u>-</u>	<u>717,237</u>	<u>(1,080)</u>	<u>75,071</u>
	<u>\$ 1,066,167</u>	<u>\$ 5,707</u>	<u>\$ 27,980</u>	<u>\$ 1,041,807</u>	<u>\$ (209,703)</u>	<u>\$ 200,376</u>
For the Year Ended December 31, 2024						
Insurance Type	Reinsurance Premium	Net Changes in Unearned Premium Reserve	Reinsurance Commission Expense	Reinsurance Claim	Net Changes in Loss Reserve	Profit (Loss)
Fire insurance	\$ 113,353	\$ (12,948)	\$ 24,890	\$ 350,907	\$ (131,944)	\$ (117,552)
Marine insurance	11,894	(1,531)	1,101	24,767	(19,472)	7,029
Land and air insurance	862	100	1,392	2,475	(11,767)	8,662
Liability insurance	4,472	261	194	1,593	653	1,771
Guarantee insurance	36	(552)	2,273	3,388	1,535	(6,608)
Other property insurance	89,063	7,290	22,281	30,284	21,615	7,593
Accident insurance	8,886	250	165	2,710	(247)	6,008
Health insurance	2,067	-	207	3,480	(1)	(1,619)
Policy-oriented residential earthquake insurance	71,426	7,548	-	40,980	330	22,568
Compulsory automobile liability insurance	<u>793,224</u>	<u>14,128</u>	<u>-</u>	<u>714,274</u>	<u>11,347</u>	<u>53,475</u>
	<u>\$ 1,095,283</u>	<u>\$ 14,546</u>	<u>\$ 52,503</u>	<u>\$ 1,174,858</u>	<u>\$ (127,951)</u>	<u>\$ (18,673)</u>

Ceded reinsurance business

For the Year Ended December 31, 2025						
Insurance Type	Reinsurance Expenses	Net Changes in Ceded Unearned Premium Reserve	Reinsurance Commission Income	Claims and Payments (Recovered from Reinsurers)	Net Changes in Ceded Loss Reserve	(Profit) Loss
Fire insurance	\$ 3,941,484	\$ (462,572)	\$ 309,193	\$ 3,237,184	\$ 3,475,273	\$ (2,617,594)
Marine insurance	1,034,602	(5,399)	99,503	274,546	(17,929)	683,881
Land and air insurance	849,726	(72,065)	250,113	344,963	47,355	279,360
Liability insurance	986,357	42,366	180,357	264,463	267,446	231,725
Guarantee insurance	80,939	2,235	16,521	691	(12,068)	73,560
Other property insurance	3,704,822	365,479	316,289	819,139	4,210,440	(2,006,525)
Accident insurance	232,193	(13,153)	52,006	102,875	11,305	79,160
Health insurance	29,917	23,658	13,463	206	4,991	(12,401)
Policy-oriented residential earthquake insurance	508,240	8,094	-	800	(801)	500,147
Compulsory automobile liability insurance	<u>1,315,253</u>	<u>12,445</u>	<u>-</u>	<u>1,176,167</u>	<u>32,805</u>	<u>93,836</u>
	<u>\$ 12,683,533</u>	<u>\$ (98,912)</u>	<u>\$ 1,237,445</u>	<u>\$ 6,221,034</u>	<u>\$ 8,018,817</u>	<u>\$ (2,694,851)</u>
For the Year Ended December 31, 2024						
Insurance Type	Reinsurance Expenses	Net Changes in Ceded Unearned Premium Reserve	Reinsurance Commission Income	Claims and Payments (Recovered from Reinsurers)	Net Changes in Ceded Loss Reserve	(Profit) Loss
Fire insurance	\$ 4,407,485	\$ 273,123	\$ 321,494	\$ 1,237,787	\$ 2,422,992	\$ 152,089
Marine insurance	954,515	(7,058)	95,042	284,212	278,641	303,678
Land and air insurance	882,912	249	275,953	361,860	9,769	235,081
Liability insurance	894,506	(83,069)	119,313	503,414	(43,306)	398,154
Guarantee insurance	78,948	(20,413)	16,385	16,242	(10,473)	77,207
Other property insurance	2,864,013	791,157	335,412	482,140	550,636	704,668
Accident insurance	276,944	(10,263)	66,430	195,698	(2,072)	27,151
Health insurance	-	-	-	5,193	(5,406)	213
Policy-oriented residential earthquake insurance	493,094	10,055	-	37,587	800	444,652
Compulsory automobile liability insurance	<u>1,289,595</u>	<u>14,969</u>	<u>-</u>	<u>1,106,125</u>	<u>(62,077)</u>	<u>230,578</u>
	<u>\$ 12,142,012</u>	<u>\$ 968,750</u>	<u>\$ 1,230,029</u>	<u>\$ 4,230,258</u>	<u>\$ 3,139,504</u>	<u>\$ 2,573,471</u>

7) Sensitivity to insurance risk

a) Cathay Century

For the year ended December 31, 2025

Insurance Type	Premium Income	Expected Loss Rate	Impact on Profit or Loss of 5% Increase in Expected Loss Rate	
			Before Reinsurance	After Reinsurance
Fire insurance	\$ 4,962,193	65.56%	\$ (248,110)	\$ (96,262)
Marine insurance	1,381,531	78.06%	(69,077)	(26,197)
Land and air insurance	16,475,356	58.24%	(823,768)	(791,872)
Liability insurance	3,294,241	51.21%	(164,712)	(108,079)
Guarantee insurance	123,007	9.73%	(6,150)	(4,305)
Other property insurance	4,317,313	63.44%	(215,866)	(36,293)
Accident insurance	4,847,412	37.87%	(242,371)	(220,929)
Health insurance	511,724	34.67%	(25,586)	(24,477)
Policy-oriented residential earthquake insurance	508,240	13.40%	(25,412)	(25,412)
Compulsory automobile liability insurance	<u>3,110,902</u>	Not applicable	<u>Not applicable</u>	<u>Not applicable</u>
	<u>\$ 39,531,919</u>		<u>\$ (1,821,052)</u>	<u>\$ (1,333,826)</u>

For the year ended December 31, 2024

Insurance Type	Premium Income	Expected Loss Rate	Impact on Profit or Loss of 5% Increase in Expected Loss Rate	
			Before Reinsurance	After Reinsurance
Fire insurance	\$ 5,137,236	50.28%	\$ (256,862)	\$ (118,567)
Marine insurance	1,257,137	75.46%	(62,857)	(19,214)
Land and air insurance	15,462,906	59.48%	(773,145)	(742,430)
Liability insurance	3,069,226	49.72%	(153,461)	(100,520)
Guarantee insurance	117,315	11.29%	(5,866)	(3,405)
Other property insurance	3,172,587	43.83%	(158,630)	(33,234)
Accident insurance	4,582,948	41.85%	(229,147)	(204,107)
Health insurance	397,007	37.61%	(19,850)	(19,669)
Policy-oriented residential earthquake insurance	493,094	0.47%	(24,655)	(24,655)
Compulsory automobile liability insurance	<u>3,060,192</u>	Not applicable	<u>Not applicable</u>	<u>Not applicable</u>
	<u>\$ 36,749,648</u>		<u>\$ (1,684,473)</u>	<u>\$ (1,265,801)</u>

Note: Expected loss rate is calculated based on the simple average loss rate of the past five years for health insurance, excluding the impact of epidemic prevention insurance.

The above table shows that with 5% increase in the expected loss rate of every insurance contract of Cathay Century, profit or loss may be impacted to an extent; however, the impact has been mitigated through the arrangement of reinsurance to achieve the effect of risk diversification.

b) Cathay Insurance (Vietnam)

For the year ended December 31, 2025

Insurance Type	Premium Income	Expected Loss Rate	Impact on Profit or Loss of 5% Increase in Expected Loss Rate	
			Before Reinsurance	After Reinsurance
Automobile insurance	\$ 237,645	14.32%	\$ (11,882)	\$ (11,870)
Flood insurance	12,084	14.14%	(604)	(197)
Fire insurance	312,381	32.49%	(15,619)	(949)
Engineering insurance	3,613	21.28%	(181)	(43)
Accident insurance	54,048	36.48%	(2,702)	(2,699)
Liability insurance	<u>4,027</u>	2.52%	<u>(201)</u>	<u>(169)</u>
	<u>\$ 623,798</u>		<u>\$ (31,189)</u>	<u>\$ (15,927)</u>

For the year ended December 31, 2024

Insurance Type	Premium Income	Expected Loss Rate	Impact on Profit or Loss of 5% Increase in Expected Loss Rate	
			Before Reinsurance	After Reinsurance
Automobile insurance	\$ 270,259	14.78%	\$ (13,513)	\$ (13,489)
Flood insurance	12,102	12.54%	(605)	(194)
Fire insurance	365,563	34.70%	(18,278)	(624)
Engineering insurance	3,379	21.65%	(169)	(39)
Accident insurance	59,889	36.88%	(2,994)	(2,990)
Liability insurance	<u>2,874</u>	1.67%	<u>(144)</u>	<u>(101)</u>
	<u>\$ 714,066</u>		<u>\$ (35,703)</u>	<u>\$ (17,437)</u>

Note: Expected loss rate is calculated based on the weighted average loss rate of the past five years.

The above table shows that with 5% increase in the expected loss rate of every insurance contract of Cathay Insurance (Vietnam), profit or loss may be impacted to an extent; however, the impact has been mitigated through the arrangement of reinsurance to achieve the effect of risk diversification.

8) Risk concentration

a) Cathay Century

i. Situations that may cause concentration of insurance risk:

i) Single insurance contract or several related contracts

As of December 31, 2025, commercial insurance products with low frequency of occurrence and enormous possible losses have been reviewed and discussed in compliance with insurance risk management standards and the underwriting guidelines by the underwriting department, reinsurance department and risk management department or in project meeting.

ii) Exposure to unanticipated changes in trend

As of December 31, 2025, the solar photovoltaic projects underwritten within Cathay Century Insurance's engineering insurance portfolio have been significantly impacted by Typhoon Danas, whereas no unforeseen changes in exposure have been observed across other risk of business.

iii) Material litigation or legal risks that may lead to huge losses incurred by a single contract or have an extensive effect on several contracts

At Cathay Century, each unit has appointed a director for compliance matters to minimize possible legal risk. Additionally, contracts signed externally by each unit must use a "Legal Opinion Inquiry Form" to draft specific issues and consult the Legal Affairs Office for legal advice. As of December 31, 2025, there are no material litigation or legal risks that may lead to huge losses incurred by a single contract or have an extensive effect on several contracts.

iv) Correlation and interaction among different risks

When a catastrophe occurs, the underwritten cases will incur huge claims, and other risks, such as market risk, credit risk, and liquidity risk, may be derived accordingly. To avoid operations being severely endangered by these derived risks from a catastrophe, Cathay Century has established "points for handling teams of catastrophe and major events" and "Operation Standards under Crisis". Additionally, Cathay Century has implemented a business continuity management mechanism, under which the crisis handling team is set up in response to the event and executes emergency actions after ensuring employee safety, such as resource coordination, fund procurement monitoring changes in the financial market and adjusting investment positions to protect the rights of the insured and Cathay Century and to ensure financial stability.

v) When a non-linear relationship as a certain key variable has approached to the extent that future cash flows may be materially influenced

Since the 3rd stage of liberalization of property insurance premium rate took effect, Cathay Century has conducted regular reviews in accordance with regulations. When the actual loss rate exceeds the expected loss rate to a certain percentage, premium rates will be properly adjusted to avoid persistent enlargement of losses. In addition, the other insurance products observe the changes in trend of loss rates of each product continuously and adjusts pricing and coverage in a timely manner and in response to large claim cases, Cathay Century adjusts claim payments and strengthens the progress of reinsurance recoveries to effectively mitigate the liquidity risk arising from insurance risk.

For investment instruments, changes in risk indicators are monitored on a regular basis with cash flow analysis as well as stress testing, to control and manage the impact of fluctuations in major risk factors.

In addition, stress testing is performed for the overall business every year to assess the impacts on financial positions due to extreme scenarios of the assets and insurance risk and understand the major risk factors to response in advance.

vi) Concentration of geographic regions and operating segments

Cathay Century's catastrophe insurance for earthquakes, typhoon and floods are mainly in the areas of Taoyuan, Hsinchu, Taichung, Chiayi, Tainan, Kaohsiung, Pingtung, Hualien and Taitung.

- ii. Disclosure of concentration of insurance risk, including explanation of indicators used to identify the common features of insurance risk concentration and exposure to related insurance liabilities related to such feature.

The following table summarizes Cathay Century's concentration of risk before and after reinsurance by insurance type:

Insurance Type	For the Year Ended December 31, 2025				
	Premium Income	Reinsurance Premium Inward	Reinsurance Expenses	Net Premium Income	%
Fire insurance	\$ 4,962,193	\$ 74,487	\$ 3,653,301	\$ 1,383,379	4.90
Marine insurance	1,381,531	18,453	1,025,779	374,205	1.33
Land and air insurance	16,475,356	(6)	849,602	15,625,748	55.38
Liability insurance	3,294,241	16,073	983,401	2,326,913	8.25
Guarantee insurance	123,007	3,510	80,939	45,578	0.16
Other property insurance	4,317,313	78,508	3,700,449	695,372	2.46
Accident insurance	4,847,412	8,000	232,141	4,623,271	16.39
Health insurance	511,724	-	29,917	481,807	1.71
Policy-oriented residential earthquake insurance	508,240	68,456	508,240	68,456	0.24
Compulsory automobile liability insurance	3,110,902	792,992	1,315,253	2,588,641	9.18
Total	\$ 39,531,919	\$ 1,060,473	\$ 12,379,022	\$ 28,213,370	100.00

Insurance Type	For the Year Ended December 31, 2024				
	Premium Income	Reinsurance Premium Inward	Reinsurance Expenses	Net Premium Income	%
Fire insurance	\$ 5,137,236	\$ 100,122	\$ 4,056,336	\$ 1,181,022	4.53
Marine insurance	1,257,137	11,645	946,253	322,529	1.24
Land and air insurance	15,462,906	690	882,838	14,580,758	55.98
Liability insurance	3,069,226	3,498	892,410	2,180,314	8.37
Guarantee insurance	117,315	36	78,948	38,403	0.15
Other property insurance	3,172,587	84,189	2,858,432	398,344	1.53
Accident insurance	4,582,948	8,400	276,826	4,314,522	16.56
Health insurance	397,007	2,067	-	399,074	1.53
Policy-oriented residential earthquake insurance	493,094	71,426	493,094	71,426	0.27
Compulsory automobile liability insurance	3,060,192	793,224	1,289,595	2,563,821	9.84
Total	\$ 36,749,648	\$ 1,075,297	\$ 11,774,732	\$ 26,050,213	100.00

- iii. Disclosure of the past management of property insurance business regarding the management risks with low frequency of occurrence but enormous impact, to the user of financial statements assess the uncertainty of cash flows related to such risks.

Catastrophes, such as earthquake, typhoon, and flood along with related huge claims, result in tremendous impact to the property insurance business.

To control and manage risk with low frequency of occurrence but enormous impact, Cathay Century assesses the risk of natural disasters and special insured items (for example, high-tech factory, power plant and traffic engineering), transfers risk through reinsurance, controls accumulated risk according to self-retain limits and holds loss prevention seminars regularly to help clients lower the incidence rate of disasters.

b) Cathay Insurance (Vietnam)

- i. Situations that may cause concentration of insurance risk:

i) Single insurance contract or several related contracts

As of December 31, 2025, commercial insurance products with low frequency of occurrence and enormous possible losses have been reviewed and discussed in compliance with the underwriting guidelines by the underwriting department, reinsurance department and risk management department or in project meeting.

ii) Exposure to unanticipated changes in trend

As of December 31, 2025, a major claim case occurred in April involving Preah Vihear Quang Viet, which led to a higher fire insurance loss ratio and a downgrade in the level of liquidity risk. The Risk Management Department will prepare a risk assessment report and provide handling recommendations. Since Cathay Insurance (Vietnam) has maintained effective risk diversification, business risk remains unaffected. Ongoing monitoring of related risk exposures will continue.

- iii) Material litigation or legal risks that may lead to huge losses incurred by a single contract or have an extensive effect on several contracts

“The Procedure for Subrogation” and “The Proceedings of the Court” are set up to safeguard the rights of Cathay Insurance (Vietnam) and the insured and to implement process control of lawsuit cases of insurance claim. In addition, each unit has appointed a staff for compliance matters to minimize possible legal risk. As of December 31, 2025, there are no material litigation or legal risks that may lead to huge losses incurred by a single contract or have an extensive effect on several contracts.

- iv) Correlation and interaction among different risks

When a catastrophe occurs, the underwritten cases will incur huge claims, and other risks such as market risk, credit risk, liquidity risk, may be derived accordingly. To avoid the operations being severely endangered by these derived risks from a catastrophe, Cathay Insurance (Vietnam) established the Points for Handling Major Events of Cathay Insurance (Vietnam) under which emergency response team is set up in reaction to the event and execute emergent tasks such as resource coordination and fund procurement to protect the rights of the insured and Cathay Insurance (Vietnam) and to maintain financial stability. As of December 31, 2025, there is no interaction among risks resulting from a catastrophe.

- v) Concentration of geographical regions and operating segments

Cathay Insurance (Vietnam)’s catastrophe insurance for earthquakes and floods are mainly in the areas of Ho Chi Minh City, Tinh Dong Nai and Tinh Ha Tinh.

- ii. Disclosure of concentration of insurance risk, including explanation of indicators used to identify the common features of insurance risk concentration and exposure to related insurance liabilities related to such feature.

The following table summarizes the Cathay Insurance (Vietnam)’s concentration of risk before and after reinsurance by insurance type:

Insurance Type	For the Year Ended December 31, 2025				
	Premium Income	Reinsurance Premium Inward	Reinsurance Expenses	Net Premium Income	%
Automobile insurance	\$ 237,645	\$ 124	\$ 124	\$ 237,645	73.13
Flood insurance	12,084	374	8,823	3,635	1.12
Fire insurance	312,381	21,307	306,449	27,239	8.38
Engineering insurance	3,613	1,628	4,373	868	0.27
Accident insurance	54,048	100	52	54,096	16.64
Liability insurance	4,027	427	2,956	1,498	0.46
Total	\$ 623,798	\$ 23,960	\$ 322,777	\$ 324,981	100.00

Insurance Type	For the Year Ended December 31, 2024				
	Premium Income	Reinsurance Premium Inward	Reinsurance Expenses	Net Premium Income	%
Automobile insurance	\$ 270,259	\$ 172	\$ 74	\$ 270,357	73.71
Flood insurance	12,102	249	8,262	4,089	1.11
Fire insurance	365,562	18,983	356,901	27,644	7.54
Engineering insurance	3,898	4,874	5,581	3,191	0.87
Accident insurance	59,889	486	118	60,257	16.43
Liability insurance	2,356	974	2,096	1,234	0.34
Total	\$ 714,066	\$ 25,738	\$ 373,032	\$ 366,772	100.00

- c) Disclosure of the past performance of property insurance business regarding the management risks with low frequency of occurrence but enormous impact, to the user of financial statement assess the uncertainty of cash flows related to such risks

Catastrophes, such as typhoon and flood, will bring tremendous insurance risk to the property insurance business. To control and manage risk with low frequency of occurrence but enormous impact, Cathay Insurance (Vietnam) assesses the risk of natural disasters and special insured items and holds loss prevention seminars regularly to help clients lower the incidence rate of disasters.

9) Development trends of claims

a) Cathay Century

December 31, 2025

Accident Year	≤ 2018	2019	2020	2021	2022	2023	2024	2025	Total
Accumulated estimated claim payments									
End of the underwriting year	\$ -	\$ 10,190,448	\$ 9,508,911	\$ 10,259,775	\$ 43,545,821	\$ 14,539,239	\$ 18,967,938	\$ 28,776,521	
After the first year	-	10,063,196	11,023,615	10,637,168	44,819,446	14,066,286	16,819,762	-	
After the second year	-	9,915,122	11,009,236	10,420,320	44,403,185	13,566,196	-	-	
After the third year	-	9,900,713	10,856,229	10,393,667	44,277,158	-	-	-	
After the fourth year	-	10,203,863	10,941,749	10,290,434	-	-	-	-	
After the fifth year	-	10,188,477	10,947,742	-	-	-	-	-	
After the sixth year	-	10,188,839	-	-	-	-	-	-	
Final estimated claim payments	-	10,188,839	10,947,742	10,290,434	44,277,158	13,566,196	16,819,762	28,776,521	
Accumulated claims disbursed		10,155,542	10,842,798	10,003,996	43,827,214	12,699,890	13,154,550	8,091,371	
	268,944	33,297	104,944	286,438	449,944	866,306	3,665,212	20,685,150	\$ 26,360,235
Adjustment	-	-	-	-	-	-	-	454,904	454,904
Amount recognized in balance sheet	\$ 268,944	\$ 33,297	\$ 104,944	\$ 286,438	\$ 449,944	\$ 866,306	\$ 3,665,212	\$ 21,140,054	\$ 26,815,139

December 31, 2024

Accident Year	≤ 2017	2018	2019	2020	2021	2022	2023	2024	Total
Accumulated estimated claim payments									
End of the underwriting year	\$ -	\$ 9,090,990	\$ 10,190,448	\$ 9,508,911	\$ 10,259,775	\$ 43,545,821	\$ 14,539,239	\$ 18,967,938	
After the first year	-	8,574,948	10,063,196	11,023,615	10,637,168	44,819,446	14,066,286	-	
After the second year	-	8,479,083	9,915,122	11,009,236	10,420,320	44,403,185	-	-	
After the third year	-	8,447,631	9,900,713	10,856,229	10,393,667	-	-	-	
After the fourth year	-	8,413,409	10,203,863	10,941,749	-	-	-	-	
After the fifth year	-	8,415,865	10,188,476	-	-	-	-	-	
After the sixth year	-	8,418,544	-	-	-	-	-	-	
Final estimated claim payments	-	8,418,544	10,188,476	10,941,749	10,393,667	44,403,185	14,066,286	18,967,938	
Accumulated claims disbursed		8,394,163	10,134,579	10,818,573	9,842,058	43,283,596	12,274,525	7,393,524	
	263,210	24,381	53,897	123,176	551,609	1,119,589	1,791,761	11,574,414	\$ 15,502,037
Adjustment	-	-	-	-	-	-	-	276,361	276,361
Amount recognized in balance sheet	\$ 263,210	\$ 24,381	\$ 53,897	\$ 123,176	\$ 551,609	\$ 1,119,589	\$ 1,791,761	\$ 11,850,775	\$ 15,778,398

Note 1: The upper part of table illustrates claim payments estimated in underwriting years by property insurance business. The lower part of the table illustrates the reconciliation of the accumulated claims disbursed to the balance sheet.

Note 2: The above tables exclude direct loss reserve of compulsory insurance, policy-oriented residential earthquake insurance and inward loss reserve of \$1,513,606 thousand and \$1,174,237 as of December 31, 2025, \$1,457,829 thousand and \$1,383,940 thousand as of December 31, 2024.

b) Cathay Insurance (Vietnam)

Since the claim data of Cathay Insurance (Vietnam) is still immature, the historical experience for development trend of claim is not available. Cathay Insurance (Vietnam) provided loss reserve for claims incurred but not yet filed at 5% of retained premiums following the suggestion by Vietnamese Ministry of Finance 2842/BTC/QLBH.

38. FINANCIAL INSTRUMENTS

a. Categories of financial instruments

	<u>December 31</u>	
	2025	2024
<u>Financial assets</u>		
Financial assets at FVTPL	\$ 1,997,543,473	\$ 2,029,794,871
Financial assets at FVTOCI	1,287,714,996	1,032,941,639
Financial assets for hedging	36,010	6,615
Financial assets at amortized cost		
Cash and cash equivalents	361,911,485	331,924,124
Due from the Central Bank and call loans to banks	428,777,214	304,995,700
Debt instruments at amortized cost	4,777,286,517	4,905,021,138
Notes and bonds purchased under resale agreements	42,827,566	39,225,129
Discounts and loans, net	3,308,740,819	3,081,678,906
Receivables, net	324,847,287	306,818,735
Other financial assets, net	861,044,551	810,353,665
Guarantee deposits paid	77,057,204	93,238,191
<u>Financial liabilities</u>		
Financial liabilities at FVTPL	164,077,562	203,998,439
Financial liabilities for hedging	919,871	2,591,575
Financial liabilities at amortized cost		
Deposits from the Central Bank and banks	178,790,871	184,682,667
Notes and bonds sold under repurchase agreements	14,199,142	21,953,912
Commercial paper payable, net	85,062,693	91,876,330
Payables	114,103,621	101,378,430
Deposits and remittances	4,331,649,468	3,783,367,486
Bonds payable	288,903,582	248,957,330
Other borrowings	47,378,891	39,908,290
Other financial liabilities	916,650,273	855,810,849
Guarantee deposits received	7,142,499	11,346,484

b. The valuation technique and assumptions used in determining the fair value of financial instruments

Fair value is 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. The following methods and assumptions were used by the Group to measure or disclose the fair values of financial assets and financial liabilities:

- 1) The carrying amount of cash and cash equivalents, due from the central bank and call loans to banks, accounts receivable, notes and bonds purchased under resale agreements, discount and loans, partial other financial assets, deposits from the central bank and banks, notes and bonds sold under repurchase agreements, accounts payable, commercial paper payable, deposits and remittances, bonds payable, other borrowings, and partial other financial liabilities approximates their fair value; therefore, the carrying amount is regarded as fair value.
- 2) For financial assets and liabilities traded in an active market with standard terms and conditions, their fair value is determined based on market quotation price (including listed equity securities, beneficiary certificates, bonds and futures etc.) at the reporting date.
- 3) Fair values of equity instruments without market quotations (including private placement of listed equity securities, unquoted public company and private company equity securities) are estimated using the market method valuation techniques based on parameters such as prices based on market transactions of equity instruments of identical or comparable entities and other relevant information (for example, inputs such as discount for lack of liquidity, P/E ratio of similar entities and Price-Book ratio of similar entities).
- 4) Fair value of debt instruments without market quotations is determined based on the counterparty prices or valuation method. The valuation method uses DCF method as a basis, and the assumptions such as the interest rate and discount rate are primarily based on relevant information of similar instruments (such as yield curves published by the Taipei Exchange, average prices for Fixed Rate Commercial Paper published by Reuters and credit risk information).
- 5) The fair value of derivatives which are not options and without market quotations, is determined based on the counterparty prices or discounted cash flow analysis using the interest rate yield curve for the contract period. Fair value of option-based derivative financial instruments is obtained using the counterparty prices or appropriate option pricing model (for example, Black-Scholes model) or other valuation method (for example, Monte Carlo Simulation).
- 6) The Group evaluates the credit risk of the derivative contract traded over-the-counter through the following calculation. Under the assumption that the Group will not default, the Group determines its credit value adjustment by multiplying three factors, probability of default, loss given default, and exposure at default, of the counterparty. On the other hand, under the assumption that the counterparty will not default, the Group calculates its debit value adjustment by multiplying three factors, probability of default, loss given default, and exposure at default, of the Group. The Group decides the estimated probability of default by referring to the probability of default announced by external credit rating agencies. The Group sets estimated loss given default at 60% by considering the experiences of Jon Gregory, a scholar, and foreign financial institutions. The estimated exposure at default for current period is evaluated by considering the fair value of the derivative instruments traded on the Taipei Exchange.

c. Fair value of financial instruments that are measured at fair value on a recurring basis

1) Fair value hierarchy

Items	December 31, 2025				December 31, 2024			
	Total	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3
<u>Non-derivative instruments</u>								
Assets								
Financial assets at FVTPL								
Stocks	\$ 481,481,925	\$ 476,604,527	\$ 521,424	\$ 4,355,974	\$ 536,998,231	\$ 530,549,730	\$ 1,424,149	\$ 5,024,352
Bonds	344,219,701	31,709,457	301,428,710	11,081,534	416,489,953	29,314,053	377,598,670	9,577,230
Other	1,098,374,426	677,385,798	227,391,181	193,597,447	974,868,576	644,021,027	141,927,660	188,919,889
Financial assets at FVTOCI								
Stocks	182,145,555	168,819,890	-	13,325,665	191,008,412	174,681,705	-	16,326,707
Bonds (Note)	1,109,010,992	238,863,732	869,260,924	886,336	849,968,832	209,467,724	640,464,897	36,211
Other	8,748,773	-	8,748,773	-	6,014,913	-	6,014,913	-
Liabilities								
Financial liabilities at FVTPL								
Financial liabilities designated as at FVTPL	41,480,624	-	41,480,624	-	42,151,047	-	42,151,047	-
Held for trading	578,149	578,149	-	-	1,439,695	1,439,695	-	-
<u>Derivative instruments</u>								
Assets								
Financial assets at FVTPL	73,467,421	2,196,136	71,190,793	80,492	101,438,111	1,554,853	99,316,379	566,879
Financial assets for hedging	36,010	28,289	7,721	-	6,615	6,615	-	-
Liabilities								
Financial liabilities at FVTPL	122,018,789	715,147	121,223,150	80,492	160,407,697	230,975	159,609,843	566,879
Financial liabilities for hedging	919,871	166,925	752,946	-	2,591,575	23,424	2,568,151	-

Note: Including those serving as refundable deposits.

Transfers between Level 1 and Level 2:

- For the year ended December 31, 2025 and 2024, Cathay Life, Cathay United, Cathay Century, Cathay Securities, Cathay Securities Investment Trust and its subsidiaries had no transfers between Level 1 and Level 2 fair value measurements.
- For the years ended December 31, 2025 and 2024, due to the availability of market quotes, Cathay Venture transferred its investment of \$931,938 thousand and \$369,630 thousand in fair value stocks from Level 2 to Level 1, respectively.

2) Reconciliation for movements in Level 3 fair value measurements

	For the Year Ended December 31, 2025		
	Financial Assets		Financial Liabilities
	At FVTPL	At FVTOCI	At FVTPL
Beginning balance	\$ 204,088,350	\$ 16,362,918	\$ 566,879
Recognized in profit or loss			
Gain (loss) on financial assets and liabilities at FVTPL	5,295,186	-	(76,867)
Gain on reclassification using the overlay approach	4,005,509	-	-
Recognized in other comprehensive income			
Exchange differences on translation of the financial statements of foreign operations	(674,604)	15,923	-
Other comprehensive loss reclassified using the overlay approach	(4,005,509)	-	-
Loss on financial assets at FVTOCI	-	(3,151,117)	-
Acquisitions or issuances	29,329,561	157,438	-
Capital reduction, return of shares	(14,520)	(11,740)	-
Disposals or settlements	(28,847,283)	(13,038)	(409,520)
Transfers in of Level 3	-	851,617	-
Transfers out of Level 3	(61,243)	-	-
Ending balance	<u>\$ 209,115,447</u>	<u>\$ 14,212,001</u>	<u>\$ 80,492</u>

	For the Year Ended December 31, 2024		
	Financial Assets		Financial Liabilities
	At FVTPL	At FVTOCI	At FVTPL
Beginning balance	\$ 220,467,013	\$ 13,400,944	\$ 4,082,455
Recognized in profit or loss			
Gain (loss) on financial assets and liabilities at FVTPL	14,758,853	-	(420,877)
Loss on reclassification using the overlay approach	(3,111,246)	-	-
Recognized in other comprehensive income			
Exchange differences on translation of the financial statements of foreign operations	130,028	122,345	-
Other comprehensive income reclassified using the overlay approach	3,111,246	-	-
Gain on financial assets at FVTOCI	-	2,600,712	-
Acquisitions or issuances	23,017,243	307,313	-
Capital reduction, return of shares	-	(13,242)	-
Disposals or settlements	(53,375,673)	(51,964)	(3,094,699)
Transfers in of Level 3	335,321	-	-

(Continued)

	For the Year Ended December 31, 2024		
	Financial Assets		Financial Liabilities
	At FVTPL	At FVTOCI	At FVTPL
Transfers out of Level 3	\$ (342,937)	\$ -	\$ -
Disposal of subsidiary	<u>(901,498)</u>	<u>(3,190)</u>	<u>-</u>
Ending balance	<u>\$ 204,088,350</u>	<u>\$ 16,362,918</u>	<u>\$ 566,879</u> (Concluded)

Regarding the above amounts recognized in profit or loss for the years ended December 31, 2025 and 2024, unrealized losses of \$593,788 thousand and \$885,250 thousand were related to financial assets held at the end of the period, respectively.

Regarding the above amounts recognized in profit or loss for the years ended December 31, 2025 and 2024, unrealized gains of \$56,749 thousand and \$68,940 thousand were related to financial liabilities held at the end of the period, respectively.

3) Information on significant unobservable inputs applied for Level 3 fair value measurement

The significant unobservable inputs applied for recurring Level 3 fair value measurement were as follows:

Cathay Life and its subsidiaries

Items	Valuation Techniques	Significant Unobservable Inputs	December 31, 2025	
			Interval (Weighted-average)	Relationship Between Inputs and Fair Value
Financial assets at FVTPL and financial assets at FVTOCI	Equity approach	Discount for lack of liquidity	0%	The higher the discount for lack of liquidity, the lower the fair value estimates
	Market approach	Discount for lack of liquidity	11%-30%	The higher the discount for lack of liquidity, the lower the fair value estimates
		Income approach	Discount for lack of liquidity, discount for minority interest	0%-30%
		Growth rate of net profit after tax	(100%)-78%	The higher the growth rate of adjusted net profit after tax, the higher the fair value estimates
		Dividend payout ratio	6%-100%	The higher the dividend payout ratio, the higher the fair value estimates

December 31, 2024				
Items	Valuation Techniques	Significant Unobservable Inputs	Interval (Weighted-average)	Relationship Between Inputs and Fair Value
Financial assets at FVTPL and financial assets at FVTOCI	Equity approach	Discount for lack of liquidity	0%-3%	The higher the discount for lack of liquidity, the lower the fair value estimates
	Market approach	Discount for lack of liquidity	11%-30%	The higher the discount for lack of liquidity, the lower the fair value estimates
	Income approach	Discount for lack of liquidity, discount for minority interest	0%-30%	The higher the discount for lack of liquidity and control, the lower the fair value estimates
		Growth rate of net profit after tax	(72%)-3103%	The higher the growth rate of adjusted net profit after tax, the higher the fair value estimates
	Dividend payout ratio	41%-90%	The higher the dividend payout ratio, the higher the fair value estimates	

Cathay United Bank and its subsidiaries

December 31, 2025				
Items	Valuation Techniques	Significant Unobservable Inputs	Interval (Weighted-average)	Relationship Between Inputs and Fair Value
Financial assets at FVTPL	Market approach	Discount for lack of liquidity	10%-20%	The higher the discount for lack of liquidity, the lower the fair value of shares
Financial assets at FVTOCI	Market approach	Discount for lack of liquidity	15%-30%	The higher the discount for lack of liquidity, the lower the fair value of shares
	Residual income approach	Cost of equity rate	15%-20%	The higher the cost of equity rate, the lower the fair value of the shares
	Value of net assets approach	Value of net assets	N/A	The higher the value of net assets, the higher the fair value of the shares
	Discounted cash flow method	Lending rate	9.15%	The higher the lending rate, the lower the fair value
	Trading getting started quotes	N/A	N/A	N/A

December 31, 2024				
Items	Valuation Techniques	Significant Unobservable Inputs	Interval (Weighted-average)	Relationship Between Inputs and Fair Value
Financial assets at FVTPL	Market approach	Discount for lack of liquidity	10%-20%	The higher the discount for lack of liquidity, the lower the fair value of shares
Financial assets at FVTOCI	Market approach	Discount for lack of liquidity	15%-30%	The higher the discount for lack of liquidity, the lower the fair value of shares
	Residual income approach	Cost of equity rate	15%-20%	The higher the cost of equity rate, the lower the fair value of the shares
	Value of net assets approach	Value of net assets	N/A	The higher the value of net assets, the higher the fair value of the shares
	Discounted cash flow method	Lending rate	9.15%	The higher the lending rate, the lower the fair value

Cathay Securities and its subsidiaries

December 31, 2025				
Items	Valuation Techniques	Significant Unobservable Inputs	Interval (Weighted-average)	Relationship Between Inputs and Fair Value
Financial assets at FVTOCI	Market comparison approach	Discount for lack of liquidity	15%-20%	The higher the discount for lack of liquidity, the lower the fair value

December 31, 2024				
Items	Valuation Techniques	Significant Unobservable Inputs	Interval (Weighted-average)	Relationship Between Inputs and Fair Value
Financial assets at FVTOCI	Market comparison approach	Discount for lack of liquidity	15%-20%	The higher the discount for lack of liquidity, the lower the fair value

4) Valuation process for Level 3 fair value measurements.

The Group's risk management department is responsible for conducting the fair value measurements and ensuring that the results of the valuation are in line with market conditions, based on independent and reliable inputs. The department analyses the movements in the values of assets and liabilities which are required to be re-measured or re-assessed as per the Group's accounting policies at each reporting date.

d. Fair values of financial instruments not measured at fair value

Other than the items in the following table, the financial assets and liabilities of the Group not measured at fair value have the carrying amounts approximate to their fair values, or the fair values cannot be measured reliably:

December 31, 2025

	Carrying Amount	Fair Value			Total
		Level 1	Level 2	Level 3	
<u>Financial assets</u>					
Debt instruments at amortized cost (Note)	\$ 4,818,846,488	\$ 61,732,207	\$ 3,918,592,712	\$ 6,924,096	\$ 3,987,249,015
Other financial assets	1,499,643	-	1,499,637	-	1,499,637

December 31, 2024

	Carrying Amount	Fair Value			Total
		Level 1	Level 2	Level 3	
<u>Financial assets</u>					
Debt instruments at amortized cost (Note)	\$ 4,949,194,235	\$ 75,999,629	\$ 3,892,815,246	\$ 368,298	\$ 3,969,183,173

Note: Including those serving as refundable deposits.

The fair values of the financial assets and financial liabilities included in the Level 2 and Level 3 categories above have been determined in accordance with the income approach based on a discounted cash flow analysis. Significant unobservable inputs used in Level 3 fair value measurement were the discount rates that reflect the credit risk of counterparties and the cash flows that reflect the feature of early reimbursement.

e. Hedge accounting disclosures

Cathay Life and its subsidiaries

1) Cash flow hedges

The future cash flows of the bond investments and borrowings held by Cathay Life and its subsidiaries may fluctuate due to the changes in market interest rates and thus lead to risks. Accordingly, Cathay Life and its subsidiaries held interest rate derivatives to hedge risks arising from the changes in interest rates. Information of hedge accounting is as follows:

a) Hedging instruments

December 31, 2025					
Hedging Instrument	Nominal Amount of the Hedging Instrument	Carrying Amount of the Hedging Instrument		Line Item in Balance Sheet Where the Hedging Instrument Is Included	Changes in Fair Value Used for Calculating Hedge Ineffectiveness for the Current Period
		Assets	Liabilities		
IRS	\$ 830,223	\$ 28,289	\$ -	Financial assets for hedging	\$ 21,874
IRS	25,527,896	-	166,925	Financial liabilities for hedging	(143,701)
December 31, 2024					
Hedging Instrument	Nominal Amount of the Hedging Instrument	Carrying Amount of the Hedging Instrument		Line Item in Balance Sheet Where the Hedging Instrument Is Included	Changes in Fair Value Used for Calculating Hedge Ineffectiveness for the Current Period
		Assets	Liabilities		
IRS	\$ -	\$ -	\$ -	-	\$ 1,110
IRS	21,457,711	6,615	-	Financial assets for hedging	6,615
IRS	2,246,068	-	23,424	Financial liabilities for hedging	(23,424)
Forward bond contracts	1,180,116	-	58,363	Financial liabilities for hedging	(58,363)

b) Maturities of the nominal amount of hedging instruments and average price or rate

	Period Till Maturity				
	1 Month	1-3 Months	3 Months - 1 Year	1-5 Years	Over 5 Years
<u>December 31, 2025</u>					
IRS					
Nominal principal	\$ -	\$ -	\$ -	\$ -	\$ 26,358,119
Average fixed rate	-	-	-	-	2.23%
<u>December 31, 2024</u>					
IRS					
Nominal principal	-	-	20,689,750	-	3,014,029
Average fixed rate	-	-	1.75%	-	2.23%
Forward bond contracts					
Nominal principal	-	1,180,116	-	-	-
Average price (in hundred of U.S. dollars)	-	81.09	-	-	-

c) Hedged items

For the Year Ended December 31, 2025								
	Changes in Fair Value Used for Calculating Hedge Ineffectiveness for the Current Year	Cash Flow Hedge Reserve	Balance of Cash Flow Hedge Reserve Generated from the Hedging Relationships Where Hedge Accounting Is No Longer Applicable	Change in the Value of the Hedging Instrument Recognized in Other Comprehensive Income	Hedge Ineffectiveness Recognized in Profit or Loss	Line Item in Profit or Loss That Includes Hedge Ineffectiveness	Amount Reclassified from the Cash Flow Hedge Reserve to Profit or Loss	Line Item Affected in Profit or Loss Because of the Reclassification
Floating-rate loan	\$ 121,827	\$(138,637)	N/A	\$(231,650)	\$ -	\$ -	\$ 109,823	Net other noninterest gain (loss)
Discontinued hedge - bond investments	20,662	-	\$(235,068)	29,287	(23,599)	Net other noninterest gain (loss)	6,489	Net other noninterest gain (loss)
Expected investment	(49,949)	-	N/A	-	-	-	-	-

For the Year Ended December 31, 2024								
	Changes in Fair Value Used for Calculating Hedge Ineffectiveness for the Current Year	Cash Flow Hedge Reserve	Balance of Cash Flow Hedge Reserve Generated from the Hedging Relationships Where Hedge Accounting Is No Longer Applicable	Change in the Value of the Hedging Instrument Recognized in Other Comprehensive Income	Hedge Ineffectiveness Recognized in Profit or Loss	Line Item in Profit or Loss That Includes Hedge Ineffectiveness	Amount Reclassified from the Cash Flow Hedge Reserve to Profit or Loss	Line Item Affected in Profit or Loss Because of the Reclassification
Floating-rate bonds	\$ (1,110)	\$ -	N/A	\$ 1,110	\$ -	\$ -	\$ (2,219)	Net other noninterest (loss) gain
Floating-rate loan	16,810	(16,810)	N/A	(16,810)	-	-	-	-
Discontinued hedge - bond investments	232,220	-	\$(214,407)	(215,304)	(5,538)	Net other noninterest gain (loss)	1,663	Net other noninterest gain (loss)
Expected investment	49,949	(49,949)	N/A	(49,949)	(8,414)	Net other noninterest gain (loss)	-	-

d) Reconciliation of equity component that applied hedge accounting and related other comprehensive income is summarized below:

	For the Year Ended December 31	
	2025	2024
Beginning balance	\$ (225,374)	\$ (4,513)
Gross amount recognized in other comprehensive income		
Change in the value of the hedging instrument recognized in other comprehensive loss	(202,071)	(280,913)
Change in the value of the hedging instrument recognized in other comprehensive loss - non-controlling interests	(292)	(40)
Amount reclassified from the cash flow hedge reserve to profit or loss	116,312	(556)
Exchange rate changes	7,685	(2,215)
Tax effects	15,673	56,745
Disposal of subsidiary	-	6,118
Ending balance	<u>\$ (288,067)</u>	<u>\$ (225,374)</u>

2) Fair value hedges

The book value of the foreign currency denominated assets held by Cathay Life and its subsidiaries may fluctuate due to the changes in market exchange rates and thus lead to risk. Accordingly, Cathay Life and its subsidiaries held derivative instruments related to exchange rates to hedge risks arising from changes in exchange rates. Information of hedge accounting is as follows:

a) Hedging instruments

December 31, 2025					
Hedging Instrument	Nominal Amount of the Hedging Instrument	Carrying Amount of the Hedging Instrument		Line Item in Balance Sheet Where the Hedging Instrument Is Included	Changes in Fair Value Used for Calculating Hedge Ineffectiveness for the Current Period
		Assets	Liabilities		
Forward	\$ 44,433,720	\$ 7,721	\$ -	Financial assets for hedging	\$ (3,548,209)
Forward	44,433,720	-	752,946	Financial liabilities for hedging	(3,548,209)

December 31, 2024					
Hedging Instrument	Nominal Amount of the Hedging Instrument	Carrying Amount of the Hedging Instrument		Line Item in Balance Sheet Where the Hedging Instrument Is Included	Changes in Fair Value Used for Calculating Hedge Ineffectiveness for the Current Period
		Assets	Liabilities		
Forward	\$ 26,383,540	\$ -	\$ 2,509,788	Financial liabilities for hedging	\$ (1,474,279)

b) Maturities of the nominal amount of hedging instruments and average price or rate

	Period Till Maturity				
	1 Month	1-3 Months	3 Months-1 Year	1-5 Years	Over 5 Years
<u>December 31, 2025</u>					
Forward					
Nominal principal	\$ -	\$ -	\$ 9,327,400	\$ 28,122,800	\$ 6,983,520
Exchange rate (USD/TWD)	-	-	31.0913	31.2476	26.7845

	Period Till Maturity				
	1 Month	1-3 Months	3 Months-1 Year	1-5 Years	Over 5 Years
<u>December 31, 2024</u>					
Forward					
Nominal principal	\$ -	\$ 2,687,400	\$ 11,271,900	\$ 9,327,400	\$ 3,096,840
Exchange rate (USD/TWD)	-	26.8740	28.1654	31.0913	25.8070

c) Hedged items

For the Year Ended December 31, 2025								
	Book Value of Hedged Item		Cumulative Adjustment for Change in Fair Value of Hedged Item Included in the Book Value of the Hedged Item		Line Item in the Statement of Financial Position That Includes the Hedged Items	Charges in Fair Value Used for Calculating Hedge Ineffectiveness for Current Period	Ineffectiveness Recognized in Profit or Loss	Line Item in Profit or Loss That Includes the Hedge Ineffectiveness
	Assets	Liabilities	Assets	Liabilities				
Overseas bonds	\$ 44,433,720	\$ -	\$ (3,548,209)	\$ -	Debt instruments at amortized cost	\$ (3,548,209)	\$ -	\$ -

For the Year Ended December 31, 2024								
	Book Value of Hedged Item		Cumulative Adjustment for Change in Fair Value of Hedged Item Included in the Book Value of the Hedged Item		Line Item in the Statement of Financial Position That Includes the Hedged Items	Charges in Fair Value Used for Calculating Hedge Ineffectiveness for Current Period	Ineffectiveness Recognized in Profit or Loss	Line Item in Profit or Loss That Includes the Hedge Ineffectiveness
	Assets	Liabilities	Assets	Liabilities				
Overseas bonds	\$ 26,383,540	\$ -	\$ 1,474,279	\$ -	Debt instruments at amortized cost	\$ 1,474,279	\$ -	\$ -

d) Reconciliation of equity component that applied hedge accounting and related other comprehensive income were summarized below:

	For the Year Ended December 31	
	2025	2024
<u>Foreign currency basis - related period</u>		
Beginning balance	\$ (128,933)	\$ 515,012
Gross amount recognized in other comprehensive income		
Change in the value of the hedging instrument recognized in other comprehensive loss	(2,790,215)	(1,135,107)
Amount reclassified to profit or loss	1,314,845	330,176
Tax effects	<u>295,074</u>	<u>160,986</u>
Ending balance	<u>\$ (1,309,229)</u>	<u>\$ (128,933)</u>

f. Offsetting of financial assets and financial liabilities

Cathay Life and its subsidiaries

Cathay Life and its subsidiaries engage in derivative financial instruments that do not meet the offsetting criteria of standards, but enters into master netting arrangements or other similar agreements with counterparties. Financial instruments subject to master netting arrangements or other similar agreements could be settled at net amount as agreed by both parties of the transaction, or the financial instrument should be settled at gross amount otherwise. However, if one of both parties of the transaction defaults, the other party could choose to settle the transaction at net amount.

Information related to offsetting of financial assets and financial liabilities is disclosed as follows:

December 31, 2025

Financial Assets Bound by Offsetting or Enforceable Master Netting Arrangements or Similar Agreements						
Item	Gross Amount of Recognized Financial Assets (a)	Gross Amount of Offset Financial Liabilities Recognized on the Balance Sheet (b)	Net Financial Assets Recognized on the Balance Sheet (c)=(a)-(b)	Relevant Amount That Has Not Been Offset on the Balance Sheet (d)		Net Amount (e)=(c)-(d)
				Financial Instruments	Cash Collateral Received	
Derivative financial instruments	\$ 14,153,286	\$ -	\$ 14,153,286	\$ 13,956,747	\$ 434,284	\$ (237,745)

Financial Liabilities Bound by Offsetting or Enforceable Master Netting Arrangements or Similar Agreements

Item	Gross Amount of Recognized Financial Liabilities (a)	Gross Amount of Offset Financial Assets Recognized on the Balance Sheet (b)	Net Financial Liabilities Recognized on the Balance Sheet (c)=(a)-(b)	Relevant Amount That Has Not Been Offset on the Balance Sheet (d)		Net Amount (e)=(c)-(d)
				Financial Instruments	Cash Collateral Pledged	
				Derivative financial instruments	\$ 60,779,701	

December 31, 2024

Financial Assets Bound by Offsetting or Enforceable Master Netting Arrangements or Similar Agreements

Item	Gross Amount of Recognized Financial Assets (a)	Gross Amount of Offset Financial Liabilities Recognized on the Balance Sheet (b)	Net Financial Assets Recognized on the Balance Sheet (c)=(a)-(b)	Relevant Amount That Has Not Been Offset on the Balance Sheet (d)		Net Amount (e)=(c)-(d)
				Financial Instruments	Cash Collateral Received	
				Derivative financial instruments	\$ 5,321,426	

Financial Liabilities Bound by Offsetting or Enforceable Master Netting Arrangements or Similar Agreements

Item	Gross Amount of Recognized Financial Liabilities (a)	Gross Amount of Offset Financial Assets Recognized on the Balance Sheet (b)	Net Financial Liabilities Recognized on the Balance Sheet (c)=(a)-(b)	Relevant Amount That Has Not Been Offset on the Balance Sheet (d)		Net Amount (e)=(c)-(d)
				Financial Instruments	Cash Collateral Pledged	
				Derivative financial instruments	\$ 73,085,830	

Cathay United Bank and its subsidiaries

Cathay United Bank and its subsidiaries engages in financial instrument transactions that are offset in accordance with IAS 32, section 42, and the financial assets and financial liabilities that are relevant to such transactions are presented in the balance sheets at net amounts.

Cathay United Bank and its subsidiaries is also engaged in financial instrument transactions that are not offset in accordance with the regulations, but entered into enforceable master netting arrangements or other similar agreements with counterparties, for example: Global master repurchase agreements, global securities lending agreements, or other similar agreements. Financial instruments subject to enforceable master netting arrangement or other similar agreements could be settled at net amount as chosen by the counterparties, or, if not, the financial instruments could be settled at gross amount. However, if one of the counterparty defaults, the other party could choose to settle the transaction at net amount.

Information related to offsetting of financial assets and financial liabilities was disclosed as follows:

December 31, 2025

Financial Assets Bound by Offsetting or Enforceable Master Netting Arrangements or Similar Agreements						
Item	Gross Amount of Recognized Financial Assets (a)	Gross Amount Offset in the Balance Sheet (b)	Amount Presented in the Balance Sheet (c)=(a)-(b)	Amount Not Offset in the Balance Sheet (d)		Net Amount (e)=(c)-(d)
				Financial Instruments (Note)	Cash Collateral Received	
Derivative financial instruments	\$ 58,748,632	\$ -	\$ 58,748,632	\$ 58,748,632	\$ -	\$ -

Financial Liabilities Bound by Offsetting or Enforceable Master Netting Arrangements or Similar Agreements						
Item	Gross Amount of Recognized Financial Liabilities (a)	Gross Amount Offset in the Balance Sheet (b)	Amount Presented in the Balance Sheet (c)=(a)-(b)	Amount Not Offset in the Balance Sheet (d)		Net Amount (e)=(c)-(d)
				Financial Instruments (Note)	Financial Collateral Pledged	
Derivative financial instruments	\$ 62,755,494	\$ -	\$ 62,755,494	\$ 58,748,632	\$ 4,006,862	\$ -
Repurchase bonds	2,110,900	-	2,110,900	1,231,297	879,603	-

December 31, 2024

Financial Assets Bound by Offsetting or Enforceable Master Netting Arrangements or Similar Agreements						
Item	Gross Amount of Recognized Financial Assets (a)	Gross Amount Offset in the Balance Sheet (b)	Amount Presented in the Balance Sheet (c)=(a)-(b)	Amount Not Offset in the Balance Sheet (d)		Net Amount (e)=(c)-(d)
				Financial Instruments (Note)	Cash Collateral Received	
Derivative financial instruments	\$ 95,752,257	\$ -	\$ 95,752,257	\$ 90,621,728	\$ 5,130,529	\$ -

Financial Liabilities Bound by Offsetting or Enforceable Master Netting Arrangements or Similar Agreements						
Item	Gross Amount of Recognized Financial Liabilities (a)	Gross Amount Offset in the Balance Sheet (b)	Amount Presented in the Balance Sheet (c)=(a)-(b)	Amount Not Offset in the Balance Sheet (d)		Net Amount (e)=(c)-(d)
				Financial Instruments (Note)	Cash Collateral Pledged	
Derivative financial instruments	\$ 90,621,728	\$ -	\$ 90,621,728	\$ 90,621,728	\$ -	\$ -
Repurchase bonds	10,942,366	-	10,942,366	10,010,444	931,922	-

Note: Master netting arrangement and non-cash collateral are included.

Cathay Securities and its subsidiaries

Cathay Securities and its subsidiaries enter into secured repurchase agreements with counterparties, for which Cathay Securities and its subsidiaries provide securities as collateral. Only in the event of default, insolvency or bankruptcy, these transactions are allowed to be offset, which does not meet the offsetting criteria of financial instrument transactions, Article 42 of IAS 32, and they are not subject to enforceable master netting arrangements or other similar agreements and should be settled at gross amounts. However, if one of the counterparty defaults, the other party could choose to settle the transaction at net amount.

Information related to offsetting of financial assets and financial liabilities is disclosed as follows:

December 31, 2025

Financial Liabilities Bound by Offsetting or Enforceable Master Netting Arrangements or Similar Agreements						
Financial Liabilities	Gross Amount of Recognized Financial Liabilities	Gross Amount of Offset	Net Financial Liabilities	Relevant Amount That Has Not Been Offset on the Balance Sheet		Net Amount
		Recognized on the Balance Sheet	Recognized on the Balance Sheet	Financial Instruments (Note)	Cash Collateral Pledged	
Repurchase bonds	\$ 12,088,242	\$ -	\$ 12,088,242	\$ 12,202,195	\$ 341,418	\$ (455,371)

December 31, 2024

Financial Liabilities Bound by Offsetting or Enforceable Master Netting Arrangements or Similar Agreements						
Financial Liabilities	Gross Amount of Recognized Financial Liabilities	Gross Amount of Offset	Net Financial Liabilities	Relevant Amount That Has Not Been Offset on the Balance Sheet		Net Amount
		Recognized on the Balance Sheet	Recognized on the Balance Sheet	Financial Instruments (Note)	Cash Collateral Pledged	
Repurchase bonds	\$ 11,011,546	\$ -	\$ 11,011,546	\$ 11,181,335	\$ 329,923	\$ (499,712)

Note: Master netting arrangements and non-cash collateral are included.

g. Reclassification information

Section 4.4 of IFRS 9 “Financial Instruments” provides the principles and regulations for reclassification of financial assets. For practical application, the Accounting Research and Development Foundation of the Republic of China (ARDF) provided a reference guideline on October 7, 2022 on the “Financial Asset Reclassification Concerns of an insurer arising from Changes in the Business Model for Managing Financial Assets due to Drastic Changes in the International Economic Situation”. According to the press release of the FSC, if an insurer intends to reclassify financial assets, it should follow IFRS 9 regulations and the reference guideline of the ARDF.

In 2022, the global financial situation has been in full turmoil, especially from late August 2022 to late September 2022, the stock, bond and foreign exchange markets have experienced drastic changes that are rare in history. Changes are not for single market risk or specific financial asset price fluctuations, but interest rates have risen to the extreme level as defined by the International Insurance Capital Standards (ICS). Cathay Life’s senior management adjusted its investment strategy, performance evaluation and risk management activities in relation to financial assets by September 30, 2022, in order to ensure Cathay Life’s solvency and stable operation. The aforementioned adjustments indicate that Cathay Life’s business model, which was to generate cash flows by both collecting contractual cash flows and selling financial assets, has been changed to a model whose objective is to hold financial assets in order to collect contractual cash flows. Therefore, on October 1, 2022, Cathay Life reclassified its financial assets in accordance with IFRS 9, paragraphs B4.1.2B and B4.4.1 of IFRS 9.

Due to the change in business model, Cathay Life reclassified part of the financial assets at FVTOCI to financial assets measured at amortized cost on October 1, 2022. After the reclassification, other equity increased by \$242,647,172 thousand, financial assets measured at amortized cost increased by \$1,054,624,855 thousand, financial assets at FVTOCI decreased by \$755,311,088 thousand and deferred income tax assets decreased by \$56,666,595 thousand as of October 1, 2022.

As of December 31, 2025 and 2024, the fair value of the above reclassified financial assets that have not been derecognized amounted to \$789,777,412 thousand and \$798,216,357 thousand. If the financial assets had not been reclassified as of October 1, 2022, other equity would decrease by \$189,532,566 thousand and \$223,027,470 thousand as of December 31, 2025 and 2024. Fair value gain, after tax, recognized in other comprehensive loss amounted to \$33,494,904 thousand and loss amounted to \$50,570,572 thousand from October 1, 2022 to December 31, 2025 and 2024.

h. Transfers of financial assets

Financial assets transferred that have not been fully removed

Cathay United Bank and its subsidiaries

In the daily operations of Cathay United Bank and its subsidiaries, transferred financial assets that do not meet the criteria for full removal are mostly debt securities used as counterparty collateral for repurchase agreements or equity securities lent out as part of securities lending agreement. The cash flows of these transactions have been transferred, and reflects the liability where Cathay United Bank is obligated to repurchase the transferred financial assets according to a fixed price in future periods. With respect to such transactions, Cathay United Bank and its subsidiaries will not be able to use, sell or pledge such transferred financial assets during the effective period. However Cathay United Bank and its subsidiaries are still exposed to interest rate risk and credit risk, hence they are not derecognized.

The following table analyses financial assets and financial liabilities that have not been fully removed:

December 31, 2025					
Category of Financial Assets	Carrying Value of Transferred Financial Assets	Carrying Value of Related Financial Liabilities	Fair Value of Transferred Financial Assets	Fair Value of Related Financial Liabilities	Net Fair Value
Financial assets at FVTOCI					
Repurchase agreements	\$ 1,315,012	\$ 1,661,079	\$ 1,315,012	\$ 1,661,079	\$ (346,067)
Debt instruments at amortized cost					
Repurchase agreements	459,267	449,821	463,768	449,821	13,947

December 31, 2024					
Category of Financial Assets	Carrying Value of Transferred Financial Assets	Carrying Value of Related Financial Liabilities	Fair Value of Transferred Financial Assets	Fair Value of Related Financial Liabilities	Net Fair Value
Financial assets at FVTOCI					
Repurchase agreements	\$ 7,441,316	\$ 7,657,552	\$ 7,441,316	\$ 7,657,552	\$ (216,236)
Debt instruments at amortized cost					
Repurchase agreements	3,978,145	3,284,814	4,022,636	3,284,814	737,822

Cathay Securities and its subsidiaries

Transferred financial assets that are part of Cathay Securities and its subsidiaries' daily operations that do not meet the criteria for full derecognition are mostly made up of notes and bonds sold under repurchase agreements. The cash flows of these transactions have been transferred, and reflects the liability where Cathay Securities and its subsidiaries are obligated to buy back the transferred financial assets according to fixed prices in future years. With respect to such transactions, Cathay Securities and its subsidiaries will not be able to use, sell or pledge the said transferred financial assets during the effective period. However, Cathay Securities and its subsidiaries are still exposed to interest rate risk and credit risk, hence the assets are not fully derecognized.

The following table analyses Cathay Securities and its subsidiaries' financial assets and financial liabilities that have not been fully derecognized:

December 31, 2025					
Categories of Financial Assets	Carrying Value of Transferred Financial Assets	Carrying Value of Related Financial Liabilities	Fair Value of Transferred Financial Assets	Fair Value of Related Financial Liabilities	Net Fair Value
Financial assets at FVTPL					
Repurchase bonds	\$ 383,567	\$ 395,803	\$ 383,567	\$ 395,803	\$ (12,236)
Financial assets at FVTOCI					
Repurchase bonds	11,659,894	11,533,724	11,659,894	11,533,724	126,170
Securities purchased under resell agreements					
Repurchase bonds	158,734	158,715	158,734	158,715	19

December 31, 2024					
Categories of Financial Assets	Carrying Value of Transferred Financial Assets	Carrying Value of Related Financial Liabilities	Fair Value of Transferred Financial Assets	Fair Value of Related Financial Liabilities	Net Fair Value
Financial assets at FVTOCI					
Repurchase bonds	\$ 11,021,692	\$ 10,851,914	\$ 11,021,692	\$ 10,851,914	\$ 169,778
Securities purchased under resell agreements					
Repurchase bonds	159,643	159,632	159,643	159,632	11

i. Financial risk management objectives and policies

Cathay Life and its subsidiaries

Cathay Life and its subsidiaries' major financial instruments include equity and debt investments, derivative instruments, receivables, payables and bonds payable. The main financial risks include market risk (including foreign currency risk, interest rate risk and other price risk), credit risk and liquidity risk.

1) Market risk

Market risk is the risk that changes in market risk factors, such as the exchange rate, product price, interest rate, credit spread and stock price, may decrease Cathay Life and its subsidiaries' income or value of investment portfolio.

Cathay Life and its subsidiaries continuously utilizes market risk management instruments such as Value at Risk ("VaR") and Sensitivity Analysis to completely and effectively measure, monitor and manage market risk.

a) Value at Risk

VaR is the maximum loss on the investment portfolio due to changes in market risk factors over a given period and at a specified confidence level. Currently, Cathay Life and its subsidiaries adopt the one-week VaR at 99% confidence levels to measure market risk.

b) Sensitivity analysis

Summary of Sensitivity Analysis

For the Year Ended December 31, 2025

Risk Factor	Variable (+/-)	Change in Profit or Loss	Change in Equity
Foreign currency risk	Appreciation of USD/NTD by 1%	\$ 18,971,118	\$ 10,377,075
	Appreciation of CNY/USD by 1%	(4,397)	248,699
	Appreciation of HKD/USD by 1%	1,542	52,922
	Appreciation of EUR/USD by 1%	2,949	564,446
	Appreciation of GBP/USD by 1%	51,758	281,406
Interest rate risk	Upward parallel shift of the yield curve (USD) by 1bp	-	(1,623,358)
	Upward parallel shift of the yield curve (CNY) by 1bp	-	(2,665)
	Upward parallel shift of the yield curve (EUR) by 1bp	-	(53,568)
	Upward parallel shift of the yield curve (GBP) by 1bp	-	(24,411)
	Upward parallel shift of the yield curve (NTD) by 1bp	-	(57,412)
Equity price risk	Increase in equity price by 1%	35,768	7,206,824

For the Year Ended December 31, 2024

Risk Factor	Variable (+/-)	Change in Profit or Loss	Change in Equity
Foreign currency risk	Appreciation of USD/NTD by 1%	\$ 9,389,319	\$ 10,564,507
	Appreciation of CNY/USD by 1%	(21,423)	384,002
	Appreciation of HKD/USD by 1%	895	133,871
	Appreciation of EUR/USD by 1%	(23,220)	422,557
	Appreciation of GBP/USD by 1%	(13,979)	252,453
Interest rate risk	Upward parallel shift of the yield curve (USD) by 1bp	-	(1,276,559)
	Upward parallel shift of the yield curve (CNY) by 1bp	-	(9,858)
	Upward parallel shift of the yield curve (EUR) by 1bp	-	(6,427)
	Upward parallel shift of the yield curve (GBP) by 1bp	-	(3,615)
	Upward parallel shift of the yield curve (NTD) by 1bp	-	(62,756)
Equity price risk	Increase in equity price by 1%	79,387	9,369,781

Note 1: Impact of credit spread changes and income tax was not included.

Note 2: Effects of hedging and hedging accounting were considered.

Note 3: Provision or reversal of reserve for foreign exchange fluctuations was not considered in the change in profit or loss due to foreign currency risk. Since May 2025, the new system for the foreign exchange volatility reserve has been adopted, with a provisioning and offsetting ratio of 100%.

Note 4: Change in equity was excluded from the impact on the change in profit or loss.

Note 5: Data of subsidiaries were not disclosed as Cathay Life assessed that there would be no material impact should the disclosures for the subsidiaries be included.

2) Credit risk

a) Sources of credit risk

When engaged in financial transactions, Cathay Life is exposed to credit risks, including issuer credit risk, counterparty credit risk and credit risk of underlying assets:

- i. Issuer credit risk is the risk that Cathay Life may suffer financial losses on debt instruments (excluding the fund) or bank savings because the issuers (guarantors), borrowers or banks are not able to perform repayment obligations on agreed conditions due to default, bankruptcy or liquidation.
- ii. Counterparty credit risk is the risk that Cathay Life may suffer financial losses because the counterparty does not perform its obligation to settle or pay at the appointed date.
- iii. Credit risk of underlying assets is the risk that Cathay Life may suffer losses due to deterioration of the credit quality, increase of credit spread, downgrade or breach of any contract terms of underlying assets linked to financial instruments.

b) Concentration risk

- i. Regional distribution of maximum risk exposure for Cathay Life's financial assets:

December 31, 2025

Financial Assets	Taiwan	Asia	Europe	North America	Latin America	Central and Eastern Europe and Africa	Oceania and Others	Total
Cash and cash equivalents	\$ 170,817,981	\$ 2,957,390	\$ 1,333,274	\$ 87,769,949	\$ -	\$ -	\$ 9,982,897	\$ 272,861,491
Financial assets at FVTPL	39,934,129	7,810,082	102,350,746	92,395,508	3,747,012	1,546,082	385,836	248,169,395
Financial assets at FVTOCI	22,922,032	87,983,206	100,843,590	418,959,709	40,475,212	37,082,342	28,766,810	737,032,901
Financial assets for hedging	-	2,671	5,050	-	-	-	-	7,721
Financial assets at amortized cost	116,297,937	534,582,830	599,665,049	2,085,763,899	281,155,862	299,497,630	126,038,104	4,043,001,311
Other financial assets	1,499,643	-	-	-	-	-	-	1,499,643
	<u>\$ 351,471,722</u>	<u>\$ 633,336,179</u>	<u>\$ 804,197,709</u>	<u>\$2,684,889,065</u>	<u>\$ 325,378,086</u>	<u>\$ 338,126,054</u>	<u>\$ 165,173,647</u>	<u>\$5,302,572,462</u>
Proportion	6.60%	11.90%	15.20%	50.70%	6.10%	6.40%	3.10%	100%

December 31, 2024

Financial Assets	Taiwan	Asia	Europe	North America	Latin America	Central and Eastern Europe and Africa	Oceania and Others	Total
Cash and cash equivalents	\$ 141,444,713	\$ 10,153,638	\$ 219,653	\$ 39,918,646	\$ -	\$ -	\$ 12,532,947	\$ 204,269,597
Financial assets at FVTPL	50,567,492	7,083,278	100,047,747	90,083,304	3,647,743	2,528,485	319,824	254,277,873
Financial assets at FVTOCI	19,730,155	77,662,771	50,230,218	273,393,249	34,211,735	29,200,493	5,889,947	490,318,568
Financial assets at amortized cost	117,104,912	571,432,535	648,362,734	2,201,776,385	297,327,982	310,908,060	132,496,988	4,279,409,596
	<u>\$ 328,847,272</u>	<u>\$ 666,332,222</u>	<u>\$ 798,860,352</u>	<u>\$2,605,171,584</u>	<u>\$ 335,187,460</u>	<u>\$ 342,637,038</u>	<u>\$ 151,239,706</u>	<u>\$5,228,275,634</u>
Proportion	6.30%	12.70%	15.30%	49.80%	6.40%	6.60%	2.90%	100%

Note: Taiwan is presented separately; 'others' encompasses supranational institutions, such as the European Investment Bank, the Asian Development Bank, and the International Finance Corporation (IFC), among others.

ii. Regional distribution of maximum risk exposure for Cathay Life's secured loans:

December 31, 2025

Location of Collaterals	Northern and Eastern Areas	Central Area	Southern Area	Overseas	Total
Secured loans	\$ 171,823,671	\$ 39,346,937	\$ 46,956,732	\$ 170,628	\$ 258,297,968
Non-accrual receivables	<u>354,056</u>	<u>31,263</u>	<u>42,717</u>	<u>-</u>	<u>428,036</u>
	<u>\$ 172,177,727</u>	<u>\$ 39,378,200</u>	<u>\$ 46,999,449</u>	<u>\$ 170,628</u>	<u>\$ 258,726,004</u>
Proportion	66.5%	15.2%	18.2%	0.1%	100%

December 31, 2024

Location of Collaterals	Northern and Eastern Areas	Central Area	Southern Area	Overseas	Total
Secured loans	\$ 147,085,122	\$ 38,040,816	\$ 47,202,744	\$ 228,845	\$ 232,557,527
Non-accrual receivables	<u>301,263</u>	<u>23,875</u>	<u>34,790</u>	<u>1,404,808</u>	<u>1,764,736</u>
	<u>\$ 147,386,385</u>	<u>\$ 38,064,691</u>	<u>\$ 47,237,534</u>	<u>\$ 1,633,653</u>	<u>\$ 234,322,263</u>
Proportion	62.9%	16.2%	20.2%	0.7%	100%

c) Categories for credit risk quality

Cathay Life classified credit risk into low credit risk, medium credit risk, high credit risk and credit impaired. The definitions of each category are as follows:

- i. Low credit risk indicates that an entity or a subject has a robust ability to perform financial commitment. Even though it encounters material uncertainty or exposes to unfavorable conditions, its ability to perform financial commitment obligations will be kept and maintained.
- ii. Medium credit risk indicates that an entity or a subject has a weak ability to perform financial commitment. Unfavorable operational, financial or economic conditions will diminish its ability to perform financial commitment.
- iii. High credit risk indicates that an entity or a subject has a fragile ability to perform financial commitment. The capability to perform financial commitment depends on the favorability of its business environment and financial conditions.
- iv. Credit impaired indicates that an entity or a subject fails to fulfill its obligations, and Cathay Life evaluates the potential losses and determines it as impaired.

d) Determination on the credit risk that has increased significantly since initial recognition

- i. Cathay Life assesses whether there is a significant increase in credit risk of a financial instrument applicable for impairment requirements under IFRS 9 since initial recognition at each reporting date. To make this assessment, Cathay Life considers reasonable and supportable information (including forward-looking information) which indicates that credit risk has increased significantly since initial recognition. Main indicators include external credit rating, past due information, credit spread and other market information which shows that the credit risk related to borrowers and issuers has increased significantly.

- ii. If the credit risk of a financial instrument is determined to be low at the reporting date, it indicates that the credit risk of the financial instrument has not increased significantly since initial recognition.
- e) The definition of default and credit-impaired financial assets

Cathay Life's definition of default on financial assets is the same as that of a credit-impaired financial asset. If one or more of the following criteria are met, a financial asset is considered defaulted and credit-impaired:

- i. Quantitative factor: When the contractual payments are overdue for more than 90 days, the financial asset is considered defaulted and credit-impaired.
 - ii. Qualitative factor: An evidence indicates that the issuers or borrowers cannot pay the contractual payments, or that they have significant financial difficulties, for example:
 - i) The issuers or borrowers have entered into bankruptcy or are probable to enter into bankruptcy or financial reorganization.
 - ii) The issuers or borrowers fail to pay interest or principal according to the issue terms and conditions.
 - iii) The collateral of the borrowers had been provisionally seized or enforced.
 - iv) The borrowers claim for a change of credit conditions due to financial difficulties.
 - iii. The above-mentioned definitions of default on a financial asset and a credit-impaired financial asset are applicable to all financial assets held by Cathay Life, and are aligned with those of relevant financial assets for internal credit risk management. The definitions are also applicable to related impairment assessment model.
- f) Measurement of expected credit loss
- i. The methodology and assumptions applied

For financial instruments on which the credit risk has not increased significantly since initial recognition, Cathay Life measures loss allowance for financial instruments at an amount equal to 12-month expected credit losses; for financial instruments whose credit risk has increased significantly since initial recognition or those which have been credit-impaired, Cathay Life measures loss allowance for financial instruments at an amount equal to the lifetime expected credit losses.

Expected credit losses in the next 12 months and for the duration of the instrument is calculated separately for the two periods using probability of default ("PD") of issuers, guarantee agencies or borrowers multiplied by loss given default ("LGD") and exposure at default ("EAD"), in consideration of time value of money.

PD is the rate that a default occurs on issuers, guarantee agencies or borrowers. LGD is the loss rate that resulted from a default of issuers, guarantee agencies or borrowers. Loss given default used by Cathay Life in impairment assessment is based on information regularly issued by Moody's. Probability of default is based on information regularly issued by Taiwan Ratings Corp. and Moody's and is determined based upon current observable information and macroeconomic information (for example, gross domestic product and economic growth rate) with adjustments of historical data. Exposure at default is measured at the amortized cost and interest receivables of financial assets.

ii. Forward-looking information considerations

Cathay Life takes forward-looking information into consideration while measuring expected credit losses of financial assets.

g) Gross carrying amounts of maximum credit risk exposure and categories for credit quality

i. Financial assets of Cathay Life

December 31, 2025						
	Stage 1	Stage 2	Stage 3		Loss Allowance	Gross Carrying Amount
	12-month Expected Credit Losses		Lifetime Expected Credit Losses	Lifetime Expected Credit Losses		
Investment grade						
Debt instruments at FVTOCI	\$ 725,085,692	\$ -	\$ -	\$ -	\$ -	\$ 725,085,692
Financial assets at amortized cost	4,012,668,342	-	-	-	(1,501,993)	4,011,166,349
Other financial assets	1,500,000	-	-	-	(357)	1,499,643
Non-investment grade						
Debt instruments at FVTOCI	5,381,553	1,387,056	5,178,600	-	-	11,947,209
Financial assets at amortized cost	13,616,629	1,214,020	19,110,807	-	(2,106,494)	31,834,962
December 31, 2024						
	Stage 1	Stage 2	Stage 3		Loss Allowance	Gross Carrying Amount
	12-month Expected Credit Losses		Lifetime Expected Credit Losses	Lifetime Expected Credit Losses		
Investment grade						
Debt instruments at FVTOCI	\$ 480,196,856	\$ -	\$ -	\$ -	\$ -	\$ 480,196,856
Financial assets at amortized cost	4,255,736,442	-	-	-	(1,526,067)	4,254,210,375
Non-investment grade						
Debt instruments at FVTOCI	5,426,225	1,185,015	3,510,472	-	-	10,121,712
Financial assets at amortized cost	7,218,572	8,257	19,971,491	-	(1,999,099)	25,199,221

Note: Investment grade assets refer to those with credit ratings of at least BBB-; non-investment grade assets are those with credit ratings lower than BBB-.

ii. Secured loans and non-accrual receivables of Cathay Life

December 31, 2025							
	Stage 1	Stage 2	Stage 3		Loss Allowance	Difference from Impairment Charged in Accordance with Guidelines for Handling Assessment of Assets	Gross Carrying Amount
	12-month Expected Credit Losses		Lifetime Expected Credit Losses	Lifetime Expected Credit Losses			
Secured loans and non-accrual receivables	\$ 255,523,986	\$ 211,302	\$ 2,990,716	\$ -	\$ (476,219)	\$ (3,275,548)	\$ 254,974,237
December 31, 2024							
	Stage 1	Stage 2	Stage 3		Loss Allowance	Difference from Impairment Charged in Accordance with Guidelines for Handling Assessment of Assets	Gross Carrying Amount
	12-month Expected Credit Losses		Lifetime Expected Credit Losses	Lifetime Expected Credit Losses			
Secured loans and non-accrual receivables	\$ 229,452,719	\$ 268,430	\$ 4,601,114	\$ -	\$ (1,241,893)	\$ (2,821,399)	\$ 230,258,971

h) Reconciliation for loss allowance is summarized below:

i. Debt instruments at FVTOCI for Cathay Life

	<u>Lifetime Expected Credit Losses</u>				
	12-month Expected Credit Losses	Collectively Assessed	Not Purchased or Originated Credit- impaired Financial Assets	Purchased or Originated Credit- impaired Financial Assets	Total of Impairment Charged in Accordance with IFRS 9
January 1, 2025	\$ 164,757	\$ 224,414	\$ 985,882	\$ -	\$ 1,375,053
Changes due to financial instruments recognized as on January 1					
Transferred to lifetime expected credit losses	(821)	821	-	-	-
Transferred to 12-month ECLs	13,699	(13,699)	-	-	-
New financial assets originated or purchased	105,317	-	-	-	105,317
Financial assets that have been derecognized during the year	(62,597)	(26,483)	-	-	(89,080)
Changes in models/risk parameters	4,388	101,495	24,600	-	130,483
Foreign exchange and other movements	<u>(5,859)</u>	<u>(8,803)</u>	<u>(22,653)</u>	<u>-</u>	<u>(37,315)</u>
December 31, 2025	<u>\$ 218,884</u>	<u>\$ 277,745</u>	<u>\$ 987,829</u>	<u>\$ -</u>	<u>\$ 1,484,458</u>
	<u>Lifetime Expected Credit Losses</u>				
	12-month Expected Credit Losses	Collectively Assessed	Not Purchased or Originated Credit- impaired Financial Assets	Purchased or Originated Credit- impaired Financial Assets	Total of Impairment Charged in Accordance with IFRS 9
January 1, 2024	\$ 150,965	\$ 55,541	\$ 924,816	\$ -	\$ 1,131,322
Changes due to financial instruments recognized as on January 1					
Transferred to lifetime expected credit losses	(2,595)	2,595	-	-	-
New financial assets originated or purchased	38,689	-	-	-	38,689
Financial assets that have been derecognized during the year	(28,934)	(6,964)	-	-	(35,898)
Changes in models/risk parameters	(2,025)	162,231	10,237	-	170,443
Foreign exchange and other movements	<u>8,657</u>	<u>11,011</u>	<u>50,829</u>	<u>-</u>	<u>70,497</u>
December 31, 2024	<u>\$ 164,757</u>	<u>\$ 224,414</u>	<u>\$ 985,882</u>	<u>\$ -</u>	<u>\$ 1,375,053</u>

ii. Financial assets at amortized cost for Cathay Life

	Lifetime Expected Credit Losses				Total of Impairment Charged in Accordance with IFRS 9
	12-month Expected Credit Losses	Collectively Assessed	Not Purchased or Originated Credit-impaired Financial Assets	Purchased or Originated Credit-impaired Financial Assets	
January 1, 2025	\$ 1,544,817	\$ 864	\$ 1,979,485	\$ -	\$ 3,525,166
Changes due to financial instruments recognized as on January 1					
Transferred to lifetime expected credit losses	(3,040)	3,040	-	-	-
New financial assets originated or purchased	38,074	-	-	-	38,074
Financial assets that have been derecognized during the year	(498,430)	(103,057)	-	-	(601,487)
Changes in models/risk parameters	538,478	210,688	52,824	-	801,990
Foreign exchange and other movements	<u>(79,699)</u>	<u>5,541</u>	<u>(81,098)</u>	<u>-</u>	<u>(155,256)</u>
December 31, 2025	<u>\$ 1,540,200</u>	<u>\$ 117,076</u>	<u>\$ 1,951,211</u>	<u>\$ -</u>	<u>\$ 3,608,487</u>

	Lifetime Expected Credit Losses				Total of Impairment Charged in Accordance with IFRS 9
	12-month Expected Credit Losses	Collectively Assessed	Not Purchased or Originated Credit-impaired Financial Assets	Purchased or Originated Credit-impaired Financial Assets	
January 1, 2024	\$ 1,453,074	\$ 122,532	\$ 1,807,235	\$ -	\$ 3,382,841
Changes due to financial instruments recognized as on January 1					
Transferred to lifetime expected credit losses	(2,989)	2,989	-	-	-
New financial assets originated or purchased	54,412	-	-	-	54,412
Financial assets that have been derecognized during the year	(50,247)	(282,787)	-	-	(333,034)
Changes in models/risk parameters	1,437	151,755	51,944	-	205,136
Foreign exchange and other movements	<u>89,130</u>	<u>6,375</u>	<u>120,306</u>	<u>-</u>	<u>215,811</u>
December 31, 2024	<u>\$ 1,544,817</u>	<u>\$ 864</u>	<u>\$ 1,979,485</u>	<u>\$ -</u>	<u>\$ 3,525,166</u>

iii. Other financial assets for Cathay Life

	Lifetime Expected Credit Losses				Total of Impairment Charged in Accordance with IFRS 9
	12-month Expected Credit Losses	Collectively Assessed	Not Purchased or Originated Credit-impaired Financial Assets	Purchased or Originated Credit-impaired Financial Assets	
January 1, 2025	\$ -	\$ -	\$ -	\$ -	\$ -
New financial assets originated or purchased	<u>357</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>357</u>
December 31, 2025	<u>\$ 357</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 357</u>

iv. Secured loans and non-accrual receivables for Cathay Life

	12-month Expected Credit Losses	Lifetime Expected Credit Losses			Total of Impairment Charged in Accordance with IFRS 9	Difference from Impairment Charged in Accordance with Guidelines for Handling Assessment of Assets	Total
		Collectively Assessed	Not Purchased or Originated Credit-impaired Financial Assets	Purchased or Originated Credit-impaired Financial Assets			
January 1, 2025	\$ 51,050	\$ 4,657	\$ 1,186,186	\$ -	\$ 1,241,893	\$ 2,821,399	\$ 4,063,292
Changes due to financial instruments recognized as on January 1							
Transferred to lifetime expected credit losses	(4)	4	-	-	-	-	-
Transferred to credit-impaired financial assets	(62)	(12)	74	-	-	-	-
Transferred to 12-month ECLs	1,416	(27)	(1,389)	-	-	-	-
New financial assets originated or purchased	9,153	-	12,705	-	21,858	-	21,858
Financial assets that have been derecognized during the year	(1,245)	-	-	-	(1,245)	-	(1,245)
Difference from impairment charged in accordance with Guidelines for Handling Assessment of Assets	-	-	-	-	-	454,149	454,149
Changes in models/risk parameters	(713)	(1,158)	(784,416)	-	(786,287)	(786,287)	(786,287)
December 31, 2025	<u>\$ 59,595</u>	<u>\$ 3,464</u>	<u>\$ 413,160</u>	<u>\$ -</u>	<u>\$ 476,719</u>	<u>\$ 3,275,548</u>	<u>\$ 3,751,767</u>

	12-month Expected Credit Losses	Lifetime Expected Credit Losses			Total of Impairment Charged in Accordance with IFRS 9	Difference from Impairment Charged in Accordance with Guidelines for Handling Assessment of Assets	Total
		Collectively Assessed	Not Purchased or Originated Credit-impaired Financial Assets	Purchased or Originated Credit-impaired Financial Assets			
January 1, 2024	\$ 45,765	\$ 5,416	\$ 1,225,886	\$ -	\$ 1,277,067	\$ 2,773,153	\$ 4,050,220
Changes due to financial instruments recognized as on January 1							
Transferred to lifetime expected credit losses	(6)	6	-	-	-	-	-
Transferred to credit-impaired financial assets	(59)	(2)	61	-	-	-	-
Transferred to 12-month ECLs	8,493	(92)	(8,401)	-	-	-	-
New financial assets originated or purchased	10,160	3	13,988	-	24,151	-	24,151
Financial assets that have been derecognized during the year	(591)	-	-	-	(591)	-	(591)
Difference from impairment charged in accordance with Guidelines for Handling Assessment of Assets	-	-	-	-	-	48,246	48,246
Changes in models/risk parameters	(12,712)	(674)	(45,348)	-	(58,734)	(58,734)	(58,734)
December 31, 2024	<u>\$ 51,050</u>	<u>\$ 4,657</u>	<u>\$ 1,186,186</u>	<u>\$ -</u>	<u>\$ 1,241,893</u>	<u>\$ 2,821,399</u>	<u>\$ 4,063,292</u>

There were no significant changes in loss allowance due to significant changes in the gross carrying amounts of the financial instruments.

i) Exposure to credit risk and loss allowance of receivables

Measurement of loss allowance of Cathay Life's receivables which are in the scope of the impairment requirements under IFRS 9 are based upon the lifetime expected credit losses under the simplified approach. Loss allowance measured by a provision matrix under simplified approach is as follows:

	Aging of Receivables Recognized				
	Not Yet Due/within 1 Month	1-3 Months	3-6 Months	Over 6 Months	Total
<u>December 31, 2025</u>					
Gross carrying amount (Note)	\$ 17,244,413	\$ 74,083	\$ 391	\$ 130	\$ 17,319,017
Loss rate	0%	2%	10%	50%	-
Lifetime expected credit losses	-	1,482	39	65	1,586

Note: Notes receivable of \$29,283 thousand and other receivables of \$17,289,734 thousand were included.

Aging of Receivables Recognized					
	Not Yet Due/within 1 Month	1-3 Months	3-6 Months	Over 6 Months	Total
<u>December 31, 2024</u>					
Gross carrying amount (Note)	\$ 45,830,964	\$ 62,149	\$ 913	\$ -	\$ 45,894,026
Loss rate	0%	2%	10%	50%	-
Lifetime expected credit losses	-	1,243	91	-	1,334

Note: Notes receivable of \$88,306 thousand and other receivables of \$45,805,720 thousand were included.

The movements of loss allowance were reconciled as follows:

	For the Year Ended December 31	
	2025	2024
Beginning balance	\$ 1,334	\$ 1,351
Provision for the current year	<u>252</u>	<u>(17)</u>
Ending balance	<u>\$ 1,586</u>	<u>\$ 1,334</u>

3) Liquidity risk

a) Sources of liquidity risk

Liquidity risks of financial instruments are comprised of funding liquidity risk and market liquidity risk. Funding liquidity risk is the risk that Cathay Life is not capable of performing matured commitment because its fails to realize assets or obtain sufficient funds. Market liquidity risk is the risk of significant changes in fair values when Cathay Life sells or offsets its positions during a market disorder or a lack of sufficient market depth.

b) Liquidity risk management

Cathay Life assesses the characteristics of business, monitors short-term cash flows, and constructs the completed mechanism of liquidity risk management. Furthermore, Cathay Life manages market liquidity risk cautiously by considering market trading volumes and adequacy of holding positions symmetrically.

Cathay Life uses cash flow model and stress testing to assess cash flow risk based on actual management needs or special situations. Also, for abnormal and urgent financing needs, management of Cathay Life makes an emergency operating procedure to deal with significant liquidity risks.

The analysis of cash outflows to Cathay Life and its subsidiaries is listed below and based on the residual terms to maturity on the balance sheet date. The disclosed amounts are prepared in accordance with contract cash flows and, accordingly for certain line items, the disclosed amounts are different to the amounts on consolidated balance sheets.

The maturity dates for other non-derivative and derivative financial liabilities were based on the agreed repayment dates.

	December 31, 2025				
	Less than 6 Months	Due in 6-12 Months	Due in 1-2 Years	Due in 2-5 Years	Over 5 Years
<u>Non-derivative financial liabilities</u>					
Payables	\$ 25,808,432	\$ 602,813	\$ -	\$ -	\$ -
Short-term debt	1,484,601	-	-	-	-
Other financial liabilities	1,787,539	2,181,299	3,339,120	10,106,467	34,218,542
Bonds payable (Note 1)	2,018,043	37,897,545	6,509,572	15,763,715	181,809,876
Lease liabilities (Note 2)	459,951	396,960	759,845	2,092,910	31,704,563
<u>Derivative financial liabilities</u>					
SWAP	8,663,320	38,847,818	9,152,800	-	-
Forward	15,641,333	4,315,570	138,400	-	1,190,360
December 31, 2024					
	Less than 6 Months	Due in 6-12 Months	Due in 1-2 Years	Due in 2-5 Years	Over 5 Years
<u>Non-derivative financial liabilities</u>					
Payables	\$ 31,983,515	\$ 607,011	\$ -	\$ -	\$ -
Other financial liabilities	1,128,250	23,577,485	1,353,400	3,658,346	5,396,746
Bonds payable (Note 1)	2,058,583	2,940,014	7,866,165	17,508,497	224,008,147
Lease liabilities (Note 2)	330,560	396,475	815,464	2,180,211	32,366,038
<u>Derivative financial liabilities</u>					
SWAP	26,894,181	17,137,730	-	-	-
Forward	36,512,846	8,749,126	506,900	-	836,880
Forward bonds	956,923	-	-	-	-

Note 1: For the bonds payable without maturity dates, the contractual cash flows were calculated on the basis of 10 years starting from the issuance date. For the bonds payable with maturity dates, the contractual cash flows were calculated on the basis of the issuance period (10 or 15 years) starting from the issuance date.

Note 2: For lease liabilities, the remaining periods used to calculate the contractual cash flows were from 1 to 67 years.

Cathay United Bank and its subsidiaries

Cathay United Bank's risk control and hedging strategy follows the requirements of the customer service-oriented banking industry and regulatory environment. In order to comply with the above requirements, Cathay United Bank adopts different risk management methods to identify its risks and Cathay United Bank follows the spirit and regulation of the "Basel Accord" to keep strengthening its assets and the practices of capital management to maintain the best capital adequacy ratio.

Cathay United Bank has set up its risk management committee, whose responsibilities are as follows:

- 1) To amend the risk management policies, risk appetite or risk tolerance and periodic presentations of the important risk management reports, are submitted to the board of directors for approval.
- 2) To manage and decide the strategy about Cathay United Bank's credit risk, market risk and operational risk.
- 3) To report the significant risk management issues, such as credit ratings, market assessment, risk indicators, capital adequacy, and other relevant project summaries, are reviewed comprehensively.

- 4) Development, establishment, validation, and monitoring of credit rating models.
- 5) The results of stress testing execution.
- 6) Important research and discussion matters raised by various risk management-related units of the Bank.
- 7) Other issues.

Cathay United Bank organized a risk management group to monitor, lead, develop, and establish the integral risk management framework.

- 1) Credit risk

Credit risk represents the risk of loss that Cathay United Bank would incur if counterparty fails to perform its contractual obligations. Sources of credit risk cover both on and off balance sheet accounts.

- a) Credit risk policy and implementation

- i. Cathay United Bank, Indovina Bank and CUBCN Bank

The approval unit of Cathay United Bank, Indovina Bank and CUBCN Bank's credit risk strategies and significant risk policies is the board of directors. Cathay United Bank's Risk Management Division and its subdivisions assist in reviewing and monitoring risk tolerance ability and risk control procedures; and establish credit approval processes, credit limit management, credit rating information, collateral information, periodic reviews and remedial management systems. The subdivisions include the Market Risk Management Division, Credit and Operational Management Division, Consumer Finance Credit Management Division, Corporate Finance Credit Management Division, and International Credit Management Division. Indovina Bank established the credit risk management department to perform risk management. The credit risk departments for loans, investments, and financial instruments or contracts are the executive unit of credit risk control. The credit quality of the overall of the bank is strictly controlled in advance. After the loan is approved, lending portfolios are reviewed according to Cathay United Bank and Indovina Bank's loan review regulations and deficiencies are tracked to strengthen post-event risk management.

Cathay United Bank, Indovina Bank and CUBCN Bank maintain a strict policy to evaluate customers' credit ratings when providing loans, loan commitments and commercial letters of credit. Certain customers are required to provide appropriate collateral for the related loans, and Cathay United Bank, Indovina Bank and CUBCN Bank retain the legal right to foreclose on or liquidate the collateral in the event of default by the counterparty or other relevant parties, which effectively reduces the credit risk of Cathay United Bank, Indovina Bank and CUBCN Bank.

- ii. CUBC Bank

The approval unit of CUBC Bank's credit risk policies is the board of directors, and the policies are then implemented by the CUBC Bank's credit risk management department. These credit risk policies form the basic principles for all credit risk situations faced by CUBC Bank and also serve as the basis for the development of CUBC Bank's various businesses in Cambodia.

When CUBC Bank provides loans, the approval unit is decided based on credit amount. The loan committee is the top lending authority within CUBC Bank, and is composed of CUBC Bank's senior management. Certain customers are required to provide appropriate collateral for the related loans, and CUBC Bank retains the legal right to foreclose or liquidate the collateral in the event of default by the counterparty or other relevant parties, which effectively reduces CUBC Bank's credit risk. The disclosure of the maximum credit exposure does not take into account any collateral held or other enhancements.

b) Judgment of significant increase in credit risk after initial recognition

i. Cathay United Bank

Cathay United Bank assesses the movements in default risk during the expected lifetime of various types of credit assets at each reporting date to determine if the credit risk has increased significantly since the initial recognition. For the assessment, Cathay United Bank considers reasonable and corroborative information (including prospective information) that indicates a significant increase in credit risk since initial recognition. The key indicators for consideration include:

i) Quantitative indicators

- Changes in credit rating

When the credit rating at the reporting date has decreased to some extent compared with that on initial recognition, credit risk is deemed to have increased significantly since initial recognition.

- Information on the overdue status of contract

When the contract payment is overdue for 30 days to 90 days at the reporting date, credit risk is deemed to have increased significantly since initial recognition.

ii) Qualitative indicators

When the information observed at the reporting date meets the following conditions, credit risk is deemed to have increased significantly since initial recognition.

- Bounced checks are reported.
- Auditors have expressed significant doubt on the entity's ability to continue as a going concern.
- Auditors' opinion - adverse opinion.
- Auditors' opinion - disclaimer of opinion.
- The stock was placed in full-cash delivery stock.
- Other changes in the internal or external information on judging the credit quality changes.

Cathay United Bank established Stage 1 and Stage 2 for debt instruments based on bonds ratings. Bonds rated above investment grades are classified as low credit risks. Credit risks are deemed to have significantly increased if credit ratings decreased over specific level after initial recognition date.

ii. Indovina Bank

Indovina Bank assesses the movement in default risk during the expected lifetime of various types of financial assets at each reporting date to determine if credit risk has increased significantly since initial recognition:

i) Quantitative indicators

- Changes in credit rating

When the credit rating at the reporting date has decreased to some extent compared with that on initial recognition, credit risk is deemed to have increased significantly since initial recognition.

- Low credit risk criteria

An exposure rated below Moody's investment grade (i.e., the credit rating is lower than the credit rating B of Moody's, an international credit rating agency) at the reporting date would be classified as a significant increase in credit risk since initial recognition.

- Information on the overdue status of a contract

When the contract payment is overdue for 30 days at the reporting date, credit risk is deemed to have increased significantly since initial recognition.

- Internal credit assessment indicators

For financial assets whose internal credit assessment indicators show a weaker credit quality compared to that upon initial recognition, credit risk is deemed to have increased significantly since initial recognition.

ii) Qualitative indicators

- Bounced checks are reported.
- Auditors have expressed significant doubt on the entity's ability to continue as a going concern.
- Other changes in the internal or external information on judging the credit quality.

iii. CUBC Bank

CUBC Bank assesses if the credit risk of financial assets at each reporting date has increased significantly since initial recognition based on the following indicators:

i) Information on the overdue status of a contract

When the contract payment is overdue for more than 15 days for short-term loans or more than 30 days for long-term loans at the reporting date, credit risk is deemed to have increased significantly since initial recognition.

ii) Loan classification from National Bank of Cambodia

A loan contract with special mention position at reporting date would be classified as a loan with significant increase in credit risk since initial recognition.

iii) Internal credit assessment indicators

For financial assets whose internal credit assessment indicators show a weaker credit quality (including the internal watchlist) compared to that upon initial recognition, credit risk is deemed to have increased significantly since initial recognition.

iv. CUBCN Bank

CUBCN Bank assesses the movements in default risk during the expected lifetime of various types of credit assets at each reporting date to determine if the credit risk has increased significantly since the initial recognition. For the assessment, CUBCN Bank considers reasonable and corroborative information (including prospective information) that indicates a significant increase in credit risk since initial recognition. The key indicators for consideration include:

i) Quantitative indicators

- Changes in credit rating

When the credit rating at the reporting date has decreased to some extent compared with that on initial recognition, credit risk is deemed to have increased significantly since initial recognition.

- Information on the overdue status of contract

When the contract payment is overdue for less than 90 days (inclusive) at the reporting date, credit risk is deemed to have increased significantly since initial recognition.

ii) Qualitative indicators

When the information observed at the reporting date meets the following conditions, credit risk is deemed to have increased significantly since initial recognition.

- Any financial instruments are classified as special mention.
- Information from credit records obtained from the People's Bank of China

On the reporting date, the financial instruments have not yet become overdue, but the credit subject has been classified by financial institutions as non-performing (classified as substandard, doubtful, or loss) based on the credit records obtained from the People's Bank of China and remain unsettled, or the principal and interest payments are overdue for more than 90 days.

- The obligor has been designated as a 'watchlist account' subject to heightened monitoring and control.
- Other changes in the internal or external information on judging the credit quality changes.

c) Default and credit impairment of financial asset

i. Cathay United Bank

Cathay United Bank's criteria for determining that a financial asset is in default is the same for evaluating credit impairment of financial assets. Where one or more of the following conditions are met, Cathay United Bank determines the financial assets to be subject to default and credit impairment.

i) Quantitative indicator

- Changes in credit rating

When the credit rating at the reporting date fell into the default level, it is determined as credit impairment.

- Information on the overdue status of a contract

When the contract payment was overdue for more than 90 days at the reporting date, it is determined as credit impairment. Debt instruments that do not pay principal and interest according to issuance or transaction condition are determined to be credit impaired.

ii) Qualitative indicator

When the information observed at the reporting date indicates the following conditions, it is determined as credit impairment.

- Bailout, reorganization, individual agreement due to debtor's financial difficulties.
- Lawsuit action has been taken.
- Debt settlement, debt negotiation.
- Other internal or external information on judging the deterioration in credit quality.

The aforementioned definition of default and credit impairment applies to all financial assets held by Cathay United Bank, and is consistent with the definition applied on the significant financial assets for the purpose of internal credit risk management, and is also applied in the relevant impairment assessment model.

ii. Indovina Bank

Indovina Bank assesses the following indicators at each reporting date to determine if the financial assets are credit-impaired:

i) Quantitative indicator

- Changes in credit rating

When the credit rating at the reporting date fell into the default level, it is determined as credit impairment.

- Information on the overdue status of a contract

When the contract payment was overdue for more than 90 days at the reporting date, it is determined as credit impairment.

ii) Qualitative indicator

- Bailout, reorganization, individual agreement due to debtor's financial difficulties.
- Lawsuit action has been taken.
- Debt settlement, debt negotiation.
- The debtor has filed for bankruptcy or may apply for bankruptcy or reorganization.
- Principal or interest could not be paid as scheduled during the settlement period.
- Other internal or external information on judging the deterioration in credit quality.

iii. CUBC Bank

CUBC Bank assesses the following indicators at each reporting date to determine if the financial assets are credit impaired:

i) Information on the overdue status of a contract

When the contract payment is overdue for more than 31 days for short-term loans or more than 90 days for long-term loans at the reporting date, it is determined as credit impairment.

ii) Loan classification from National Bank of Cambodia

A loan contract with specific position, such as substandard, doubtful and loss, at reporting date would be classified as a credit-impaired loan.

iii) Internal credit assessment indicators

The credit information used for internal credit risk management purpose that indicated credit deterioration at the reporting date would be recognized as credit-impaired assets.

iv. CUBCN Bank

CUBCN Bank's criteria for determining that a financial asset is in default is the same for evaluating credit impairment of financial assets. Where one or more of the following conditions are met, CUBCN Bank determines the financial assets to be subject to default and credit impairment.

i) Quantitative indicator

- Changes in credit rating

When the credit rating at the reporting date fell into the default level, it is determined as credit impairment.

- Information on the overdue status of a contract

When the contract payment was overdue for more than 90 days at the reporting date, it is determined as credit impairment.

ii) Qualitative indicator

When the information observed at the reporting date indicates the following conditions, it is determined as credit impairment.

- Any financial instruments are classified as substandard, doubtful or loss.
- Minimum risk for clients is classified as substandard, doubtful or loss.
- Other internal rating is determined to have fallen into default level.

The aforementioned definition of default and credit impairment applies to all financial assets held by CUBCN Bank, and is consistent with the definition applied on the relevant financial assets for the purpose of internal credit risk management, and is also applied in the relevant impairment assessment model.

d) Measurement of expected credit loss

i. Cathay United Bank

For the purpose of assessing the expected credit losses, Cathay United Bank classifies the credit assets into the following groups based on credit category, credit rating, risk characteristics, enterprise size, product category, and so on.

Credit Category	Definition
Enterprise loan	Grouped by risk characteristics, enterprise size and internal credit rating
Consumer loan	Grouped by product category and internal credit rating
Credit card	Grouped by product category and internal credit rating

When the credit risk of the financial instrument has not increased significantly after the initial recognition (Stage 1), Cathay United Bank will measure the allowance for losses at the 12-month expected credit losses. When the credit risk of the financial instrument has increased significantly (Stage 2) or credit impairment has existed (Stage 3) after the initial recognition, Cathay United Bank will measure the allowance for losses based on the lifetime expected credit losses.

For the measurement of the expected credit losses (“ECL”), Cathay United Bank calculates the 12-month ECL and lifetime ECL by multiplying three factors, i.e., probability of default (“PD”), loss given default (“LGD”) and exposure at default (“EAD”) of the borrower over the next 12 months and the lifetime.

The PD and LGD applied in the impairment assessment of the credit business of Cathay United Bank is adjusted and calculated based on the internal information of each group of assets as well as the currently observable data and the forward-looking macroeconomic information (such as economic growth rate, etc.).

Cathay United Bank assesses the EAD of loan at the reporting date. According to internal and external information, Cathay United Bank considers the portion of the loan commitment that is expected to be drawn within 12 months after the reporting date and the lifetime, to determine the EAD for calculating the expected credit losses.

Cathay United Bank performs impairment assessment of debt instruments measured at FVTOCI and those measured at amortized cost in accordance with related requirements:

- i) The EAD is measured at the amortized cost of a financial asset plus its interest receivable.
- ii) The PD is based on the credit ratings of the bonds, guarantors, or issuers, with reference to information regularly published by Moody's, and calculated on the basis of the adjusted historical data according to the currently observable data and the forward-looking macroeconomic information (e.g., gross domestic product and economic growth rate, etc.).
- iii) The LGD is selected according to the type of debt instrument based on the information regularly published by Moody's.

ii. Indovina Bank

For the purpose of assessing the expected credit losses, Indovina Bank classifies the financial assets into the following groups based on credit category, credit rating, risk characteristics, enterprise size, product category, counterparty type, and so on.

Category	Definition
Loan portfolio	Grouped by counterparty type and enterprise size
Bond portfolio	Grouped by product category, credit rating and payment ranks
Cash equivalents, due from and call loans to banks	Grouped by counterparty type

i) Loan portfolio

The segmentation of Indovina Bank's loan portfolio is based on its risk characteristics, such as product class, counterparty type and enterprise size. The measurement of expected credit loss is estimated by three main parameters, including probability of default, loss given default and exposure at default. The probability of default (PD) and loss given default (LGD) were built using the Bank's historical delinquent information and recovery data and calibrated with selected macroeconomic factors for forward-looking adjustment. The estimated amounts of exposure at default were calculated by the amortized cost and interest receivable. At each financial reporting date, if the above criteria for a significant increase in credit risk since initial recognition are not met, the allowance loss shall be measured on the basis of the 12-month expected credit loss method. If financial assets meet the conditions of significant increases in credit risk or credit deterioration since initial recognition, the allowance losses shall be estimated according to the lifetime expected credit loss method.

ii) Bond portfolio

The segmentation of Indovina Bank's bond portfolio is based on its product class, external rating and payment rank. The probability of default and loss given default were built using external information with sufficient historical default data and recovery rates and calibrated with selected global macroeconomic factor data and scenario analysis for forward-looking adjustment. At each financial reporting date, if the above criteria for a significant increase in credit risk since initial recognition are not met, the allowance loss shall be measured on the basis of the 12-month expected credit loss method. If financial assets meet the conditions of significant increases in credit risk or credit deterioration since initial recognition, the allowance losses shall be estimated according to the lifetime expected credit loss method.

iii) Cash equivalents, due from and call loans to banks

The segmentation of Indovina Bank's cash equivalents, due from and call loans to banks is based on its counterparty type. The probability of default is calculated using Sovereign PD of rating BB, and the loss given default is determined by the foundation approach in Basel II. The estimated amounts of exposure at default were calculated by the amortized cost and interest receivable. At each financial reporting date, if the above criteria for a significant increase in credit risk since initial recognition are not met, the allowance loss shall be measured on the basis of the 12-month expected credit loss method. If financial assets meet the conditions of significant increases in credit risk or credit deterioration since initial recognition, the allowance losses shall be estimated according to the lifetime expected credit loss method.

iii. CUBC Bank

CUBC Bank has grouped its exposures on the basis of shared credit risk characteristic, including product category and counterparty type as follows:

Category	Definition
Loan	Grouped by product characteristics, industry, counterparty type and overdue days under the five-tier asset classification system
Credit card	Grouped by product characteristics and overdue days under the five-tier asset classification system

The measurement of expected credit loss of CUBC Bank's loan portfolio is based on its credit category, overdue days under the five-tier asset classification system, counterparty type and product category. The probabilities of default and loss given default were built by the internal and external historical delinquent information, LGD supervised under Basel II and calibrated by selected macroeconomic factors for forward-looking adjustment. The estimated amounts of exposure at default were calculated by the carrying amount and interest receivable. At each financial reporting date, if the above criteria for a significant increase in credit risk since initial recognition are not met, the loss allowance shall be measured on the basis of the 12-month expected credit loss method. If financial assets meet the foregoing conditions of significant increases in credit risk or credit deterioration since initial recognition, the loss allowance shall be estimated according to the respective methods on the basis of lifetime expected credit losses.

iv. CUBCN Bank

For the purpose of assessing the expected credit losses, CUBCN Bank grouped the credit assets by business segments and forward-looking models:

- i) Financial assets are classified into the following categories according to their assessment methods and business segments:

Business Category	Definition
Loan activities	Grouped by assessment methods and business segments
Interbank borrowing business	Grouped by assessment methods and business segments
Bills forfaiting business	Grouped by assessment methods and business segments
Off-balance sheet credit business	Grouped by assessment methods and business segments
Bond business and interbank deposits business	Grouped by assessment methods and business segments
Due from banks, call loan to banks business, and reverse repurchase	Grouped by assessment methods and business segments
Fees receivable and other receivables	Grouped by assessment methods and business segments

- ii) Financial assets are classified into non-retail on the basis of forward-looking model requirements.

- a) The expected credit losses of financial instruments are measured on a case-by-case basis as follows:

- For financial instruments in Stage 1, the allowance for losses is measured by the 12-month expected credit losses.
- For financial instruments in Stage 2, the allowance for losses is measured by the lifetime expected credit losses.
- For financial instruments in Stage 3, the discounted cash flow method can be used for individual assessment; if individual assessment is not used, the allowance for losses is measured by the lifetime expected credit losses, and the PD is 100%.

- b) The expected credit loss parameters of financial instruments are calculated according to the following principles respectively:

- The PD is based on the internal/external credit rating of the borrower or the issuer and calculated on the basis of the adjusted historical data according to the currently observable data and the forward-looking macroeconomic information.
- The LGD is based on LGD regulated in the Capital of Commercial Banks published by China Banking Regulatory Commission as a reference for the evaluation, the values are determined based on product or bond type mapping and calculated using methods such as linear interpolation.
- The EAD is measured at the current exposure method. Besides, off-balance sheet credit business also converts using credit conversion factor regulated in the Capital of Commercial Banks published by China Banking Regulatory Commission.

e) Write-off policy

In cases of overdue credit, if any of the following situations occur, the estimated recoverable portion should be deducted and then transferred to non-performing loans:

- i. The debtor is dissolved, absconded, settled, declared bankrupt, or for other reasons, resulting in the total or partial unrecoverability of the debt.
- ii. The collateral and the assets of the primary and secondary debtors have been appraised at a very low value or, after deducting the priority mortgage rights, it is impossible to recover, or the execution costs are close to or may exceed the recoverable amount by Cathay United Bank, rendering the execution futile.
- iii. The collateral and the assets of the primary and secondary debtors have been auctioned multiple times at reduced prices without any buyers, and Cathay United Bank have also failed to acquire any beneficial interest.
- iv. Overdue loans and collections overdue for more than two years, which remain uncollected after collection efforts.

Cathay United Bank may still be engaged in ongoing recovery activities for written-off financial assets, including overdue loans and collections, and continues to pursue legal proceedings in accordance with relevant policies.

f) Consideration of forward-looking information

Cathay United Bank

Cathay United Bank uses historical data to analyze and identify the significant economic factors that affect the credit risks and expected credit losses of each group of assets, and uses the regression model to estimate the impairment parameter after the prospective adjustment. The significant economic factors and their impact on PD differ depending on the type of financial instruments.

The significant economic factors identified by Cathay United Bank in 2025 are as follows:

Credit Category	Probability of Default (PD)
Enterprise loan	Ratio of external debt amortization to GDP (%) Inflation rate (%)
Consumer loan	Total government debt Annual growth rate of nominal GDP (%) Consumer price index
Credit card	Consumer price index

Indovina Bank

Based on the qualitative and quantitative analysis of historical data, Indovina Bank identifies the local and global economic factors that affect the credit risks and expected credit losses of each group of assets, and uses the regression models, interpolation adjustment, and historical scenario analysis to estimate the impairment parameter after the prospective adjustment. The selected economic factors and their effects on PDs varied from different types of portfolios.

The macroeconomic factors selected by Indovina Bank for the forward-looking adjustments in 2025 are as follows:

Segment	Selected Factors
Loan portfolio	Vietnam GDP growth rate
Bond portfolio	Global GDP growth rate Global inflation index

CUBC Bank

CUBC Bank establishes ECL model based on historical default and loss data and uses the regression analysis to adjust the forward-looking parameters with local macroeconomic factors by considering local risk distribution and borrowers' characteristics.

The macroeconomic factors selected by CUBC Bank for the forward-looking adjustments in 2025 are as follows:

Segment	Selected Factors
Loans	Change of GDP (%) Ratio of the general fiscal balance (net lending/net borrowing) to GDP (%) Change of volume of export (%) General government revenue amount
Credit card	Inflation rate (%) Ratio of gross national savings to GDP (%) Total general government debt as percent of GDP (%)

CUBCN Bank

CUBCN Bank uses historical data and rate of non-performing banking industry loans issued by the authorities to analyze and identify the significant economic factors that affect the credit risks and expected credit losses of each group of assets, and uses the regression model to estimate the impairment parameter after the prospective adjustment, in order to obtain an unbiased estimate of expected credit losses.

The relevant economic factors identified by CUBCN Bank in 2025, include but are not limited to GDP (gross domestic product), CPI (consumer price index), and currency in circulation (M0), as published by authoritative government institutions such as China's National Bureau of Statistics.

The valuation techniques or significant assumptions used by the Cathay United Bank and its subsidiaries for assessing the expected credit losses have no significant change as of December 31, 2025.

g) Credit risk management policy

The category of credit asset and the grade of credit quality are described as follows:

i. Category of credit asset

The credit risk of Cathay United Bank is classified into five categories. Normal credit assets are classified as "Category One". The remaining unsound credit assets are evaluated based on the status of the loan collateral and the length of time overdue. Assets that require special mention are classified as "Category Two", assets that are substandard are classified as "Category Three", assets that are doubtful are classified as "Category Four", and assets for which there is loss are classified as "Category Five". For managing the default credits,

Cathay United Bank established the regulations governing the procedures to deal with non-performing loans, non-accrual loans and bad debts.

ii. Grade of credit quality

Cathay United Bank sets the grade of credit quality based on the characteristics and scale of business (such as establishing the internal rating model of credit risk, setting the credit rating table or relevant rules to classify credit quality) to proceed with risk management.

In order to measure the credit risk of the clients, Cathay United Bank develops the rating model of business credit by employing statistical methods and the professional judgment of the experts as well as considering the clients' relevant information. The model is reviewed periodically to verify if the calculated results conform to the reality and make necessary revision to the parameters to optimize the results.

With respect to consumer credit assets such as housing mortgages, credit cards, and small-scale credit loans, Cathay United Bank also evaluates default risk of clients by using the credit rating model developed by Cathay United Bank.

To ensure the reasonableness of the estimated values of the credit rating system's design, process, and relevant risk factors, Cathay United Bank regularly executes the relevant verification and tests the model according to the actual default so that the calculated results will be close to actual default.

Cathay United Bank evaluates the counterparties' credit quality before transactions are made and refers to the domestic and foreign credit rating agencies, when rendering different lines of credit based on the credit quality.

iii. Hedge of credit risk and easing policy

i) Collateral

Cathay United Bank adopts a series of policies to lower the credit risk, and one of the frequently-used methods is requesting borrowers to provide collateral. To ensure the creditor's rights, Cathay United Bank sets the scope of collateral and the procedures for appraising, managing, and disposing of the collateral. In addition, a credit contract stipulates the bases for credit claims, preservation of collateral, and offset provisions when a credit loss event occurs; Cathay United Bank may reduce the limit, cut down the payback period, or deem all debts as due. Also, Cathay United Bank may use the deposits that the borrowers saved in Cathay United Bank to offset the liabilities to lower the credit risk.

Other non-credit business collateral depends on the characteristics of the financial instruments. Only asset-based securities and other similar financial instruments are secured by an asset pool of financial instruments.

ii) Limit of credit risk and control of credit risk concentration

To avoid the excessive risk concentration, Cathay United Bank limits the credit amounts of single counterparties and groups; Cathay United Bank also sets the investment guide and regulation of risk control of equity investment to restrict the investment limits of single person (company) or related company (group). Furthermore, Cathay United Bank establishes relevant regulations to control the concentration risk of assets, and sets the credit limits by industry, group, country, and stock types to monitor the credit concentration risk.

iii) Net settlement agreement

Cathay United Bank usually settles by the gross balance, but signs contract with some counterparties to settle by net balance. If a default happens, Cathay United Bank will terminate all transactions with the counterparty and settle by net balance in order to lower the credit risk.

iv. Maximum exposure to credit risk

Without taking into account the collateral or other credit enhancement instruments, the maximum credit risk exposures of on-balance-sheet financial assets equals their carrying amounts. The maximum credit risk exposures of off-balance-sheet items (without considering the collateral or other credit enhancement instruments) are as follows:

i) Cathay United Bank

Off Balance Sheet Items	Maximum Exposure to Credit Risk	
	December 31, 2025	December 31, 2024
Irrevocable loan commitments	\$ 192,525,022	\$ 180,621,816
Unused credit card line commitments	738,966,067	723,168,332
Unused commercial letters of credit	6,495,809	6,860,741
Guarantees on duties and contracts	20,246,251	18,955,636

ii) Indovina Bank

Off Balance Sheet Items	Maximum Exposure to Credit Risk	
	December 31, 2025	December 31, 2024
Financial guarantee contracts	\$ 1,580,507	\$ 1,520,347
Unused commercial letters of credit	1,487,796	1,288,626

iii) CUBC Bank

Off Balance Sheet Items	Maximum Exposure to Credit Risk	
	December 31, 2025	December 31, 2024
Financial guarantee contracts	\$ 19,931	\$ 14,751
Unused credit card line commitments	298,219	329,477
Irrevocable loan commitments	240,245	254,769

iv) CUBCN Bank

Off Balance Sheet Items	Maximum Exposure to Credit Risk	
	December 31, 2025	December 31, 2024
Financial guarantee contracts	\$ 241,165	\$ 220,701
Unused commercial letters of credit	716,071	231,377

To reduce the risk from any businesses, Cathay United Bank conducts an overall assessment and takes appropriate risk reduction measures before undertaking the business, such as obtaining collateral and guarantors, with respect to both on-balance sheet and off-balance sheet activities. For obtaining of collateral, Cathay United Bank has set Guidelines Governing Collateral to ensure that collateral meets the specific criteria and has the effect of reducing the business risk.

The management deems Cathay United Bank and its subsidiaries are able to control and minimize the credit risk exposures in off-balance-sheet items as Cathay United Bank and its subsidiaries use stricter rating procedures when extending credits and conducting reviews regularly.

The carrying amounts of the maximum credit risk exposure of on-balance-sheet items were as follows:

December 31, 2025

	Discounts and Loans			Difference from Impairment Charged in Accordance with Applicable Laws and Regulations	Total
	Stage 1	Stage 2	Stage 3		
	12-month Expected Credit Losses	Lifetime Expected Credit Losses	Lifetime Expected Credit Losses		
Total carrying amount	\$ 2,824,433,030	\$ 88,517,420	\$ 22,370,543	\$ -	\$ 2,935,320,993
Less: Allowance for impairment	(4,258,964)	(2,844,425)	(8,819,705)	-	(15,923,094)
Less: Difference from impairment charged in accordance with regulations	-	-	-	(32,468,521)	(32,468,521)
	<u>\$ 2,820,174,066</u>	<u>\$ 85,672,995</u>	<u>\$ 13,550,838</u>	<u>\$ (32,468,521)</u>	<u>\$ 2,886,929,378</u>

	Receivables			Difference from Impairment Charged in Accordance with Applicable Laws and Regulations	Total
	Stage 1	Stage 2	Stage 3		
	12-month Expected Credit Losses	Lifetime Expected Credit Losses	Lifetime Expected Credit Losses		
Total carrying amount	\$ 146,942,338	\$ 1,993,718	\$ 2,388,929	\$ -	\$ 151,324,985
Less: Allowance for impairment	(805,296)	(374,682)	(1,790,300)	-	(2,970,278)
Less: Difference from impairment charged in accordance with regulations	-	-	-	(99,998)	(99,998)
	<u>\$ 146,137,042</u>	<u>\$ 1,619,036</u>	<u>\$ 598,629</u>	<u>\$ (99,998)</u>	<u>\$ 148,254,709</u>

December 31, 2024

	Discounts and Loans			Difference from Impairment Charged in Accordance with Applicable Laws and Regulations	Total
	Stage 1	Stage 2	Stage 3		
	12-month Expected Credit Losses	Lifetime Expected Credit Losses	Lifetime Expected Credit Losses		
Total carrying amount	\$ 2,628,181,220	\$ 76,013,179	\$ 19,869,764	\$ -	\$ 2,724,064,163
Less: Allowance for impairment	(4,421,053)	(3,773,954)	(8,296,741)	-	(16,491,748)
Less: Difference from impairment charged in accordance with regulations	-	-	-	(28,339,740)	(28,339,740)
	<u>\$ 2,623,760,167</u>	<u>\$ 72,239,225</u>	<u>\$ 11,573,023</u>	<u>\$ (28,339,740)</u>	<u>\$ 2,679,232,675</u>

	Receivables			Difference from Impairment Charged in Accordance with Applicable Laws and Regulations	Total
	Stage 1	Stage 2	Stage 3		
	12-month Expected Credit Losses	Lifetime Expected Credit Losses	Lifetime Expected Credit Losses		
Total carrying amount	\$ 136,497,189	\$ 2,355,699	\$ 2,300,482	\$ -	\$ 141,153,370
Less: Allowance for impairment	(685,139)	(409,352)	(1,819,915)	-	(2,914,406)
Less: Difference from impairment charged in accordance with regulations	-	-	-	(73,353)	(73,353)
	<u>\$ 135,812,050</u>	<u>\$ 1,946,347</u>	<u>\$ 480,567</u>	<u>\$ (73,353)</u>	<u>\$ 138,165,611</u>

v. Credit concentration risk of Cathay United Bank and its subsidiaries

When the counterparties are obviously the same party, or there are several counterparties but engaging in similar business activities and sharing similar economic characteristics, and vulnerable to the same economic impacts or other changes, the credit concentration risk is apparent.

Credit concentration risk of Cathay United Bank and its subsidiaries derives from the assets, liabilities and off-balance-sheet items, and arises from performing obligations or engaging in transactions of cross-line portfolio with risk exposures including credit extension, due from and call loans to other banks, securities investment, receivables and derivatives. Cathay United Bank and its subsidiaries does not significantly concentrate on a single client or counterparty, and the transaction amount with a single client or counterparty relative to Cathay United Bank and its subsidiaries' total bills discounts and loans do not represent a significant portion, including overdue loans, accepted bills receivable, guarantee receivable, and balance of purchased remittances. Credit concentration risk of Cathay United Bank and its subsidiaries according to industry and geographic region is listed below:

Industry Type	December 31			
	2025		2024	
	Amount	%	Amount	%
Manufacturing	\$ 249,603,868	8.43	\$ 243,770,333	8.87
Financial institutions and insurance	162,565,496	5.49	136,557,980	4.97
Leasing and real estate	251,499,153	8.50	233,728,454	8.51
Individuals	1,939,467,198	65.53	1,802,629,834	65.62
Others	<u>356,451,268</u>	<u>12.05</u>	<u>330,298,399</u>	<u>12.03</u>
	<u>\$ 2,959,586,983</u>	<u>100.00</u>	<u>\$ 2,746,985,000</u>	<u>100.00</u>

Geographic Region	December 31			
	2025		2024	
	Amount	%	Amount	%
Domestic	\$ 2,579,052,088	87.14	\$ 2,399,522,892	87.35
Asia	302,185,572	10.21	271,815,775	9.89
America	46,494,481	1.57	46,947,749	1.71
Others	<u>31,854,842</u>	<u>1.08</u>	<u>28,698,584</u>	<u>1.05</u>
	<u>\$ 2,959,586,983</u>	<u>100.00</u>	<u>\$ 2,746,985,000</u>	<u>100.00</u>

2) Liquidity risk

a) Source and definition of liquidity risk

Liquidity risk refers to the risk that Cathay United Bank may be unable to obtain sufficient funds at an acceptable cost in a timely manner to meet existing or impending payment obligations.

b) Liquidity risk management strategy and principles

The principle of liquidity risk management strategy of Cathay United Bank and its subsidiaries is to stabilize the liquidity of funds. The first priority of the source of funds is diversification and stability, and Cathay United Bank and its subsidiaries adopt the conservative principle to estimate the funds. The use of funds should take into account both safety and profitability, and pay attention to diversifying liquidity risks, to ensure sufficient capacity to meet payment obligations in a timely manner under both normal and specific stress scenarios. Cathay United Bank and its subsidiaries have set up an Asset and Liability Management Committee, which is responsible for planning and monitoring liquidity risk management strategy and controlling liquidity risk with risk limits from different measuring dimensions and early warning indicators. When the liquidity has or expects significant changes, relevant authorities and responsible units jointly analyze the reasons and discuss solutions to deal with the impact of emergent events on liquidity risk. If necessary, the Asset and Liability Management Committee may be convened to discuss solutions.

c) Financial assets held to manage liquidity risk and maturity analysis of non-derivative financial liabilities.

i. Financial assets held to manage liquidity risk

Cathay United Bank and its subsidiaries holds highly marketable and diverse financial assets to meet payment obligations, i.e., assets that can be easily liquidated in the event of an unforeseen interruption of cash flow. The financial assets held to manage liquidity risk include cash and cash equivalents, due from the Central Bank and call loans to other banks, financial assets at FVTPL, financial assets at FVTOCI, investments in debt instruments at amortized cost, discounts and loans, and securities purchased under resell agreements.

ii. Maturity analysis of non-derivative financial liabilities of Cathay United Bank

The table below shows the analysis of the cash outflow of non-derivative financial liabilities on the number of days remaining from the balance sheet date until the contractual maturity date. The amount disclosed is based on the contractual cash flows and may be different from that included in the consolidated balance sheets.

	December 31, 2025				
	0-30 Days	31-180 Days	181 Days - 1 Year	Over 1 Year	Total
Deposits from the Central Bank and banks	\$ 44,881,838	\$ 16,838,729	\$ 18,733,729	\$ 19,628	\$ 80,473,924
Non-derivative financial liabilities at FVTPL	-	-	624,778	40,555,020	41,179,798
Notes and bonds sold under repurchase agreements	394,440	1,271,215	-	-	1,665,655
Payables	17,327,114	19,340,177	46,257	874,611	37,588,159
Deposits and remittances	842,379,686	2,152,483,157	1,205,631,882	108,195,094	4,308,689,819
Financial debentures payable	-	-	-	18,838,589	18,838,589
Lease liabilities	165,545	773,724	978,197	4,749,772	6,667,238
Other capital outflow at maturity	12,546,960	17,487,912	5,539,926	1,164,273	36,739,071

	December 31, 2024				
	0-30 Days	31-180 Days	181 Days - 1 Year	Over 1 Year	Total
Deposits from the Central Bank and banks	\$ 35,000,773	\$ 32,062,152	\$ 36,933,981	\$ 319,704	\$ 104,316,610
Non-derivative financial liabilities at FVTPL	-	-	651,468	42,287,490	42,938,958
Notes and bonds sold under repurchase agreements	1,470,597	9,594,426	-	-	11,065,023
Payables	27,281,972	5,360,992	28,540	669,381	33,340,885
Deposits and remittances	607,389,042	1,820,392,469	1,177,739,956	122,554,863	3,728,076,330
Financial debentures payable	-	-	-	12,866,074	12,866,074
Lease liabilities	127,489	579,931	731,577	4,311,482	5,750,479
Other capital outflow at maturity	11,644,890	25,474,394	7,059,028	820,395	44,998,707

Additional information about the maturity analysis of lease liabilities:

	December 31	
	2025	2024
Less than 1 year	\$ 1,917,466	\$ 1,438,997
1-5 years	4,295,013	3,677,754
5-10 years	421,983	591,686
Over 10 years	<u>32,776</u>	<u>42,042</u>
	<u>\$ 6,667,238</u>	<u>\$ 5,750,479</u>

iii. Maturity analysis of derivative financial liabilities

Net settled derivative financial instruments engaged by Cathay United Bank include:

- i) Foreign exchange derivative instruments: Non-delivery forwards and cash-settled exchange options.
- ii) Interest rate derivative instruments: Swaptions, net settled interest rate swaps and other interest rate agreements.

The table below shows the net settled derivative financial instruments based on the number of days remaining from the balance sheet date until the contractual maturity date. The analysis of contractual maturity dates illustrates all derivative financial instruments listed on the consolidated balance sheet. The amount disclosed is based on contractual cash flow and may be different from that included in the consolidated balance sheet. Maturity analysis of net settled derivative financial liabilities was as follows:

	December 31, 2025				
	0-30 Days	31-180 Days	181 Days-1 Year	Over 1 Year	Total
Derivative financial liabilities at FVTPL					
Foreign exchange derivative instruments	\$ 13,051	\$ 22,998	\$ 7,177	\$ -	\$ 43,226
Interest rate derivative instruments	<u>117,263</u>	<u>1,175,338</u>	<u>626,968</u>	<u>31,110,621</u>	<u>33,030,190</u>
	<u>\$ 130,314</u>	<u>\$ 1,198,336</u>	<u>\$ 634,145</u>	<u>\$ 31,110,621</u>	<u>\$ 33,073,416</u>
	December 31, 2024				
	0-30 Days	31-180 Days	181 Days-1 Year	Over 1 Year	Total
Derivative financial liabilities at FVTPL					
Foreign exchange derivative instruments	\$ 114,039	\$ 156,334	\$ 46,555	\$ -	\$ 316,928
Interest rate derivative instruments	<u>370,430</u>	<u>1,071,184</u>	<u>414,297</u>	<u>31,495,966</u>	<u>33,351,877</u>
	<u>\$ 484,469</u>	<u>\$ 1,227,518</u>	<u>\$ 460,852</u>	<u>\$ 31,495,966</u>	<u>\$ 33,668,805</u>

Gross settled derivative financial instruments engaged by Cathay United Bank include:

- i) Foreign exchange derivative instruments: Forwards, swaps and total return exchange options;
- ii) Interest rate derivative instruments: CCS.
- iii) Credit derivative instruments: All credit default swaps are presented in gross amount, with periodic payments made to the protection seller and a one-time payment made to the protection buyer when a credit risk event occurs.

The table below shows Cathay United Bank's gross settled derivative instruments based on the number of days remaining from the balance sheet date until the contractual maturity date. Contractual maturities are evaluated to be the most basic element for understanding all the derivative financial instruments presented on the balance sheets. The disclosed amounts are based on contractual cash flows and part of the disclosed amounts are not in conformity with related items on consolidated balance sheet. Maturity analysis of gross settled derivative financial liabilities was as follows:

	December 31, 2025				
	0-30 Days	31-180 Days	181 Days - 1 Year	Over 1 Year	Total
Derivative financial liabilities at FVTPL					
Foreign exchange derivative instruments					
Cash outflow	\$ (487,376,606)	\$ (399,215,506)	\$ (115,682,802)	\$ (165,533)	\$ (1,002,440,447)
Cash inflow	481,682,019	389,994,581	111,551,334	151,961	983,379,895
Interest rate derivative instruments					
Cash outflow	(2,094,747)	(3,847,312)	(6,324,180)	(10,122,777)	(22,389,016)
Cash inflow	2,052,832	3,690,664	6,112,438	9,741,868	21,597,802
Cash outflow subtotal	(489,471,353)	(403,062,818)	(122,006,982)	(10,288,310)	(1,024,829,463)
Cash inflow subtotal	483,734,851	393,685,245	117,663,772	9,893,829	1,004,977,697
Net cash flow	<u>\$ (5,736,502)</u>	<u>\$ (9,377,573)</u>	<u>\$ (4,343,210)</u>	<u>\$ (394,481)</u>	<u>\$ (19,851,766)</u>
	December 31, 2024				
	0-30 Days	31-180 Days	181 Days - 1 Year	Over 1 Year	Total
Derivative financial liabilities at FVTPL					
Foreign exchange derivative instruments					
Cash outflow	\$ (351,633,161)	\$ (396,122,144)	\$ (115,798,045)	\$ (3,282,644)	\$ (866,835,994)
Cash inflow	345,326,346	385,822,850	111,307,629	3,079,256	845,536,081
Interest rate derivative instruments					
Cash outflow	(2,237,495)	(2,899,588)	(6,064,485)	(9,329,667)	(20,531,235)
Cash inflow	2,139,306	2,774,718	5,935,400	9,111,833	19,961,257
Cash outflow subtotal	(353,870,656)	(399,021,732)	(121,862,530)	(12,612,311)	(887,367,229)
Cash inflow subtotal	347,465,652	388,597,568	117,243,029	12,191,089	865,497,338
Net cash flow	<u>\$ (6,405,004)</u>	<u>\$ (10,424,164)</u>	<u>\$ (4,619,501)</u>	<u>\$ (421,222)</u>	<u>\$ (21,869,891)</u>

iv. Maturity analysis of off-balance sheet items

The table below shows the maturity analysis of off-balance-sheet items for Cathay United Bank based on the number of days remaining from the balance sheet date until the contractual maturity date. This analysis is presented according to the earliest period in which each item may be required for payment or guarantee fulfillment.

- i) Irrevocable commitments: Include Cathay United Bank's irrevocable loan commitments and credit card commitments.
- ii) Financial guarantee contracts: Cathay United Bank acts as a guarantor or an issuer of standby letter of credit.

Maturity analysis of off-balance sheet items is shown as follows:

	December 31, 2025				
	0-30 Days	31-180 Days	181 Days - 1 Year	Over 1 Year	Total
Irrevocable loan commitments	\$ 192,525,022	\$ -	\$ -	\$ -	\$ 192,525,022
Unused credit card line commitments	738,966,067	-	-	-	738,966,067
Financial guarantee contracts	26,742,060	-	-	-	26,742,060
	December 31, 2024				
	0-30 Days	31-180 Days	181 Days - 1 Year	Over 1 Year	Total
Irrevocable loan commitments	\$ 180,621,816	\$ -	\$ -	\$ -	\$ 180,621,816
Unused credit card line commitments	723,168,332	-	-	-	723,168,332
Financial guarantee contracts	25,816,377	-	-	-	25,816,377

3) Market risk

a) Source and definition of market risk

Market risk primarily arises from changes in the prices of financial instruments such as interest rates, exchange rates, or equity securities, which may result in gains or losses for Cathay United Bank.

Cathay United Bank organized market risk management department and the committee of assets and liabilities management. The department and the committee periodically examine Cathay United Bank's structure of assets and liabilities; plan the pricing principle of deposit and loan and financing, and uses medium and long term funding schemes. While executing the market risk management, the market risk management department periodically provides the related information of management and reports to the authorized managers of Cathay United Bank for the management system, such as evaluating position, risk limit management, calculation of profit and loss, pricing model and risk analysis, in order to control the overall market risk.

b) Market risk management strategy and process

i. Identification and measurement

The operations department and risk management department of Cathay United Bank identify the market risk factors of risk exposure position, and measure the market risk. Market risk factors are the components that could have an impact on the value of financial instrument, such as interest rates, foreign exchange rates, equity securities price, etc., including position, gain and loss, stress testing, sensitivity (DV01, Delta, Vega, etc.) and Value at Risk (VaR) etc., are used to measure the extent of investment portfolio loss that is influenced by market risk factors.

ii. Monitoring and reporting

The risk management department periodically reports the execution of market risk management targets, position and gain/loss control, sensitivity analysis, stress testing, and VaR to the board of directors and helps the board of directors to fully understand the status of market risk management. Cathay United Bank also establishes a clear reporting process. Each transaction has requirements about limitations and stop-loss points. Once the transaction reaches its stop-loss limitation, corresponding measures will be implemented immediately. In special circumstances, the transaction department should document the response plan, report it to the executive management for approval and report it to the board of directors regularly.

c) Risk management policy of the trading book

The trading book is the portfolio of financial instruments and physical investments for the purpose of trading or the hedge on the trading book. Portfolio is held for trading for the purpose of earning profit from the bid-ask spread. Any positions aside from the above trading book will be in the banking book.

i. Strategy

In order to control market risk effectively and ensure flexibility in operating the transaction strategy, Cathay United Bank carries out various assessment and control procedures. The portfolio of trading book has the risk limit for each investment portfolio which is set according to the transaction strategy, category of investment and the annual profit target.

ii. Policy and procedure

Cathay United Bank sets the “Rules of Market Risk Management” as the important regulation that should be complied with when holding the trading portfolio.

iii. Valuation policy

If the financial instruments of trading book have market values, they should be evaluated at least once each day based on information from independent source and easily accessible sources. If the financial instruments are evaluated by a model, a mathematical model should be used prudently, and the assumptions and parameters of the valuation model should be regularly reviewed and examined.

iv. Risk measuring methods

i) Value-at-risk (VaR): The assumptions and calculation method are described in the VaR section of the trading books.

ii) Sensitivity analysis: The assumptions and calculation methods are described in the section on market risk sensitivity analysis.

iii) Cathay United Bank executes the stress testing monthly and reports the results regularly to the risk management committee.

d) Interest risk management of trading book

i. Definition of interest risk

Interest risk is the risk that the trading portfolios suffer losses or the fair value changes due to fluctuations in interest rates. The main instruments include the securities and derivatives that are related to interest rates.

ii. Interest risk management procedure of trading book

Cathay United Bank prudently chooses its investment target by studying the credibility, financial position of the securities issuers, the sovereign risk and the trend of interest rates of the country. According to the operating strategy and the circumstances of the market, Cathay United Bank sets the transaction limit and stop-loss limit (including the limits of dealing room, traders, and investment, etc.) of the trading book that are reported to the executive management or the board of directors for approval.

iii. Method of measurement

The management of trading book interest rate risk is primarily based on positions and profit and loss.

e) Interest risk management of banking book

The interest risk of banking book means that adverse changes in interest rates affect the value and cash flow of the banking book position, resulting in current or potential risks to Cathay United Bank’s capital and earnings.

i. Strategy

Based on the principle of prudent operation and conservation, the first priority is on the diversification and stability of assets and liabilities, and then on safety and profitability, and Cathay United Bank and its subsidiaries should pay attention to risk diversification.

ii. Management procedure

Cathay United Bank and its subsidiaries have established interest risk indicators of banking book to control the banking book interest risk. If the indicators are abnormal, the possible offset treatment should be evaluated and reported to the Asset and Liability Management Committee to review the asset and liability structure and pricing principles, so as to reduce or control the adverse impact on earnings or net worth.

iii. Method of measurement

Measurement methods of banking book interest risk include repricing gap analysis, earnings viewpoint (ΔNII) analysis, and economic value viewpoint (ΔEVE) analysis. Cathay United Bank and its subsidiaries adopt appropriate measurement methods to manage banking book interest risk in accordance with local regulatory requirements or internal management needs.

f) Foreign exchange risk management

i. Definition of foreign exchange risk

Foreign exchange risk is the gain/loss caused by two currencies exchange at different times. Cathay United Bank's foreign exchange risk arises from the derivative instruments, such as spot exchange, forward exchange and foreign exchange option, etc.

ii. Policy, procedure and measurement method of foreign exchange risk management

In order to control foreign exchange risk, Cathay United Bank sets the limits of positions and stop-loss limits for the dealing room and traders. Meanwhile, Cathay United Bank also sets the maximum annual loss limit to control the loss within the tolerable extent. Foreign exchange risk is primarily managed based on positions and profit and loss.

g) Risk management of equity securities price

i. Definition of risk of equity securities price

The risk of equity securities held by Cathay United Bank includes the individual risk and general market risk of price fluctuation caused by overall market factors.

ii. Purpose of risk management of equity securities price

The purpose is to avoid the massive fluctuation of equity securities price that worsens Cathay United Bank's financial situation or earnings, as well as to raise the operating efficiency of capital and strengthen the business operation.

iii. Procedure of risk management of equity securities price

Cathay United Bank sets limits on market risk in addition to the country, industries and companies. The above limitations are approved by the board of directors. Once the transaction reaches its stop-loss limitation, a response will be implemented immediately. In special circumstances, the transaction department should document the reason plan, report to the executive management for approval and report to the board of directors regularly.

iv. Measurement method

The risk of equity securities price in trading book is mainly controlled by positions and profit and loss.

h) Value-at-risk of the trading books

Value-at-risk (VaR) is Cathay United Bank's tool to control market risk. VaR is a statistical measure that assesses potential losses of financial instruments caused by changes in risk factors over a specified period of time and at a specific level of statistical confidence. Cathay United Bank applies historical simulation with a statistical confidence of 99%. The following form indicates the VaR which is the estimation of potential amount of loss within one day. The statistical confidence of 99% represents the possible fluctuations that would be included in assumed adverse market changes. Based on the assumption, the VaR may exceed the amounts listed in 1 of 100 days due to the price changes in the market. The overall VaR in the market may be less than the aggregate VaR of individual market risk factors.

December 31, 2025				
Factors of Market Risk	Average	Maximum	Minimum	Ending
Interest rate	\$ 154,013	\$ 374,527	\$ 51,575	\$ 51,575
Foreign exchange	112,354	492,395	37,008	37,675
Equity securities price	269,341	627,569	20,645	106,659
Commodity	881	3,240	110	3,240

December 31, 2024				
Factors of Market Risk	Average	Maximum	Minimum	Ending
Interest rate	\$ 392,644	\$ 633,802	\$ 263,214	\$ 309,850
Foreign exchange	64,606	255,079	16,930	55,406
Equity securities price	335,498	487,862	186,943	487,862
Commodity	156	789	-	164

Cathay United Bank transacts derivative contracts within the allowed market risk limit. The objectives of trading derivative instruments are to meet customers' hedging and trading needs or to manage Cathay United Bank's exposure to risks and to generate revenues through trading activities.

i) Market risk stress testing

Stress testing is a method that assumes significant extreme scenarios to measure the potential losses of a risk asset portfolio. Cathay United Bank takes into consideration various types of risk factors for holding positions during market risk stress testing and the results will be reported to the executive management regularly.

Stress Testing			
Market/Product	Scenarios	December 31, 2025	December 31, 2024
Stock market	Domestic stock exchanges + 15%	\$ 263,726	\$ 2,209,093
	Domestic stock exchanges - 15%	(263,726)	(2,209,093)
	Overseas stock exchanges + 20%	13,232	39,970
	Overseas stock exchanges - 20%	(13,232)	(39,970)
Interest rate/ bond market	Major interest rate + 150bps	(2,542,114)	(4,457,943)
	Major interest rate - 150bps	1,940,081	3,794,468
Foreign exchange market	Major currencies + 5%	(181,799)	604,692
	Major currencies - 5 %	181,799	(604,692)
Commodity market	Commodity price +25%	20,832	(615)
	Commodity price -25 %	(20,832)	615

Note: The information of stress testing is defined by market risk management.

j) Market risk sensitivity analysis

i. Interest rate risk

Assuming parallel shifts in the yield curves, the impact on the present value of interest rate products (such as government bonds, corporate bonds, interest rate swaps, interest rate caps and floors, and interest rate swap options).

ii. Foreign exchange risk

The impact of currency exchange rate fluctuation on the profit and loss of the foreign exchange portfolios (such as forward exchange transactions and currency swaps).

iii. Equity securities price risk

The impact of equity security price fluctuations on the profit and loss of equity products (such as stocks and stock index options).

iv. Commodity risk

The impact on gains or losses resulted from changes in the prices of underlying commodities (carbon credits, crude oil, etc.) associated with commodity positions (such as commodity futures, commodity swaps, etc.).

Risk Factors	Changes (+/-)	December 31, 2025	
		Sensitivity of Profit or Loss	Sensitivity of Equity
Foreign exchange rate factor sensitivity (FX Delta)	Exchange rate of each currency + 1%	\$ (36,360)	\$ -
	Exchange rate of each currency - 1%	36,360	-
Interest rate factor sensitivity (PVBP)	Yield curves parallel shift + 1bp	(16,947)	-
	Yield curves parallel shift - 1bp	12,934	-

(Continued)

		December 31, 2025	
Risk Factors	Changes (+/-)	Sensitivity of Profit or Loss	Sensitivity of Equity
Equity securities price factor sensitivity (Equity Delta)	Equity securities price + 1%	\$ 18,243	\$ -
	Equity securities price - 1%	(18,243)	-
Commodity factor sensitivity	Commodity price +1%	833	-
	Commodity price -1%	(833)	-
			(Concluded)

		December 31, 2024	
Risk Factors	Changes (+/-)	Sensitivity of Profit or Loss	Sensitivity of Equity
Foreign exchange rate factor sensitivity (FX Delta)	Exchange rate of each currency + 1%	\$ 120,938	\$ -
	Exchange rate of each currency - 1%	(120,938)	-
Interest rate factor sensitivity (PVBP)	Yield curves parallel shift + 1bp	(29,720)	-
	Yield curves parallel shift - 1bp	25,296	-
Equity securities price factor sensitivity (Equity Delta)	Equity securities price + 1%	13,119	136,152
	Equity securities price - 1%	(13,119)	(136,152)
Commodity factor sensitivity	Commodity price +1%	(25)	-
	Commodity price -1%	25	-

Note: The information of sensitivity analysis is defined by market risk management.

Cathay Century and its subsidiaries

Cathay Century and its subsidiaries' major financial instruments include equity and debt investments, derivatives, receivables and payables. The major risks include market risk (including foreign currency risk, interest rate risk and other price risk), credit risk and liquidity risk.

1) Market risk

Market risk is the risk resulting from changes in market risk factors, such as exchange rate, product price, interest rate, credit spread, and stock price, which may decrease Cathay Century and its subsidiaries' income or value of investment portfolio.

Cathay Century and its subsidiaries continues to use market risk management tools such as value at risk ("VaR") and stress testing to completely and effectively measure, monitor and manage market risk.

a) Value at Risk

VaR is used to measure the maximum potential loss of a portfolio in a given period and confidence level when the market risk factors change. Cathay Century and its subsidiaries calculate VaR on the next day (week or two weeks) at 99% confidence level.

b) Stress testing

In addition to the VaR model, Cathay Century and its subsidiaries periodically use stress testing to assess the potential risk of extreme and abnormal events.

Cathay Century and its subsidiaries conduct stress testing regularly on positions by simple sensitivity analysis test and scenario analysis. Such tests cover the losses on positions resulting from changes of various risk factors in various historical scenarios.

i. Simple sensitivity test

Simple sensitivity test measures the changes in the value of the investment portfolio caused by specific risk factors.

ii. Scenario analysis

Scenario analysis measures the changes in the total value of the investment portfolio under a stress event, including the follows scenarios:

i) Historical scenario

By considering the fluctuations in risk factors during a specific historical event, Cathay Century and its subsidiaries evaluate whether the event would result in losses to the current investment portfolio in the event.

ii) Hypothetical scenario

Cathay Century and its subsidiaries simulate rational expectations for possible extreme market changes to evaluate the losses incurred for the investment positions by considering the fluctuations in related risk factors and the relevance between the investment targets and the risk factors.

The risk management department performs stress testing with historical and hypothetical scenarios regularly. Cathay Century and its subsidiaries' risk analysis, early warning, and business management are in accordance with the stress testing report.

Table of Stress Testing

Risk Factors	Changes (+/-)	December 31, 2025	December 31, 2024
Equity price risk (index)	-10%	\$ (1,386,476)	\$ (1,369,416)
Interest rate risk (yield curve)	+20bps	(192,023)	(166,666)
Foreign currency risk (exchange rate)	USD exchange NTD devalue 1 dollar	(196,354)	(144,208)

Note 1: Change in credit spread is not considered.

Note 2: The effect of hedging is considered.

Note 3: Information of subsidiaries is not disclosed due to immaterial effects to the consolidated financial statements.

- Foreign currency risk

Cathay Century and its subsidiaries has foreign currency-denominated assets and liabilities, which expose Cathay Century and its subsidiaries to foreign currency risk.

- Price risk

Cathay Century and its subsidiaries was exposed to equity price risk through its investments in listed shares and beneficiary certificates.

- Sensitivity analysis

Summary of Sensitivity Analysis			
For the Year Ended December 31, 2025			
Risk Factors	Variation (+/-)	Effect on Profit and Loss	Effect on Equity
Foreign currency risk sensitivity	USD appreciates 1%	\$ 46,038	\$ 5,180
	CNY appreciates 1%	772	-
	HKD appreciates 1%	261	-
	EUR appreciates 1%	10	-
	VND appreciates 1%	-	6,903
Interest rate risk sensitivity	Yield curve (USD): Upward parallel shift by 1bp	(7,344)	-
	Yield curve (CNY): Upward parallel shift by 1bp	(10)	-
	Yield curve (NTD): Upward parallel shift by 1bp	(1,537)	(641)
Equity securities price sensitivity	Increases 1% in equity price	-	138,648
For the Year Ended December 31, 2024			
Risk Factors	Variation (+/-)	Effect on Profit and Loss	Effect on Equity
Foreign currency risk sensitivity	USD appreciates 1%	\$ 33,506	\$ 8,094
	CNY appreciates 1%	747	-
	HKD appreciates 1%	58	175
	EUR appreciates 1%	9	-
	VND appreciates 1%	-	7,330
Interest rate risk sensitivity	Yield curve (USD): Upward parallel shift by 1bp	(5,610)	-
	Yield curve (CNY): Upward parallel shift by 1bp	(17)	-
	Yield curve (NTD): Upward parallel shift by 1bp	(2,080)	(700)
Equity securities price sensitivity	Increases 1% in equity price	-	136,942

Note 1: Change in credit spread is not considered.

Note 2: The effect of hedging is considered.

Note 3: Impacts of changes in profit or loss are not included in those of changes in equity.

Note 4: Information of subsidiaries is not disclosed due to immaterial effects to the consolidated financial statements.

2) Credit risk

a) Sources of credit risk

Cathay Century and its subsidiaries' credit risk exposure of financial transactions include issuer credit risk, counterparty credit risk and credit risk of underlying assets.

- i. Issuer's credit risk is the risk that Cathay Century and its subsidiaries may suffer financial losses on debt instruments or bank savings because the issuers (guarantors), borrowers or banks are not able to perform repayment obligations due to default, bankruptcy or liquidation.
- ii. Counterparty credit risk is the risk that Cathay Century and its subsidiaries may suffer financial losses because the counterparty does not perform its obligation to settle or pay at the appointed date.
- iii. Credit risk of the underlying assets is the risk that Cathay Century and its subsidiaries may suffer losses due to deterioration of the credit quality, increase in credit spread, downgrade or breach of any contract terms of underlying assets linked to financial instruments.

b) Credit concentration risk analysis

- i. Regional distribution of maximum risk exposure for Cathay Century and its subsidiaries' financial assets:

December 31, 2025

Financial Assets	Taiwan	Asia	Europe	North Americas	Emerging Market and Others	Total
Cash and cash equivalents	\$ 14,999,363	\$ -	\$ -	\$ -	\$ 260,605	\$ 15,259,968
Financial assets at FVTPL	313,724	-	-	-	-	313,724
Financial assets at FVTOCI	653,324	-	-	-	-	653,324
Financial assets at amortized cost	3,095,126	410,726	884,494	6,032,344	1,227,686	11,650,376
Total	\$ 19,061,537	\$ 410,726	\$ 884,494	\$ 6,032,344	\$ 1,488,291	\$ 27,877,392
Proportion	68.38%	1.47%	3.17%	21.64%	5.34%	100.00%

December 31, 2024

Financial Assets	Taiwan	Asia	Europe	North Americas	Emerging Market and Others	Total
Cash and cash equivalents	\$ 10,813,135	\$ -	\$ -	\$ -	\$ 329,791	\$ 11,142,926
Financial assets at FVTPL	258,337	-	-	-	-	258,337
Financial assets at FVTOCI	654,599	-	-	-	-	654,599
Financial assets at amortized cost	3,051,541	194,940	685,430	5,083,953	1,323,610	10,339,474
Total	\$ 14,777,612	\$ 194,940	\$ 685,430	\$ 5,083,953	\$ 1,653,401	\$ 22,395,336
Proportion	65.99%	0.87%	3.06%	22.70%	7.38%	100.00%

- c) Determinants for whether the credit risk has increased significantly since initial recognition
- i. Cathay Century and its subsidiaries assess at each reporting date whether the credit risk of a financial instrument in the scope of impairment requirements under IFRS 9 has increased significantly since initial recognition. To make this assessment, Cathay Century and its subsidiaries consider reasonable and supportable information (including forward-looking information) which indicates that credit risk has increased significantly since initial recognition. Main indicators include external credit ratings, past due information, credit spread and other market information which shows that the credit risk related to borrowers and issuers has increased significantly.
 - ii. If the credit risk at the reporting date is determined to be low, an entity can assume that the credit risk of the financial instrument has not increased significantly since initial recognition.

d) Definitions of a default occurring on a financial asset and a credit-impaired financial asset

The definition of a default occurring on financial assets of Cathay Century and its subsidiaries is the same as a credit-impaired financial asset. If one or more of the criteria below are met, a default occurs and a financial asset is credit-impaired:

- i. Quantitative factor: When contractual payments are more than 90 days past due, a default occurs and a financial asset is credit-impaired.
- ii. Qualitative factors: An evidence indicates that the issuers or borrowers cannot pay the contractual payments or that they have significant financial difficulties, for example:
 - i) The issuers and borrowers have entered bankruptcy or are probable to enter bankruptcy or financial reorganization.
 - ii) The borrowers fail to make interest or principal payments based on original terms and conditions.
 - iii) The collaterals of the borrowers are seized provisionally or enforced.
 - iv) The borrowers claim for a change of credit conditions due to financial difficulties.
- iii. The above-mentioned definitions of a default occurring on a financial asset and a credit impairment are applicable to all financial assets held by Cathay Century and its subsidiaries, and are aligned with those of relevant financial assets for internal credit risk management. The definitions are also applicable to related impairment assessment model.

e) Measurement of expected credit losses

- i. Methods and assumptions adopted

For financial instruments on which the credit risk has not increased significantly since initial recognition, Cathay Century and its subsidiaries measure the loss allowance for financial instruments at an amount equal to 12-month expected credit losses; for financial instruments on which the credit risk has increased significantly since initial recognition or are credit-impaired, Cathay Century and its subsidiaries measure the loss allowance for financial instruments at an amount equal to the lifetime expected credit losses.

To measure expected credit losses, Cathay Century and its subsidiaries multiply exposure at default by the 12-month and lifetime probability of default of issuers, guarantee agencies or borrowers and loss given default. Cathay Century and its subsidiaries also considers the effect of the time value of money when calculating the 12-month and lifetime expected credit losses.

The default rate is the rate that a default occurs on issuers, guarantee agencies and borrowers, while the loss given default is the loss rate that resulted from the default of issuers, guarantee agencies and borrowers. The loss given default used by Cathay Century and its subsidiaries in impairment assessment is based on information regularly issued by Moody's, while the probability of default is based on information regularly issued by Taiwan Ratings and Moody's and is determined based upon current observable information and macroeconomic information (for example, gross domestic product and economic growth rate) with adjustments of historical data. The exposure at default is measured at amortized cost and interest receivables of the financial assets.

ii. Consideration of forward-looking information

Cathay Century and its subsidiaries take forward-looking information into consideration when measuring expected credit losses of the financial assets.

f) Gross carrying amount of maximum credit risk exposure and category of credit quality

i. Financial assets of Cathay Century and its subsidiaries

	December 31, 2025					
	Stage 1	Stage 2	Stage 3		Loss Allowance	Gross Carrying Amount
	12-month Expected Credit Losses	Lifetime Expected Credit Losses	Lifetime Expected Credit Losses	Purchased or Originated Credit-impaired Financial Assets		
<u>Investment grade</u>						
Debt instruments at FVTOCI	\$ 653,324	\$ -	\$ -	\$ -	\$ -	\$ 653,324
Financial assets at amortized cost	11,664,518	-	-	-	(14,141)	11,650,377
	December 31, 2024					
	Stage 1	Stage 2	Stage 3		Loss Allowance	Gross Carrying Amount
	12-month Expected Credit Losses	Lifetime Expected Credit Losses	Lifetime Expected Credit Losses	Purchased or Originated Credit-impaired Financial Assets		
<u>Investment grade</u>						
Debt instruments at FVTOCI	\$ 654,599	\$ -	\$ -	\$ -	\$ -	\$ 654,599
Financial assets at amortized cost	10,353,528	-	-	-	(14,054)	10,339,474

Note: Investment grade assets refer to those with credit ratings of at least BBB-; non-investment grade assets are those with credit rating lower than BBB-.

ii. Secured loans of Cathay Century and its subsidiaries

	December 31, 2025					
	Stage 1	Stage 2	Stage 3		Loss Allowance	Gross Carrying Amount
	12-month Expected Credit Losses	Lifetime Expected Credit Losses	Lifetime Expected Credit Losses	Purchased or Originated Credit-impaired Financial Assets		
Secured loans	\$ 69,775	\$ -	\$ -	\$ -	\$ (987)	\$ 68,788

	December 31, 2024					Gross Carrying Amount
	Stage 3			Purchased or Originated Credit-impaired Financial Assets	Loss Allowance	
	Stage 1 12-month Expected Credit Losses	Stage 2 Lifetime Expected Credit Losses	Lifetime Expected Credit Losses			
Secured loans	\$ 97,850	\$ -	\$ -	\$ -	\$ (1,399)	\$ 96,451

g) Reconciliation for loss allowance is summarized below:

i. Debt instruments at FVTOCI

	12-month Expected Credit Losses	Lifetime Expected Credit Losses			Total of Impairment Charged in Accordance with IFRS 9
		Collectively Assessed	Not Purchased or Originated Credit-impaired Financial Assets	Purchased or Originated Credit-impaired Financial Assets	
January 1, 2025	\$ 51	\$ -	\$ -	\$ -	\$ 51
Changes in models/ risk parameters	<u>5</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5</u>
December 31, 2025	<u>\$ 56</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 56</u>
January 1, 2024	\$ 42	\$ -	\$ -	\$ -	\$ 42
Changes in models/ risk parameters	<u>9</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>9</u>
December 31, 2024	<u>\$ 51</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 51</u>

ii. Financial assets at amortized cost

	12-month Expected Credit Losses	Lifetime Expected Credit Losses			Total of Impairment Charged in Accordance with IFRS 9
		Collectively Assessed	Not Purchased or Originated Credit-impaired Financial Assets	Purchased or Originated Credit-impaired Financial Assets	
January 1, 2025	\$ 14,054	\$ -	\$ -	\$ -	\$ 14,054
Changes in models/ risk parameters	<u>87</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>87</u>
December 31, 2025	<u>\$ 14,141</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 14,141</u>
January 1, 2024	\$ 14,182	\$ -	\$ -	\$ -	\$ 14,182
Changes in models/ risk parameters	<u>(128)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(128)</u>
December 31, 2024	<u>\$ 14,054</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 14,054</u>

iii. Secured loans

	Lifetime Expected Credit Losses					Difference from Impairment Charged in Accordance with Guidelines for Handling Assessment of Assets	Total
	12-month Expected Credit Losses	Collectively Assessed	Not Purchased or Originated Credit-impaired Financial Assets	Purchased or Originated Credit-impaired Financial Assets	Total of Impairment Charged in Accordance with IFRS 9		
January 1, 2025	\$ 10	\$ -	\$ -	\$ -	\$ 10	\$ 1,389	\$ 1,399
Changes in model/risk parameters	(3)	-	-	-	(3)	-	(3)
Difference from impairment charged in accordance with Guidelines for Handling Assessment of Assets	-	-	-	-	-	(409)	(409)
December 31, 2025	<u>\$ 7</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 7</u>	<u>\$ 980</u>	<u>\$ 987</u>
January 1, 2024	\$ 13	\$ -	\$ -	\$ -	\$ 13	\$ 1,742	\$ 1,755
Changes in model/risk parameters	(3)	-	-	-	(3)	-	(3)
Difference from impairment charged in accordance with Guidelines for Handling Assessment of Assets	-	-	-	-	-	(353)	(353)
December 31, 2024	<u>\$ 10</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 10</u>	<u>\$ 1,389</u>	<u>\$ 1,399</u>

There were no significant changes in loss allowance due to significant changes in the gross carrying amounts of the financial instruments.

h) Exposure to credit risk and loss allowance of receivables

Cathay Century and its subsidiaries apply the simplified approach to providing for expected credit loss prescribed by IFRS 9, are based upon the lifetime expected credit losses under the simplified approach. Loss allowance measured by a provision matrix under a simplified approach is as follows:

	December 31, 2025	Due	Overdue	Total
Carrying amount		\$ 1,921,800	\$ 1,010,573	\$ 2,932,373
Expected credit loss rate		0.96%	2.04%	
Lifetime expected credit losses		\$ 18,541	\$ 20,581	\$ 39,122
	December 31, 2024	Due	Overdue	Total
Carrying amount		\$ 2,031,028	\$ 905,692	\$ 2,936,720
Expected credit loss rate		0.98%	2.03%	
Lifetime expected credit losses		\$ 19,924	\$ 18,353	\$ 38,277

3) Liquidity risk

a) Sources of liquidity risk

The liquidity risks of the financial instruments are classified as funding liquidity risk and market liquidity risk. Funding liquidity risk represents the default risk of being unable to turn assets into cash or obtain sufficient funds to meet matured obligations. Market liquidity risk represents the risk of significant changes in fair value when dealing with or offsetting positions held due to insufficient market depth or disorder.

b) Liquidity risk management

Cathay Century and its subsidiaries established a completed capital liquidity management mechanism by assessing the business features, monitoring short-term cash flow, and considering the trading volume and holding position to carefully manage the market liquidity risk.

According to the actual management need or special situations, Cathay Century and its subsidiaries use cash flow model and stress testing to assess cash flow risk. Moreover, Cathay Century and its subsidiaries have drawn up a plan for capital requirements with respect to abnormal and emergency conditions to deal with significant liquidity risk.

The analysis of cash outflows to Cathay Century and its subsidiaries is listed below and based on the residual terms to maturity on the balance sheet date. The disclosed amounts are prepared in accordance with contract cash flows and, accordingly for certain line items, the disclosed amounts are different to the amounts on consolidated balance sheets.

The maturity dates for other non-derivative financial liabilities were based on the agreed repayment dates.

December 31, 2025

	Less than 6 Months	6-12 Months	1-2 Years	2-5 Years	5+ Years
<u>Non-derivative financial liabilities</u>					
Payables	\$ 5,020,915	\$ 24,640	\$ 4,220	\$ 43,632	\$ 6,721
Lease liabilities	83,173	78,212	105,284	26,392	14,661
<u>Derivative financial liabilities</u>					
Swap	3,300,233	3,352,546	-	-	-

December 31, 2024

	Less than 6 Months	6-12 Months	1-2 Years	2-5 Years	5+ Years
<u>Non-derivative financial liabilities</u>					
Payables	\$ 4,299,934	\$ 35,732	\$ 12,275	\$ 40,811	\$ 6,638
Lease liabilities	84,424	40,124	23,766	38,794	16,533
<u>Derivative financial liabilities</u>					
Swap	3,085,681	648,767	-	-	-

Cathay Securities and its subsidiaries

1) Risk management system

a) Risk management objectives

Adhering to the risk management policies of the Company, Cathay Securities and its subsidiaries manage the risks during its operating activities in compliance with domestic and foreign regulations as well as in an efficient and flexible manner to maximize the profit.

b) Risk management policies

Cathay Securities and its subsidiaries comply with the risk management policies as a guiding principle to establish significant risk management matters such as objectives, coverage, organization duties and operating, management principles and reports.

The management policies of Cathay Securities and its subsidiaries cover different types of risk including market risk, credit risk, operating risk, liquidity risk, capital adequacy management, regulation risk and other risks related to operating activities. Before initiating a business, Cathay Securities and its subsidiaries identify relevant risks and have integrated planning of risk management mechanism and methods to ensure that such business is compliant with the management policies.

c) Risk management organization

i. Board of directors

The board of directors takes the ultimate responsibilities for risk management. The board of directors approves the risk management policy, ensures that approved risk management policies are in accordance with the nature of operating activities and types of business and cover different types of risk and monitors the effective implementation of risk management policies.

ii. Risk management committee

The risk management committee is responsible for reviewing risk management policies, principles, and rules of trading transactions, and for determining the appropriate degree of risk exposure and monitoring the implementation of the risk management policies. The risk management committee is under the board of directors and the chairman of board of directors takes chair of the committee, and the members include the general manager, department supervisor, director for compliance matters, information security officer, finance supervisor, accounting manager, risk management supervisor, and strategic planning supervisor. The meetings of the committee are typically held quarterly and provisional meetings are called by the chairman of the board.

iii. Risk management department

The risk management department is under the board of directors. The supervisor and staff of the department are prohibited from holding positions at the trading or settlement department. Their responsibilities are to plan and implement risk management policies, principles and directions, review policies regularly to ensure that those policies are suitable for business development. The risk management department also establishes online monitoring and prevention systems and reaction mechanisms, according to the development of Cathay Securities and its subsidiaries.

iv. Business unit

Each business unit participates in the setting of the risk management mechanism and executes daily risk management and reporting to ensure that the risk model used by the business unit is implemented with the consistent credibility and is in accordance with the internal control procedures to comply with the regulations and risk management policies.

v. Auditing office

The auditing office executes risk management and internal control procedures regularly, and traces and documents findings and deviations of internal control procedures periodically to ensure that the appropriate actions of improvement have been taken in time.

vi. Finance department

The finance department participates in the setting of the risk management mechanism. The department is responsible for executing liquidity risk management and providing the liquidity risk report to the risk management department regularly.

vii. Accounting department

The accounting department participates in the setting of the risk management mechanism and provides the form of capital adequacy to the risk management department monthly.

viii. Legal affairs office

The legal affairs office executes legal risk management to ensure that business operations and risk management procedures are all in compliance with the regulations.

d) Risk management workflows

Risk management workflow for Cathay Securities and its subsidiaries includes risk identification, risk measurement, risk management mechanism, and risk reporting. Risk assessment and response strategies to each risk are addressed as follows:

i. Market risk

i) Definition

Market risk is the risk of losses in Cathay Securities and its subsidiaries' investment positions, including shares, bonds, and derivatives etc. arising from changes in the market prices of financial instruments.

ii) Controls

Cathay Securities and its subsidiaries set up rules of trading transactions including the limits of authorization, risk limitation, stop-loss rules, and responses to the exceeded limits by each product or service line and implement those control procedures efficiently through the front desk risk control staff and on-line monitoring system. Furthermore, Cathay Securities and its subsidiaries provide the market risk management report regularly that includes market price assessments, the dollar amounts of surplus/shortfall and arbitrage, Value at Risk, and back-testing model and perform stress testing by each extreme scenario to control the risks that Cathay Securities and its subsidiaries face and manage all risks as a whole efficiently.

ii. Credit risk

i) Definition

Credit risk is the risk of loss incurred by Cathay Securities and its subsidiaries as a result of a counterparty or debtor not being able to perform its contract obligations due to deterioration of financial conditions or other factors.

ii) Controls

Cathay Securities and its subsidiaries check and review the credit position of each counterparty before trading and manage risk exposure after trading. Risks arising from securities trading are monitored and controlled based on the credit rating model. Investment concentration and risks are analyzed and documented regularly. Investment limit to each counterparty is established by its credit rating (TCRI, Taiwan Ratings, S&P, Moody's, and Fitch). In addition, the customers covered by the high-risk range of self-managed credit integrity and the credit balance of the underlying account for a certain percentage of the market credit balance are regularly reviewed and the credit risk emergency notification mechanism for the Company is established.

iii. Operational risk

i) Definition

Operational risk is the risk of loss resulting from inadequate or failed internal processes, people and systems, or from external events. This definition includes legal risk, but excludes strategy risk and credit risk.

ii) Controls

Cathay Securities and its subsidiaries establish authority levels and the segregation of duties for the processes of front, middle and back offices. Trading, confirmation, settlement, financial accounting, and trading documents are archived for future reference. The strict processes are also established to prevent fraud and negligence. Cathay Securities and its subsidiaries request each department to establish and implement internal audit and control policies authentically. The reporting mechanism for loss events from operational risk and database are established to understand the causes of the loss.

In addition, the auditing office is established under the board of directors. The functions of the office are to implement daily process checks to establish completed internal audit control and provide internal review reports periodically to lower the loss arising from the operational failures.

iv. Liquidity risk

i) Definition

Fund liquidity refers to Cathay Securities and its subsidiaries' acquisition of funds to maintain its needed flexibility to support asset growth or to repay liabilities; market liquidity refers to the managing and avoidance of risk of loss resulting from significant changes in the market price of held positions due to the lack of market depth or market disruption.

ii) Controls

The measurement index for liquidity risk is established and Cathay Securities and its subsidiaries compile the liquidity risk management report regularly to review the capital conditions and cash flow gap as of the balance sheet date and liquidity of overall foreign currency. Capital allocation planning is based on the compiled structure analysis as of the balance sheet date. In addition, capital liquidity simulation operations are regularly conducted to ensure that there are corresponding contingency measures in the extreme situations which can cover the funding gap. Meanwhile, credit lines of short-term financing are acquired from other financial institutions and receipts and payments are managed properly to sustain appropriate liquidity and ensure payment ability. Investment business units should conduct market liquidity risk control when buying in accordance with market liquidity management index.

v. Legal risk

i) Definition

Legal risk is the risk of loss that results from a counterparty being unable to legally enter into a contract due to the contract or eligibility of the counterparty being defective.

ii) Controls

The procedures of making and reviewing legal documentation are established. All the documents related to the contracts are required to be reviewed and approved by the legal office and may be reviewed with reference to external lawyers' opinions if needed.

vi. Capital adequacy management

i) Definition

Cathay Securities and its subsidiaries implement capital management to maintain an appropriate capital adequacy ratio, promote business growth and ensure a robust capital structure.

ii) Controls

Cathay Securities established the capital adequacy index and compile the capital adequacy management report regularly to evaluate the appropriateness of the capital adequacy ratio and the robustness of the capital structure.

vii. Reputation risk and strategy risk

i) Definition

Reputation risk is the risk of loss resulting from negative aspects of Cathay Securities and its subsidiaries' operations, leading to the loss of customers or revenue, and the need for Cathay Securities and its subsidiaries to bear large amounts of legal fees or other losses from damages. Strategy risk is another risk of current or potential loss to revenue or capital resulting from a strategy that turns out to be defective or inappropriate, or lack of proper responses to the competitors and changes in industry.

ii) Controls

In response to significant events related to reputation and strategy risk, Cathay Securities and its subsidiaries establish internal regulations to mitigate the risk of losses when significant events occur.

Risk management policies and principles are established based on the above-mentioned risks and management mechanisms from each risk source are set out specifically. Cathay Securities and its subsidiaries also establish the constraints for each risk and review the appropriateness of each constraint regularly. Moreover, the risk management implementation reports are reported to the risk management committee, board of directors, and risk management office of Cathay Securities and its subsidiaries every half year to assess risk tolerance and the appropriateness of the current risk management scheme.

e) Hedging and mitigation of risk strategies

The hedging and mitigation risk strategies for Cathay Securities and its subsidiaries refer to the implementation of dynamic hedging through the purchase and sale of target investment products to duplicate the same cash flows when derivatives mature. The hedging for outstanding stock warrants and structured products is based on the principle of Delta Neutral. If the prices of those investment positions fluctuate significantly in the financial markets, when the regulations for hedging operations are breached due to the impact from significant events, or when the risk personnel's implementation of hedging strategies are in violation of the regulations of hedging operations, the business department is required to explain in writing, report to the risk management department and be approved by general manager.

Cathay Securities and its subsidiaries establish the approval limit and stop-loss mechanism based on the attributes of each product. When the position meets the stop-loss point, the risk management department will inform the supervisor or position administrator (including e-mail) in time and monitor the change in the position. In addition, the business department should operate in accordance with the approval limits. If the stop-loss point is met, the investment should be sold or the business department is required to provide an exception report detailing the reason and specific response measures and report to the responsible supervisor for approval based on authorized decision-making powers.

2) Market risk

Cathay Securities and its subsidiaries assess, monitor, and manage market risks completely and effectively by applying market risk management tools such as sensitivity analysis, Value at Risk ("VaR") and stress testing continuously.

a) Sensitivity analysis

Sensitivity analysis is used to measure the degree of impact on each product and investment portfolio due to fluctuations in specific market factors. The relevant monitoring and control regulations are set based on the differences in the types of risk and business attributes of Cathay Securities and its subsidiaries. The degree of risk exposure is monitored and measured by the sensitivities of interest and commodity factors:

i. Measurement based on interest factors

Price value of basis point (PVBP): Denoting the change in the value of a position given a 1 basis point change in the yield curve.

ii. Measurement based on commodity factors

- i) Delta: Measuring the change in the value of a position given a 1% price change of a certain underlying asset.
- ii) Gamma: Measuring the dollar amount of change in Delta of a position given a 1% price change of a certain underlying asset.
- iii) Vega: Denoting the change in the value of a position given a 1% price volatility change of a certain underlying asset.

b) VaR

VaR is used to measure the risk of the largest potential loss of the investment portfolio arising from movements in market risk factors over a specific time frame and at a certain confidence level. Cathay Securities and its subsidiaries currently measure the VaR of an investment portfolio for the next day at a 99% confidence level. Also, back testing of the VaR model is performed each year to ensure the accuracy of this model.

VaR on one single trading day within the 99% confidence level

	December 31, 2025			
	Average	Highest	Lowest	End of Period
VaR	<u>\$ 87,954</u>	<u>\$ 178,144</u>	<u>\$ 67,675</u>	<u>\$ 77,221</u>
	December 31, 2024			
	Average	Highest	Lowest	End of Period
VaR	<u>\$ 81,189</u>	<u>\$ 97,611</u>	<u>\$ 55,977</u>	<u>\$ 76,879</u>

c) Stress testing

Cathay Securities and its subsidiaries perform stress testing on a monthly basis to assess the degree of impact on the asset portfolio arising from foreign and domestic significant events, find the risk factors which exert greater significant influence on the asset portfolio, follow up review and report such factors according to the market conditions and customized or extreme scenarios which are performed periodically by taking rapid changes in foreign and domestic financial environments into consideration, and the maximum losses arising from these scenarios are measured to ensure that Cathay Securities and its subsidiaries manage the risk from each potential scenario effectively.

Stress testing scenarios, which include the historical scenario and hypothesis scenario, are described as follows:

i. Historical Scenario

Cathay Securities and its subsidiaries assess the dollar amount of losses for the investment portfolio by choosing a specific time frame of historical events and taking the fluctuations of risk factors into the consideration of the immediate, significant, and comprehensive impact on financial markets.

ii. Hypothesis Scenario

Cathay Securities and its subsidiaries make reasonable expected hypotheses on possible future extreme market fluctuations, include movements of the related risk factors in the current investment portfolio, and measure the loss amount generated from such events on the investment position, including the 10% drop in the total stock market value arising from the breakdown of the global system.

**For the Year Ended December 31, 2025
Stress Test Table**

(In Thousands of New Taiwan Dollars)

Risk Factor	Changes (+/-)	Changes in Profit and Loss
Equity risk (stock index)	-10%	\$ (367,012)
Interest rate risk (yield curve)	+50bps	(308,785)
Exchange rate risk (exchange rate)	3%	55,549
Product risk (price)	-10%	798

**For the Year Ended December 31, 2024
Stress Test Table**

(In Thousands of New Taiwan Dollars)

Risk Factor	Changes (+/-)	Changes in Profit and Loss
Equity risk (stock index)	-10%	\$ (447,077)
Interest rate risk (yield curve)	+50bps	(343,750)
Exchange rate risk (exchange rate)	3%	13,852
Product risk (price)	-10%	(65)

3) Credit risk

a) Source of credit risk

Credit risk refers to the credit risk that Cathay Securities and its subsidiaries may encounter due to engagement in financial transactions which include the credit risks from issuers, counterparties, and underlying assets:

- i. Issuer credit risk refers to the risk of financial loss that Cathay Securities and its subsidiaries may incur as a result of issuers, guarantors or banks not fulfilling their payment obligations due to default, bankruptcy or liquidation.
- ii. Counterparty credit risk is the risk of financial loss that Cathay Securities and its subsidiaries may incur when a counterparty does not fulfill its settlement or payment obligations on the designated date.
- iii. Underlying asset credit risk refers to the risk of loss that Cathay Securities and its subsidiaries may encounter when the credit quality of the target financial instrument turns weak, credit charges increase, credit rating reduces or when the terms of the contracts are violated.

Financial assets that expose Cathay Securities and its subsidiaries to credit risk include bank accounts, debt securities, trading of over-the-counter derivatives, repurchase and resale of debts, trading from the securities lending, refundable deposits, futures deposits in banks, other refundable deposits and accounts receivable etc.

- b) Determinants for whether the credit risk has increased significantly since initial recognition
 - i. Cathay Securities and its subsidiaries assess, at each reporting date, whether the credit risk of a financial instrument in the scope of impairment requirements under IFRS 9 has increased significantly since initial recognition. To make this assessment, Cathay Securities and its subsidiaries consider reasonable and supportable information (including forward-looking information) which indicates that credit risk has increased significantly since initial recognition. Main indicators include external credit rating, past due information, credit spread and other market information which shows that the credit risk related to borrowers and issuers has increased significantly.
 - ii. Low credit risk: If the credit risk at the reporting date is determined to be low, an entity can assume that the credit risk of the financial instrument has not increased significantly since initial recognition.

- c) Definitions of a default occurring on a financial asset and a credit-impaired financial asset

The definition of a default occurring on financial assets of Cathay Securities and its subsidiaries is the same as that of a credit-impaired financial asset. If one or more of the criteria below are met, a default occurs and a financial asset is credit-impaired:

- i. Qualitative factor: An evidence indicates that the issuers or borrowers cannot pay the contractual payments or that they have significant financial difficulties, for example:
 - i) The issuers, guarantee institutions or counterparties have entered bankruptcy or are probable to close, undergo financial reorganization, file bankruptcy, dissolve or have a significant impact on the entity's ability to continue.
 - ii) The borrowers fail to make interest or principal payments based on original terms and conditions.
- ii. The abovementioned definitions of a default occurring on a financial asset and a credit impairment are applicable to all financial assets held by Cathay Securities and its subsidiaries, and are aligned with those of relevant financial assets for internal credit risk management. The definitions are also applicable to the related impairment assessment model.

- d) Measurement of expected credit losses

- i. Methods and assumptions adopted

For financial instruments on which the credit risk has not increased significantly since initial recognition, Cathay Securities and its subsidiaries measure loss allowance for financial instruments at an amount equal to 12-month expected credit losses; for financial instruments on which the credit risk has increased significantly since initial recognition or are credit-impaired, Cathay Securities and its subsidiaries measure the loss allowance for financial instruments at an amount equal to the lifetime expected credit losses.

To measure expected credit losses, Cathay Securities and its subsidiaries multiply exposure at default by the 12-month and the lifetime probability of default of the issuers, guarantee agencies and counterparties and loss given default. Cathay Securities and its subsidiaries also consider the effect of the time value of money when calculating the 12-month expected credit losses and the lifetime expected credit losses.

Probability of default is the rate that an issuer, guarantee agency and a counterparty defaults. Loss given default is the loss rate that results from the default of issuers, guarantee agencies and counterparties. Loss given default used by Cathay Securities and its subsidiaries in impairment assessment is based on information regularly issued by Moody's. Probability of default is based on information regularly issued by Taiwan Ratings and Moody's and is determined based upon current observable information and macroeconomic information (i.e., gross domestic product and economic growth rate) after adjustments of historical data. Exposure at default is measured at the amortized cost and interest receivables of the financial assets.

ii. Consideration of forward-looking information

Cathay Securities and its subsidiaries take forward-looking information into consideration while measuring expected credit losses of the financial assets.

e) Loss allowance of accounts receivable

The movements of the loss allowance of accounts receivable were as follows:

	Debt Instrument Investments	Receivables	Other Receivables	Overdue Receivables	Securities Financing Receivables	Security Lending Receivables	Futures Trading Margin Receivables	Total
Balance on								
January 1, 2025	\$ 5,124	\$ 241	\$ 52	\$ 9,212	\$ 670	\$ 431	\$ 74	\$ 15,804
Increase	527	83	11	2,843	84	77	1,300	4,925
Recoveries of credits written off	-	-	-	116	-	-	-	116
Written off	-	-	-	(1,547)	-	-	-	(1,547)
Balance on December 31, 2025	<u>\$ 5,651</u>	<u>\$ 324</u>	<u>\$ 63</u>	<u>\$ 10,624</u>	<u>\$ 754</u>	<u>\$ 508</u>	<u>\$ 1,374</u>	<u>\$ 19,298</u>
Balance on								
January 1, 2024	\$ 5,643	\$ 572	\$ 34	\$ 5,511	\$ 443	\$ 151	\$ 74	\$ 12,428
Increase (decrease)	(519)	(331)	18	5,663	227	280	-	5,338
Recoveries of credits written off	-	-	-	74	-	-	-	74
Written off	-	-	-	(2,036)	-	-	-	(2,036)
Balance on December 31, 2024	<u>\$ 5,124</u>	<u>\$ 241</u>	<u>\$ 52</u>	<u>\$ 9,212</u>	<u>\$ 670</u>	<u>\$ 431</u>	<u>\$ 74</u>	<u>\$ 15,804</u>

4) Capital liquidity risk:

Bank loans are important liquidity resources for Cathay Securities and its subsidiaries. As of December 31, 2025 and 2024, the unused credits of short-term bank loans of Cathay Securities and its subsidiaries amounted to \$18,224,208 thousand and \$10,886,485 thousand, respectively.

a) Cash flow analysis

Capital liquidity risk is the risk that Cathay Securities and its subsidiaries are unable to acquire sufficient capital at a reasonable cost within a reasonable time frame and which results in a cash flow gap, or the risk that Cathay Securities and its subsidiaries sell assets at a loss to meet the cash flow requirements.

December 31, 2025

Cash Flows Analysis of Financial Liabilities

	Payment Period				Total
	Less than 1 Month	1 to 3 Months	3 to 6 Months	More than 6 Months	
<u>Financial liabilities</u>					
Short-term borrowings	\$ 269,131	\$ -	\$ -	\$ -	\$ 269,131
Commercial paper payable	9,995,412	4,442,680	-	-	14,438,092
Financial liabilities at FVTPL	1,389,020	-	-	-	1,389,020
Bonds sold under repurchase agreements	11,464,493	177,330	-	446,419	12,088,242
Short sale margins and payables for short sale collateral received	201,988	403,976	605,964	2,423,854	3,635,782
Securities lending margin - deposit received	42,834	85,668	128,502	514,004	771,008
Futures trader's equity	25,509,519	-	-	-	25,509,519
Customer rights of special account and sub-account	209,548	-	-	-	209,548
Accounts payable	36,327,593	1,276,457	105	1,285,712	38,889,867
Collection payable	968,644	-	-	-	968,644
Other financial liabilities	2,178,853	2,612,173	1,184,586	6,678,667	12,654,279
Lease liabilities	17,716	20,128	30,471	58,008	126,323
Others	66,308	-	-	-	66,308
	<u>\$ 88,641,059</u>	<u>\$ 9,018,412</u>	<u>\$ 1,949,628</u>	<u>\$ 11,406,664</u>	<u>\$ 111,015,763</u>
% to the total	<u>79.85%</u>	<u>8.12%</u>	<u>1.76%</u>	<u>10.27%</u>	<u>100%</u>

Short-term borrowings, commercial paper payable and bonds sold under repurchase agreements are fund procurement instruments of Cathay Securities and its subsidiaries with maturities within three months.

December 31, 2025

Cash Flow Gap

	Fund Receipt Period				Total
	Less than 1 Month	1 to 3 Months	3 to 6 Months	More than 6 Months	
<u>Financial assets</u>					
Cash and cash equivalents	\$ 4,377,317	\$ -	\$ -	\$ -	\$ 4,377,317
Financial assets at FVTPL					
Operation securities	16,284,687	-	-	-	16,284,687
Open-end funds and beneficiary certificates	53,811	-	-	-	53,811
Futures trading margin	1,903,121	-	-	-	1,903,121
Derivative assets - OTC	1,891	-	-	-	1,891
Financial assets at FVTOCI - current	12,517,099	-	-	-	12,517,099
Bonds purchased under resale agreements	158,734	-	-	-	158,734
Securities financing receivables	1,126,836	2,243,372	3,365,058	13,460,240	20,195,506
Refinancing margin and refinancing deposits receivable	847	1,694	2,541	10,160	15,242
Security lending receivable	846,764	1,693,528	2,540,294	-	5,080,586
Customer's margin accounts	25,541,654	-	-	-	25,541,654
Security lending deposits price and security lending margin deposits paid	18,542	37,084	55,626	222,499	333,751
Receivables	34,963,619	-	-	150,648	35,114,267
Collected payment of shares underwritten	783,146	-	-	-	783,146
Others	2,007,668	-	-	1,541,418	3,549,086
	<u>\$ 100,585,736</u>	<u>\$ 3,975,678</u>	<u>\$ 5,963,519</u>	<u>\$ 15,384,965</u>	<u>\$ 125,909,898</u>
Residual cash	<u>\$ 11,944,677</u>	<u>\$ (5,042,734)</u>	<u>\$ 4,013,891</u>	<u>\$ 3,978,301</u>	<u>\$ 14,894,135</u>

December 31, 2024

Cash Flows Analysis of Financial Liabilities

	Payment Period				Total
	Less than 1 Month	1 to 3 Months	3 to 6 Months	More than 6 Months	
<u>Financial liabilities</u>					
Short-term borrowings	\$ 1,592,746	\$ -	\$ -	\$ -	\$ 1,592,746
Commercial paper payable	10,444,920	6,333,856	-	-	16,778,776
Financial liabilities at FVTPL	1,650,281	-	-	-	1,650,281
Bonds sold under repurchase agreements	10,518,369	493,177	-	-	11,011,546
Short sale margins and payables for short sale collateral received	172,264	344,528	516,792	2,067,174	3,100,758
Securities lending margin - deposit received	29,591	59,182	88,773	355,099	532,645
Futures trader's equity	18,519,937	-	-	-	18,519,937
Customer rights of special account and sub-account	110,050	-	-	-	110,050
Accounts payable	21,436,560	-	77,292	1,004,178	22,518,030
Collection payable	2,318,267	-	-	-	2,318,267
Other financial liabilities	3,277,931	-	-	-	3,277,931
Lease liabilities	17,212	19,296	28,034	56,540	121,082
Others	13,222	-	-	-	13,222
	<u>\$ 70,101,350</u>	<u>\$ 7,250,039</u>	<u>\$ 710,891</u>	<u>\$ 3,482,991</u>	<u>\$ 81,545,271</u>
% to the total	<u>85.97%</u>	<u>8.89%</u>	<u>0.87%</u>	<u>4.27%</u>	<u>100%</u>

Short-term borrowings, commercial paper payable and bonds sold under repurchase agreements are fund procurement instruments of Cathay Securities and its subsidiaries with maturities within three months.

December 31, 2024

Cash Flow Gap

	Fund Receipt Period				Total
	Less than 1 Month	1 to 3 Months	3 to 6 Months	More than 6 Months	
<u>Financial assets</u>					
Cash and cash equivalents	\$ 2,947,833	\$ -	\$ -	\$ -	\$ 2,947,833
Financial assets at FVTPL					
Operation securities	10,834,089	-	-	-	10,834,089
Open-end funds and beneficiary certificates	52,976	-	-	-	52,976
Futures trading margin	1,435,616	-	-	-	1,435,616
Derivative assets - OTC	10	-	-	-	10
Financial assets at FVTOCI - current	11,154,809	-	-	-	11,154,809
Bonds purchased under resale agreements	159,643	-	-	-	159,643
Securities financing receivables	1,029,789	2,047,998	3,071,997	12,287,986	18,437,770
Refinancing margin and refinancing deposits receivable	1,748	3,496	5,244	20,980	31,468
Security lending receivable	717,865	1,435,730	2,153,595	-	4,307,190
Customer's margin accounts	18,552,843	-	-	-	18,552,843
Security lending deposits price and security lending margin deposits paid	80,873	161,746	242,619	970,475	1,455,713
Receivables	20,981,214	-	-	134,024	21,115,238
Collected payment of shares underwritten	2,206,500	-	-	-	2,206,500
Others	1,432,331	-	-	1,529,923	2,962,254
	<u>\$ 71,588,139</u>	<u>\$ 3,648,970</u>	<u>\$ 5,473,455</u>	<u>\$ 14,943,388</u>	<u>\$ 95,653,952</u>
Residual cash	<u>\$ 1,486,789</u>	<u>\$ (3,601,069)</u>	<u>\$ 4,762,564</u>	<u>\$ 11,460,397</u>	<u>\$ 14,108,681</u>

b) Capital liquidity risk stress testing

Cathay Securities and its subsidiaries perform stress testing regularly to measure and evaluate the changes of capital liquidity under extreme and abnormal events to ensure that Cathay Securities and its subsidiaries maintain capital liquidity. Stress scenarios include significant fluctuations in the financial markets, the occurrence of various credit events, the unexpected tightening of capital liquidity in the financial markets and other assumptions that may cause financial liquidity stress, and are used to measure Cathay Securities and its subsidiaries' abilities to meet the demand for cash and the changes in cash flow gap.

If the cash flow gap arises under the specific stress scenario, the following procedures are performed to prevent the occurrence of the stress events:

- i. Cathay Securities and its subsidiaries make fund raising and balance sheet adjustments in accordance with the Crisis Management Principles and Regulations of Emergency Management.
- ii. Financing: (i) short-term loan credit line (ii) collateralized time deposits (iii) issuance of commercial paper
- iii. Balance sheet adjustments: (i) sale of securities (ii) recovery of short-term capital invested in the currency market.

j. Structured entities

1) Consolidated structured entities

The consolidated structured entities in Cathay Life and its subsidiaries consolidated financial statements are the real estate investments and management organizations. As of December 31, 2025 and 2024, Cathay Life and its subsidiaries all provided loans amounting to GBP331,300 thousand as financial support to the entities for operation and investment needs.

2) Unconsolidated structured entities

Cathay Life and its subsidiaries

- a) Cathay Life and its subsidiaries do not provide financial support or other support to the unconsolidated structured entities. Cathay Life and its subsidiaries' maximum exposure to loss from its interests in these structured entities is limited to the carrying amount of assets Cathay Life and its subsidiaries recognized. The information of the recognized unconsolidated structured entities is disclosed as follows:

<u>Type of Structured Entity</u>	<u>Nature and Purpose</u>	<u>Interests Owned</u>
Private equity fund	Investment in private equity funds issued by external third parties to receive returns	Investment in units or limited partnership interests issued by the funds
Asset-backed securities	Investment in asset-backed securities to receive returns	Investment in asset-backed securities issued by the entities

- b) As of December 31, 2025 and 2024, the carrying amounts of Cathay Life and its subsidiaries' assets related to its interests in unconsolidated structured entities are disclosed as follows:

	<u>December 31, 2025</u>	
	<u>Private Equity Funds</u>	<u>Asset-backed Securities</u>
Financial assets at FVTPL	\$ 193,515,737	\$ 15,210,617
Financial assets at FVTOCI	-	95,328,888
Debt instruments at amortized cost	-	165,782,348
	<u>\$ 193,515,737</u>	<u>\$ 276,321,853</u>

	December 31, 2024	
	Private Equity Funds	Asset-backed Securities
Financial assets at FVTPL	\$ 188,851,432	\$ 18,877,852
Financial assets at FVTOCI	-	55,679,591
Debt instruments at amortized cost	-	181,848,593
	<u>\$ 188,851,432</u>	<u>\$ 256,406,036</u>

Cathay United Bank and its subsidiaries

- a) Cathay United Bank and its subsidiaries do not provide financial support or other support to the unconsolidated structured entities. Cathay United Bank and its subsidiaries' maximum exposure to loss from its interests in these structured entities is limited to the carrying amount of assets Cathay United Bank and its subsidiaries recognized. The information of the recognized unconsolidated structured entities is disclosed as follows:

<u>Type of Structured Entity</u>	<u>Nature and Purpose</u>	<u>Interests Owned</u>
Asset-backed securities	Investment in asset-backed securities to receive returns	Investment in asset-backed securities issued by the entity

- b) As of December 31, 2025 and 2024, the carrying amounts of assets relating to its interests in unconsolidated structured entities are disclosed as follows:

	December 31	
	2025	2024
Financial assets at FVTOCI	\$ 31,028,033	\$ 30,790,555
Debt instruments at amortized cost	<u>106,514,001</u>	<u>74,465,754</u>
	<u>\$ 137,542,034</u>	<u>\$ 105,256,309</u>

Cathay Century and its subsidiaries

- a) Cathay Century and its subsidiaries do not provide financial support or other support to the unconsolidated structured entities. Cathay Century and its subsidiaries' maximum exposure to loss from its interests in the unconsolidated structured entities is limited to the carrying amount of assets recognized by Cathay Century and its subsidiaries. The information of the recognized unconsolidated structured entities is disclosed as follows:

<u>Type of Structured Entity</u>	<u>Nature and Purpose</u>	<u>Interests Owned</u>
Asset-backed securities	Investment in asset-backed securities to receive returns	Investment in asset-backed securities issued by the entity

- b) As of December 31, 2025 and 2024, the carrying amounts of assets relating to its interests in unconsolidated structured entities are disclosed as follows:

	December 31	
	2025	2024
Financial assets at FVTPL	\$ 190,615	\$ 318,557
Debt instruments at amortized cost	<u>274,240</u>	<u>322,496</u>
	<u>\$ 464,855</u>	<u>\$ 641,053</u>

39. CAPITAL MANAGEMENT

The Group's capital adequacy ratios meet the statutory requirements currently. Under the premise that the Group meets the statutory capital adequacy requirements, dynamic capital management mechanism is utilized to increase the capital efficiency of the subsidiaries. After reallocation of capital, the subsidiaries' capabilities of risk-taking are not affected due to lower level of retained core capital. Accordingly, the Company conducts overall planning based on the status of the subsidiaries' capital in order to improve the capital efficiency of the Group.

- a. Capital adequacy ratio of the Group

Item	Shareholding Proportion of the Company	December 31, 2025	
		Eligible Capital	Statutory Capital Requirements
The Company	100%	\$ 926,393,272	\$ 1,132,646,424
Cathay United Bank	100%	372,209,363	242,987,164
Cathay Securities	100%	14,478,189	5,053,601
Cathay Life	100%	904,624,120	583,316,617
Cathay Century	100%	18,083,286	10,576,245
Cathay Venture	75%	6,039,263	3,064,505
Cathay Securities Investment Trust	100%	5,276,771	3,683,914
Less: Deduction items		<u>(1,199,562,816)</u>	<u>(1,120,008,377)</u>
		<u>\$ 1,047,541,448</u>	<u>\$ 861,320,093</u>
Capital adequacy ratio of the Group			121.62%

December 31, 2024			
Item	Shareholding Proportion of the Company	Eligible Capital	Statutory Capital Requirements
The Company	100%	\$ 886,809,724	\$ 1,058,009,612
Cathay United Bank	100%	346,660,959	240,101,651
Cathay Securities	100%	14,656,219	4,229,646
Cathay Life	100%	952,933,824	531,601,168
Cathay Century	100%	17,150,253	9,388,938
Cathay Venture	75%	5,086,209	2,569,472
Cathay Securities Investment Trust	100%	5,093,192	3,322,201
Less: Deduction items		<u>(1,140,364,882)</u>	<u>(1,048,755,760)</u>
		<u>\$ 1,088,025,498</u>	<u>\$ 800,466,928</u>

Capital adequacy ratio of the Group 135.92%

b. Eligible capital

Item	December 31, 2025 Amount
Ordinary shares	\$ 146,692,102
Non-cumulative perpetual preferred stocks and non-cumulative subordinated debts without maturity dates - qualifying as bank-level Tier I Capital	15,333,000
Other preferred stock and subordinated financial debentures	-
Capital received in advance	-
Capital surplus	203,119,254
Legal reserve	89,275,069
Special reserve	422,149,878
Retained earnings	126,383,769
Equity adjustments	(74,666,564)
Less: Goodwill and other intangible assets	(525)
Less: Deferred assets	(1,892,711)
Less: Treasury stock	<u>-</u>
Total eligible capital	<u>\$ 926,393,272</u>

Item	<u>December 31, 2024</u> Amount
Ordinary shares	\$ 146,692,102
Non-cumulative perpetual preferred stocks and non-cumulative subordinated debts without maturity dates - qualifying as bank-level Tier I Capital	15,333,000
Other preferred stock and subordinated financial debentures	-
Capital received in advance	-
Capital surplus	203,143,822
Legal reserve	78,018,683
Special reserve	230,128,217
Retained earnings	273,370,397
Equity adjustments	(57,994,700)
Less: Goodwill and other intangible assets	(525)
Less: Deferred assets	(1,881,272)
Less: Treasury stock	<u>-</u>
Total eligible capital	<u>\$ 886,809,724</u>

40. BUSINESS COMBINATIONS-SUBSIDIARIES ACQUIRED

a. Subsidiaries acquired

Subsidiary	Principal Activity	Date of Acquisition	Proportion of Voting Equity Interests Acquired (%)	Consideration Transferred
Jian Kun Energy Co., Ltd.	Energy technical services	November 3, 2025	95.10	<u>\$ 12,363</u>

On November 3, 2025, Cathay Power Inc. acquired 95.10% of Jian Kun Energy shares in cash and obtained control of Jian Kun Energy.

b. Non-controlling interests

The non-controlling interest recognized at the acquisition date was measured by reference to the proportionate share of the identifiable net assets.

c. Net cash inflow on the acquisition of subsidiaries

	Jian Kun Energy
Consideration paid in cash	\$ 12,363
Less: Cash and cash equivalent balances acquired	<u>(13,000)</u>
	<u>\$ (637)</u>

d. Impact of acquisitions on the results of the Group

The financial performances of acquirees do not have significant impact to the Group from acquisition date to the date the consolidated financial statements authorized for issue.

41. DISPOSAL OF SUBSIDIARIES

Cathay Life Insurance completed the disposal of all shares in CHL and its subsidiaries on April 3, 2024 and lost control over the subsidiaries.

Cathay Lujiazui Life amended its articles of incorporation on October 9, 2025, resulting in Cathay Life's investment being reclassified from a controlling interest to a significant influence.

a. Consideration received from disposal

	CHL and Subsidiaries	Cathay Lujiazui Life
Cash and cash equivalents	\$ 252,208	\$ -
Shares of Generali Investments Holding S.p.A	\$ 22,484,807	-
Shares of Cathay Lujiazui Life Insurance Co., Ltd.	\$ -	\$ 7,113,786

b. Analysis of assets and liabilities on the date control lost

	CHL and Subsidiaries	Cathay Lujiazui Life
Assets		
Cash	\$ 4,039,745	\$ 15,663,780
Receivables	2,468,117	2,275,970
Current tax assets	61,216	-
Financial assets at FVTPL	1,693,137	161,835,740
Loans	-	4,989,818
Financial assets at FVTOCI	3,244	-
Reinsurance assets	-	80,886
Property and equipment	1,050,842	165,108
Right-of-use assets	695,978	211,657
Goodwill	12,187,864	-
Intangible assets other than goodwill	3,282,654	35,473
Deferred tax assets	402,742	-
Separate account insurance product assets	-	96,143
Other	510,866	2,711,526
Liabilities		
Payables	(3,177,451)	(2,977,942)
Unearned premium reserve	-	(346,493)
Loss reserve	-	(502,235)
Policy reserve	-	(136,242,564)
Reserve for insurance contracts with the nature of financial products	-	(26,574,509)
Lease liabilities	(847,910)	(218,629)
Deferred tax liabilities	(1,024,188)	(790,239)
Other liabilities	(2,566,229)	(389,262)
Separate account insurance product liabilities	-	(96,143)
Net assets on disposal	<u>\$ 18,780,627</u>	<u>\$ 19,928,085</u>

c. Gain on disposal of subsidiary

	CHL and Subsidiaries	Cathay Lujiazui Life
Consideration received	\$ 22,737,015	\$ 7,113,786
Net assets on disposal	(18,780,627)	(19,928,085)
Non-controlling interests	530,893	9,964,043
Reclassification of other comprehensive income in respect of subsidiaries	<u>(1,850,287)</u>	<u>2,995,018</u>
Gain on disposal	<u>\$ 2,636,994</u>	<u>\$ 144,762</u>

d. Net cash outflow from disposal of subsidiary

	CHL and Subsidiaries	Cathay Lujiazui Life
Consideration received in cash	\$ 252,208	\$ -
Less: Cash balance on disposal	<u>(4,039,745)</u>	<u>(15,663,780)</u>
	<u>\$ (3,787,537)</u>	<u>\$ (15,663,780)</u>

42. EQUITY TRANSACTIONS WITH NON-CONTROLLING INTERESTS

On June 26, 2025, Cathay Power Inc. acquired a 27% equity interest in CM Energy, thereby raising its shareholding ratio from 70% to 97%.

	CM Energy
Consideration paid	\$ (386,100)
The proportionate share of subsidiaries' net assets carrying amount transferred from non-controlling interests	<u>310,237</u>
Differences from equity transactions	<u>\$ (75,863)</u>
	CM Energy
<u>Line items adjusted for equity transactions</u>	
Capital surplus - recognition of changes in ownership interests in subsidiaries	\$ (8,320)
Unappropriated earnings	<u>(67,543)</u>
	<u>\$ (75,863)</u>

43. OTHERS

a. Significant assets and liabilities denominated in foreign currencies

The Group's significant financial assets and liabilities denominated in foreign currencies aggregated by the foreign currencies other than the functional currencies and the related exchange rates between the foreign currencies and the respective functional currencies were as follows:

	December 31, 2025		
	Foreign Currency	Exchange Rate	New Taiwan Dollars
<u>Financial assets</u>			
Monetary items			
USD	\$ 183,038,081	31.4380	\$ 5,754,351,190
AUD	10,915,148	21.0273	229,516,092
Non-monetary items			
USD	9,373,020	31.4380	294,669,003
<u>Financial liabilities</u>			
Monetary items			
USD	23,051,042	31.4380	724,678,658
	December 31, 2024		
	Foreign Currency	Exchange Rate	New Taiwan Dollars
<u>Financial assets</u>			
Monetary items			
USD	\$ 174,934,900	32.7810	\$ 5,734,540,957
AUD	9,225,844	20.3947	188,158,321
Non-monetary items			
USD	9,832,163	32.7810	322,308,135
<u>Financial liabilities</u>			
Monetary items			
USD	22,087,859	32.7810	724,062,106

It is not possible to disclose foreign exchange gains (losses) of monetary financial instruments by each significant foreign currency due to the variety of the foreign currencies of the Group. The foreign currency exchange gains for the years ended December 31, 2025 and 2024 were losses of \$121,094,294 thousand and gains of \$213,837,144 thousand, respectively.

b. Information on discretionary investments

1) Cathay Life and its subsidiaries

- a) As of December 31, 2025 and 2024, Cathay Life entrusted securities investment trust companies to provide discretionary investment services on its behalf, and the related investments are as follows:

	December 31	
	2025	2024
Domestic shares	\$ 182,504,720	\$ 209,907,605
Overseas shares	21,736,781	44,479,459
Notes and bonds purchased under resale agreements	1,010,000	12,848,000
Cash in banks	84,660,038	32,382,425
Beneficiary certificates	2,409,944	2,454,130
Corporate bonds	27,660,213	25,994,480
Futures and options	<u>48</u>	<u>50</u>
	<u>\$ 319,981,744</u>	<u>\$ 328,066,149</u>

The carrying amounts of the financial assets held under discretionary securities investment trust enterprises are equal to their fair values.

- b) As of December 31, 2025 and 2024, the discretionary investments limits are as follows (in thousands of each currency):

	December 31	
	2025	2024
NTD	\$ 81,498,000	\$ 135,948,000
USD	1,255,500	1,137,500

2) Cathay Century and its subsidiaries

- a) Cathay Century and its subsidiaries enter into contracts with securities investment trust companies or consulting companies for discretionary investment management. The investment details are disclosed as follows:

Investment Item	December 31	
	2025	2024
Domestic shares	\$ 3,397,091	\$ 2,871,807
Cash in banks	493,461	460,526
Future margins	<u>38,867</u>	<u>38,646</u>
	<u>\$ 3,929,419</u>	<u>\$ 3,370,979</u>

The carrying amounts of the financial assets held under discretionary securities investment trust enterprises are equal to their fair values.

- b) As of December 31, 2025 and 2024, Cathay Century and its subsidiaries entered into discretionary management contracts with investment limits of \$1,200,000 thousand.

c. Disclosure information as required by Article 16 of Regulations Governing the Preparation of Financial Reports by Public Banks

1) Asset quality - loans

(In Thousands of New Taiwan Dollars, %)

Period		December 31, 2025					December 31, 2024				
		Nonperforming Loans (Note 1)	Loan	Ratio of Nonperforming Loans (Note 2)	Allowance for Credit Losses	Coverage Ratio (Note 3)	Nonperforming Loans (Note 1)	Loans	Ratio of Nonperforming Loans (Note 2)	Allowance for Credit Losses	Coverage Ratio (Note 3)
Corporate banking	Secured	\$ 264,190	\$ 443,817,264	0.06%	\$ 3,057,380	1157.27%	\$ 202,231	\$ 424,002,585	0.05%	\$ 3,172,125	1568.56%
	Unsecured	265,798	483,169,075	0.06%	13,191,473	4962.97%	92,684	433,915,311	0.02%	11,621,631	12539.05%
Consumer banking	Housing mortgage (Note 4)	898,199	570,260,867	0.16%	9,155,972	1019.37%	500,071	593,026,997	0.08%	9,422,168	1884.17%
	Cash card	-	-	-	-	-	-	-	-	-	-
	Small-scale credit loans (Note 5)	799,999	155,574,343	0.51%	7,123,250	890.41%	933,809	152,968,502	0.61%	7,193,737	770.37%
	Others (Note 6)	Secured	2,076,289	994,669,107	0.21%	11,355,318	546.90%	1,190,140	879,738,365	0.14%	9,397,595
Unsecured		52,055	177,713,719	0.03%	2,294,306	4407.43%	24,378	136,336,448	0.02%	1,720,305	7056.65%
Total Loan		\$ 4,356,530	\$ 2,825,204,375	0.15%	\$ 46,177,699	1059.97%	\$ 2,943,313	\$ 2,619,988,208	0.11%	\$ 42,527,561	1444.89%
		Nonperforming Receivables	Receivables	Ratio of Nonperforming Receivables	Allowance for Credit Losses	Coverage Ratio	Nonperforming Receivables	Receivables	Ratio of Nonperforming Receivables	Allowance for Credit Losses	Coverage Ratio
Credit cards		\$ 275,369	\$ 122,149,913	0.23%	\$ 2,715,864	986.26%	\$ 319,575	\$ 116,921,971	0.27%	\$ 2,632,724	823.82%
Accounts receivable factored without recourse (Note 7)		-	8,882,221	-	92,415	-	-	4,242,447	-	63,952	-

Note 1: Nonperforming loans are reported to the authorities and disclosed to the public, as required by the “Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Nonperforming/Non-accrued Loans.” Nonperforming credit card receivables are reported to the authorities and disclosed to the public, as required by the Banking Bureau’s letter dated July 6, 2005 (Ref. No. 0944000378).

Note 2: Ratio of nonperforming loans: Nonperforming loans ÷ Outstanding loan balance.
Ratio of nonperforming credit card receivables: Nonperforming credit card receivables ÷ Outstanding credit card receivables balance.

Note 3: Coverage ratio of loans: Allowance for credit losses for loans ÷ Nonperforming loans.
Coverage ratio of credit card receivables: Allowance for credit losses for credit card receivables ÷ Nonperforming credit card receivables.

Note 4: The mortgage loan is for house purchase or renovation and is fully secured by housing that is purchased (owned) by the borrower, the spouse or the minor children of the borrowers.

Note 5: Based on the Banking Bureau’s letter dated December 19, 2005 (Ref. No. 09440010950), small-scale credit loans are unsecured, involve small amounts and exclude credit cards and cash cards.

Note 6: Other consumer banking loans refer to secured or unsecured loans that exclude housing mortgage, cash cards, credit cards and small-scale credit loans, excluding credit cards.

Note 7: As required by the Banking Bureau in its letter dated July 19, 2005 (Ref. No. 0945000494), accounts receivable factored without recourse are reported as nonperforming receivables within three months after the factors or insurance companies refuse to indemnify banks for any liabilities on these accounts.

Not reported as nonperforming loans or nonperforming receivables

Type	Items	December 31, 2025		December 31, 2024	
		Not Reported as Nonperforming Loans	Not Reported as Nonperforming Receivables	Not Reported as Nonperforming Loans	Not Reported as Nonperforming Receivables
	Amounts of executed contracts on negotiated debts not reported as nonperforming loans and receivables (Note 1)	\$ 99	\$ 5,084	\$ 167	\$ 9,023
	Amounts of discharged and executed contracts on clearance of consumer debts not reported as nonperforming loans and receivables (Note 2)	338,550	1,106,947	217,789	1,033,728
	Total	\$ 338,649	\$ 1,112,031	\$ 217,956	\$ 1,042,751

Note 1: Amounts of executed contracts on negotiated debts that are not reported as nonperforming loans or receivables are reported in accordance with the Banking Bureau's letter dated April 25, 2006 (Ref. No. 09510001270).

Note 2: Amounts of discharged and executed contracts on clearance of consumer debts that are not reported as nonperforming loans or receivables are reported in accordance with the Banking Bureau's letter dated September 15, 2008 and September 20, 2016 (Ref. No. 09700318940 and No. 10500134790).

2) Concentration of credit extensions

(In Thousands of New Taiwan Dollars, %)

December 31, 2025			
Rank	Industry Category of Company or Group	Credit Extension Balance	% to Net Asset Value
1	Group A - other financial service activities not elsewhere classified	\$ 22,055,173	6.90
2	Group B - packaging and testing of semi-conductors	18,124,318	5.67
3	Group C - manufacture of other electronic parts and components not elsewhere classified	12,781,034	4.00
4	Group D - aluminum casting industry	11,580,671	3.62
5	Group E - manufacture of other computer peripheral equipment	10,185,912	3.18
6	Group F - real estate development activities	9,100,000	2.85
7	Group G - wholesale of electronic and communication equipment and parts	8,057,856	2.52
8	Group H - real estate development activities	7,567,467	2.37
9	Group I - manufacture of chemical raw materials	7,000,000	2.19
10	Group J - other financial service activities not elsewhere classified	6,843,397	2.14

December 31, 2024			
Rank	Industry Category of Company or Group	Credit Extension Balance	% to Net Asset Value
1	Group A - other financial service activities not elsewhere classified	\$ 22,908,825	7.76
2	Group B - packaging and testing of semi-conductors	18,908,770	6.40
3	Group C - manufacture of other electronic parts and components not elsewhere classified	13,126,779	4.44
4	Group D - real estate development activities	9,100,000	3.08
5	Group E - manufacture of other computer peripheral equipment	7,640,920	2.59
6	Group F - real estate development activities	6,854,767	2.32
7	Group G - other holdings	6,628,373	2.24
8	Group H - manufacture of computers	5,998,923	2.03
9	Group I - convenience store chain	5,976,950	2.02
10	Group J - other holdings	5,565,578	1.88

3) Information on interest rate sensitivity

Interest Rate Sensitivity (New Taiwan Dollars)

(In Thousands of New Taiwan Dollars, %)

December 31, 2025

Items	1 to 90 Days	91 to 180 Days	181 Days to One Year	Over One Year	Total
Interest rate-sensitive assets	\$ 3,175,359,174	\$ 61,958,461	\$ 112,702,918	\$ 172,962,039	\$ 3,522,982,592
Interest rate-sensitive liabilities	599,732,082	2,433,439,294	401,542,176	54,816,324	3,489,529,876
Interest rate-sensitive gap	2,575,627,092	(2,371,480,833)	(288,839,258)	118,145,715	33,452,716
Net worth					319,855,891
Ratio of interest rate-sensitive assets to liabilities					100.96%
Ratio of interest rate sensitivity gap to net worth					10.46%

December 31, 2024

Items	1 to 90 Days	91 to 180 Days	181 Days to One Year	Over One Year	Total
Interest rate-sensitive assets	\$ 2,777,757,224	\$ 33,028,857	\$ 73,799,268	\$ 180,153,751	\$ 3,064,739,100
Interest rate-sensitive liabilities	332,315,317	2,221,143,513	333,529,212	47,552,907	2,934,540,949
Interest rate-sensitive gap	2,445,441,907	(2,188,114,656)	(259,729,944)	132,600,844	130,198,151
Net worth					295,389,604
Ratio of interest rate-sensitive assets to liabilities					104.44%
Ratio of interest rate sensitivity gap to net worth					44.08%

Note 1: The above amounts included only New Taiwan dollar amounts held by Cathay United Bank (i.e., excluding foreign currency).

Note 2: Interest rate-sensitive assets and liabilities mean the revenues or costs of interest-earning assets and interest-bearing liabilities are affected by interest rate changes.

Note 3: Interest rate sensitivity gap = Interest rate-sensitive assets - Interest rate-sensitive liabilities.

Note 4: Ratio of interest rate-sensitive assets to liabilities = Interest rate-sensitive assets ÷ Interest rate-sensitive liabilities (in New Taiwan dollars).

Interest Rate Sensitivity (U.S. Dollars)

(In Thousands of U.S. Dollars, %)

December 31, 2025

Items	1 to 90 Days	91 to 180 Days	181 Days to One Year	Over One Year	Total
Interest rate-sensitive assets	\$ 13,062,692	\$ 2,036,807	\$ 1,800,619	\$ 11,352,291	\$ 28,252,409
Interest rate-sensitive liabilities	13,645,385	3,741,114	4,122,576	4,494,375	26,003,450
Interest rate-sensitive gap	(582,693)	(1,704,307)	(2,321,957)	6,857,916	2,248,959
Net worth					10,174,181
Ratio of interest rate-sensitive assets to liabilities					108.65%
Ratio of interest rate sensitivity gap to net worth					22.10%

December 31, 2024

Items	1 to 90 Days	91 to 180 Days	181 Days to One Year	Over One Year	Total
Interest rate-sensitive assets	\$ 10,556,031	\$ 2,106,906	\$ 1,755,195	\$ 10,054,528	\$ 24,472,660
Interest rate-sensitive liabilities	13,330,108	3,667,624	4,117,057	4,245,352	25,360,141
Interest rate-sensitive gap	(2,774,077)	(1,560,718)	(2,361,862)	5,809,176	(887,481)
Net worth					9,011,000
Ratio of interest rate-sensitive assets to liabilities					96.50%
Ratio of interest rate sensitivity gap to net worth					(9.85%)

Note 1: The above amounts included only U.S. dollar amounts held by Cathay United Bank and excluded contingent assets and contingent liabilities.

Note 2: Interest rate-sensitive assets and liabilities mean the revenues or costs of interest-earning assets and interest-bearing liabilities are affected by interest rate changes.

Note 3: Interest rate sensitivity gap = Interest rate-sensitive assets - Interest rate-sensitive liabilities.

Note 4: Ratio of interest rate-sensitive assets to liabilities = Interest rate-sensitive assets ÷ Interest rate-sensitive liabilities (in U.S. dollars).

4) Maturity analysis of assets and liabilities

Maturity Analysis of Assets and Liabilities (New Taiwan Dollar)

(In Thousands of New Taiwan Dollars)

December 31, 2025

	Total	Remaining Period to Maturity					
		0-10 Days	11-30 Days	31-90 Days	91-180 Days	181 Days - 1 Year	Over 1 Year
Main capital inflow on maturity	\$ 4,464,098,079	\$ 590,392,798	\$ 548,197,133	\$ 409,774,853	\$ 366,317,468	\$ 509,857,911	\$ 2,039,557,916
Main capital outflow on maturity	5,639,720,265	220,659,005	417,072,677	848,974,992	941,254,909	1,268,156,708	1,943,601,974
Gap	(1,175,622,186)	369,733,793	131,124,456	(439,200,139)	(574,937,441)	(758,298,797)	95,955,942

December 31, 2024

	Total	Remaining Period to Maturity					
		0-10 Days	11-30 Days	31-90 Days	91-180 Days	181 Days - 1 Year	Over 1 Year
Main capital inflow on maturity	\$ 3,977,101,065	\$ 456,693,330	\$ 415,788,463	\$ 446,563,460	\$ 305,011,973	\$ 460,995,725	\$ 1,892,048,114
Main capital outflow on maturity	5,024,841,800	203,799,033	293,525,694	814,037,709	887,406,786	1,004,418,205	1,821,654,373
Gap	(1,047,740,735)	252,894,297	122,262,769	(367,474,249)	(582,394,813)	(543,422,480)	70,393,741

Note: The above amounts included only New Taiwan dollar amounts held by Cathay United Bank (i.e., excluding foreign currency).

Maturity Analysis of Assets and Liabilities (U.S. Dollars)

(In Thousands of U.S. Dollars)

December 31, 2025

	Total	Remaining Period to Maturity				
		1-30 Days	31-90 Days	91-180 Days	181 Days - 1 Year	Over 1 Year
Main capital inflow on maturity	\$ 83,414,967	\$ 35,478,200	\$ 18,004,680	\$ 7,713,241	\$ 7,962,166	\$ 14,256,680
Main capital outflow on maturity	93,047,249	37,465,205	19,930,681	10,436,519	15,648,501	9,566,343
Gap	(9,632,282)	(1,987,005)	(1,926,001)	(2,723,278)	(7,686,335)	4,690,337

December 31, 2024

	Total	Remaining Period to Maturity				
		1-30 Days	31-90 Days	91-180 Days	181 Days - 1 Year	Over 1 Year
Main capital inflow on maturity	\$ 107,442,584	\$ 35,448,595	\$ 27,317,975	\$ 17,614,080	\$ 13,981,046	\$ 13,080,888
Main capital outflow on maturity	114,303,999	36,996,566	29,729,307	17,961,003	20,614,622	9,002,501
Gap	(6,861,415)	(1,547,971)	(2,411,332)	(346,923)	(6,633,576)	4,078,387

Note: The above amounts included only U.S. dollar amounts held by Cathay United Bank.

d. Disclosures according to Article 46 of the Financial Holding Company Act

Ending balances of the transaction mentioned in Paragraph 2 of Article 46 of the Financial Holding Company Act, between all subsidiaries of a financial holding company and the same counterparties mentioned in Paragraph 1 of the same article.

December 31, 2025

Expressed in Thousands of New Taiwan Dollars; %

Name	Total Balance	Total Balance to Financial Holding Company's Net Value (%)
1) Same person		
Conning & Company	\$ 1,504,441,253	162.07
Central Bank of the Republic of China (Taiwan)	455,574,659	49.08
United States Treasury Note/Bond	293,256,661	31.59
Taiwan Semiconductor Manufacturing Company Limited	162,567,197	17.51
Fannie Mae	137,663,402	14.83
Capital Investment Trust Corporation	125,317,057	13.50
Freddie Mac	121,734,664	13.11
Treasury bond/treasury bills	115,599,515	12.45
Ctbc Securities Co., Ltd.	98,726,695	10.64
Fubon Asset Management Co., Ltd.	85,065,605	9.16
Yuanta Securities Investment Trust Co., Ltd.	84,726,470	9.13
Ginnie Mae II Pool	83,149,644	8.96
Macquarie Investment Management Advisers	73,356,857	7.90
CTBC Financial Holding Co., Ltd.	65,516,309	7.06
KGI Securities Investment Trust Co., Ltd.	64,069,975	6.90
Indonesia Government International Bond	60,518,354	6.52
Fubon Financial Holding Co., Ltd.	60,189,769	6.48
Israel Government International Bond	59,076,167	6.36
JPMorgan Chase & Co	57,087,669	6.15
Wells Fargo & Co	50,337,513	5.42
Qatar Government International Bond	49,193,695	5.30
Mediatek Inc.	48,851,598	5.26
Mexico Government International Bond	47,681,443	5.14
Barclays PLC	47,373,333	5.10
Goldman Sachs Group Inc	46,561,656	5.02
Fidelity Worldwide Investment	46,308,960	4.99
Quanta Computer Inc.	44,818,991	4.83
AT&T Inc	44,345,913	4.78
BNP Paribas	39,078,139	4.21
Chunghwa Telecom Co., Ltd.	38,891,439	4.19
Citigroup Inc	37,986,644	4.09
Hon Hai Precision Industry Co., Ltd.	36,266,773	3.91
Verizon Communications Inc	35,366,654	3.81
United Microelectronics Corporation	34,650,669	3.73
Petronas Capital Ltd	33,976,229	3.66
Bank of America, N.A.	32,337,858	3.48
Uni-President Enterprises Corporation	31,320,545	3.37
Goldman Sachs Finance Corp International Ltd	30,866,990	3.33
Fuh Hwa Securities Investment Trust Co., Ltd.	29,384,489	3.17
Mega Financial Holding Co., Ltd.	29,264,490	3.15

(Continued)

Name	Total Balance	Total Balance to Financial Holding Company's Net Value (%)
Panama Government International Bond	\$ 28,653,448	3.09
Morgan Stanley	28,193,622	3.04
Far Eastone Telecommunications Co., Ltd.	27,938,822	3.01
Citigroup Global Markets Holdings Inc	27,632,008	2.98
Qatar Petroleum	27,083,228	2.92
Australian Government Bonds	27,079,851	2.92
UBS Ag	26,887,657	2.90
Government National Mortgage Association	26,573,215	2.86
Societe Generale	26,494,121	2.85
ASE Technology Holding Co., Ltd.	26,061,110	2.81
SG Issuer	25,700,963	2.77
Sinopec Group Overseas Development Ltd	25,594,733	2.76
Commonwealth Bank of Australia	24,639,228	2.65
Lexington Partners L.P.	24,122,056	2.60
Global Evolution Holding ApS	23,524,715	2.53
Tencent Holdings Ltd	23,182,688	2.50
Credit Agricole Sa	23,027,898	2.48
Alibaba Group Holding Ltd	22,961,674	2.47
Elevance Health Inc.	22,570,823	2.43
Yuanta Financial Holding Co., Ltd.	22,445,033	2.42
Merrill Lynch B.V.	22,239,183	2.40
Pertamina Pt	22,228,019	2.39
Comcast Corp	22,120,495	2.38
London Clearing House	22,022,284	2.37
Strategic Partners Fund Solutions Advisors L.P	21,907,420	2.36
King Yuan Electronics Co., Ltd.	21,877,530	2.36
Saudi Government International Bond	21,652,158	2.33
Russian Foreign Bond - Eurobond	21,500,499	2.32
Anheuser-Busch InBev Worldwide Inc	21,200,958	2.28
Abu Dhabi Government International Bond	20,952,565	2.26
Saudi Arabian Oil Co	20,699,172	2.23
E.Sun Commercial Bank, Ltd.	20,492,657	2.21
UnitedHealth Group Inc	20,424,351	2.20
America Movil SAB De CV	20,234,785	2.18
Monetary Authority of Singapore	20,144,125	2.17
Asustek Computer Incorporation	19,850,576	2.14
T-Mobile Usa Inc	19,241,214	2.07
Bank of America Corp	18,894,208	2.04
Westpac Banking Corp	18,441,266	1.99
Chile Government International Bond	18,345,379	1.98
AbbVie Inc	18,271,443	1.97
European Investment Bank	17,747,328	1.91
Bank of Montreal	17,466,225	1.88
PT Perusahaan Listrik Negara (Persero)	17,331,710	1.87
Amgen Inc	17,253,214	1.86

(Continued)

Name	Total Balance	Total Balance to Financial Holding Company's Net Value (%)
Taiwan Mobile Co., Ltd.	\$ 17,246,020	1.86
Fomento Economico Mexicano SAB De CV	17,071,139	1.84
BlackRock Inc	17,068,803	1.84
Finance Bureau, Kaohsiung City Government	17,002,149	1.83
AIA Group Ltd	16,874,730	1.82
Delta Electronics, Inc.	16,827,114	1.81
Republica Orient Uruguay	16,659,779	1.79
Reliance Industries Ltd	16,592,166	1.79
Catcher Technology Co., Ltd.	16,545,032	1.78
Southern Copper Corp	16,175,632	1.74
Cooperatieve Centrale Raiffeisen-Boerenleenbank Ba/Netherlands	16,123,562	1.74
MDC-GMTN B.V.	16,081,455	1.73
Standard Chartered Bank	15,929,270	1.72
CNOOC Ltd	15,710,406	1.69
Republic of Korea	15,668,370	1.69
LITE-ON Technology Corp.	15,330,515	1.65
Oracle Corp	15,113,389	1.63
Colombia Government International Bond	15,033,069	1.62
Bank of Taiwan	15,026,578	1.62
Mega International Commercial Bank Co., Ltd	14,995,031	1.62
Wistron Corporation	14,883,271	1.60
GB Government	14,685,139	1.58
IBM Corp	14,642,222	1.58
CVS Health Corp	14,617,791	1.57
Nvidia Corp	14,586,469	1.57
Raytheon Technologies Corp	14,463,932	1.56
The Cigna Group	14,388,566	1.55
Sinopec Group Overseas Development 2018 Ltd	14,237,524	1.53
Taipei Fubon Commercial Bank Co., Ltd.	14,228,927	1.53
HSBC Holdings Plc	14,131,199	1.52
Bristol-Myers Squibb Co	14,064,754	1.52
New South Wales Treasury Corp	13,941,969	1.50
Novatek Microelectronics Corp.	13,911,325	1.50
UBS Group Ag	13,854,981	1.49
Telefonica Emisiones Sau	13,851,721	1.49
CTBC Bank Co., Ltd.	13,795,144	1.49
Realtek Semiconductor Corp.	13,346,937	1.44
Amazon.com Inc	13,310,842	1.43
Citic Limited	13,260,405	1.43
Land Bank of Taiwan Co., Ltd.	13,236,265	1.43
Walt Disney Co/The	13,099,971	1.41
State of California	12,952,035	1.40
Berkshire Hathaway Energy Co	12,928,525	1.39
Sumitomo Mitsui DS Asset Management Company	12,910,501	1.39

(Continued)

Name	Total Balance	Total Balance to Financial Holding Company's Net Value (%)
Apple Inc	\$ 12,667,991	1.36
Sumitomo Mitsui Financial Group Inc	12,632,619	1.36
Vodafone Group Plc	12,613,854	1.36
National Australia Bank Ltd	12,583,764	1.36
TSMC Arizona Corp	12,537,539	1.35
Cnooc Petroleum Na Ulc	12,203,532	1.31
State Grid Overseas Investment Ltd	12,196,020	1.31
The Shanghai Commercial & Savings Bank, Ltd.	12,116,381	1.31
Compal Electronics, Inc.	11,982,618	1.29
Lloyds Bank Plc	11,910,392	1.28
Abbott Laboratories	11,830,720	1.27
Intercontinental Exchange Inc	11,636,280	1.25
Prudential Financial Inc	11,592,193	1.25
Gilead Sciences Inc	11,577,806	1.25
Chailease Finance Co., Ltd.	11,526,406	1.24
National Bank of Canada	11,335,817	1.22
Union Pacific Corp	11,236,012	1.21
BPCE Sa	11,134,913	1.20
Phillips 66	10,935,460	1.18
Philippine Government International Bond	10,931,178	1.18
Enel Finance International Nv	10,793,686	1.16
Accton Technology Corporation	10,723,420	1.16
Shinhan Bank	10,688,183	1.15
Taiwan Business Bank Co., Ltd.	10,671,065	1.15
Far Eastern New Century Corporation	10,642,678	1.15
United Kingdom Gilt	10,529,162	1.13
Intel Corp	10,367,407	1.12
BP Capital Markets America Inc	10,318,263	1.11
Inventec Corporation	10,184,281	1.10
Microsoft Corp	10,002,491	1.08
Merck & Co Inc	9,981,054	1.08
Queensland Treasury Corp	9,917,324	1.07
PepsiCo Inc	9,917,169	1.07
International Games System Co., Ltd.	9,855,936	1.06
Treasury Corporation Of Victoria	9,758,917	1.05
Chailease Holding Company Limited	9,693,799	1.04
Alphabet Inc	9,693,509	1.04
Elite Material Co., Ltd.	9,650,018	1.04
Enbridge Inc	9,631,371	1.04
Baillie Gifford Overseas Limited	9,626,449	1.04
Shin Kong Investment Trust Co., Ltd.	9,622,980	1.04
Australia And New Zealand Banking Group Ltd	9,610,061	1.04
HKT Capital No 1 Ltd	9,512,270	1.02
Grupo Televisa Sa	9,425,469	1.02

(Continued)

Name	Total Balance	Total Balance to Financial Holding Company's Net Value (%)
Taishin Financial Holding Co., Ltd.	\$ 9,405,130	1.01
Mega Bills Finance Co., Ltd.	9,337,561	1.01
Meta Platforms Inc	9,251,824	1.00
Chroma Ate Inc.	9,197,689	0.99
Corp Nacional del Cobre de Chile	9,094,821	0.98
Altria Group Inc	9,075,915	0.98
Consolidated Edison Co of New York Inc	9,043,911	0.97
GIGA-BYTE Technology Co., Ltd.	9,034,880	0.97
Dragon Steel Corporation	9,032,549	0.97
China Development Bank Corp	9,032,134	0.97
Burlington Northern Santa Fe LLC	9,022,887	0.97
State Street Bank and Trust Company	8,952,696	0.96
Uae International Government Bond	8,931,392	0.96
TransCanada PipeLines Ltd	8,925,473	0.96
First Commercial Bank Co., Ltd.	8,870,293	0.96
Advanced Semiconductor Engineering, Inc	8,712,019	0.94
Peruvian Government International Bond	8,670,942	0.93
Banco Santander SA	8,664,748	0.93
Vanguard International Semiconductor Corporation	8,495,993	0.92
Brookfield Asset Management Inc	8,466,657	0.91
Asia Vital Components Co., Ltd.	8,322,345	0.90
Alexandria Real Estate Equities Inc	8,244,831	0.89
Royal Bank of Canada	8,193,294	0.88
Morgan Stanley Finance LLC	8,192,572	0.88
Berkshire Hathaway Finance Corp	8,177,739	0.88
Kazakhstan Government International Bond	8,156,355	0.88
Taishin International Bank CO., LTD.	8,131,841	0.88
Enterprise Products Operating LLC	8,048,061	0.87
Deutsche Telekom AG	8,045,694	0.87
ARDIAN Investment UK Ltd.	8,024,797	0.86
International Bills Finance Corporation	7,899,192	0.85
Norfolk Southern Corp	7,779,513	0.84
Hamilton Lane Advisors, L.L.C	7,775,707	0.84
Csx Corp	7,748,364	0.83
Fu Yu Construction Co., Ltd.	7,737,342	0.83
Nanya Technology Corporation	7,726,939	0.83
Eli Lilly & Co	7,726,310	0.83
Standard Chartered Bank Taiwan	7,718,017	0.83
Dow Chemical Co	7,672,364	0.83
Oaktree Capital Management, L.P.	7,643,050	0.82
Zhen Ding Technology Co., Ltd.	7,642,298	0.82
Gold Circuit Electronics Ltd.	7,642,272	0.82
UniCredit SpA	7,605,042	0.82
Santander International Products PLC	7,603,549	0.82
Fubon Life Insurance Co., Ltd.	7,544,109	0.81

(Continued)

Name	Total Balance	Total Balance to Financial Holding Company's Net Value (%)
Formosa Plastics Corporation	\$ 7,482,475	0.81
Coca-Cola Co	7,457,448	0.80
Nan Ya Plastics Corporation	7,373,461	0.79
Bell Canada	7,357,308	0.79
Hotai Finance Co., Ltd.	7,333,206	0.79
Wiwynn Corporation	7,276,107	0.78
BizLink Holding Inc.	7,220,697	0.78
Sinopac Financial Holdings Co., Ltd.	7,166,557	0.77
Prosus NV	7,159,145	0.77
Mitsubishi UFJ Financial Group Inc	7,127,801	0.77
Kookmin Bank	7,093,202	0.76
Capital Securities Corp.	6,997,212	0.75
United Technologies Corp	6,963,168	0.75
BBVA Global Markets BV	6,955,528	0.75
JPMorgan Liquidity Funds	6,916,360	0.75
Broadcom Inc	6,897,490	0.74
Rogers Communications Inc	6,866,975	0.74
Yageo Corp.	6,862,498	0.74
China Steel Corporation	6,837,455	0.74
Energy Transfer Equity LP	6,828,939	0.74
Hua Nan Securities Co., Ltd.	6,771,429	0.73
Visa Inc	6,766,543	0.73
Mdgh Gmtn Rsc Ltd	6,697,539	0.72
PTT Treasury Center Co Ltd	6,694,072	0.72
Humana Inc	6,677,033	0.72
Nextera Energy Capital Holdings Inc	6,659,027	0.72
Hungary Government International Bond	6,652,435	0.72
Bay Area Toll Authority	6,615,872	0.71
China Bills Finance Corporation	6,605,639	0.71
Largan Precision Co., Ltd.	6,595,049	0.71
Mpi Corporation	6,592,500	0.71
Abu Dhabi National Energy Co	6,575,394	0.71
Port Authority of New York & New Jersey	6,572,198	0.71
Korea Development Bank	6,478,171	0.70
TSMC Global Ltd	6,464,740	0.70
Bundesrepublik Deutschland	6,408,632	0.69
Landesbank Baden-Wuerttemberg	6,391,744	0.69
MetLife Inc	6,370,016	0.69
Walmart Inc	6,227,254	0.67
BAT Capital Corp	6,208,969	0.67
ConocoPhillips	6,123,261	0.66
Grupo Bimbo SAB De CV	6,073,991	0.65
Advanced Micro Devices, Inc.	6,066,954	0.65
Macquarie Group Ltd	6,056,293	0.65

(Continued)

Name	Total Balance	Total Balance to Financial Holding Company's Net Value (%)
European Union	\$ 6,037,897	0.65
Blackstone Real Estate Advisors L.P.	6,031,576	0.65
Bangkok Bank Public Company Limited.	5,933,812	0.64
Minera Mexico SA De CV	5,912,547	0.64
American Tower Corp	5,890,448	0.63
Crown Castle Intl Corp	5,864,563	0.63
Exxon Mobil Corp	5,846,070	0.63
Fubon Securities Co., Ltd.	5,842,968	0.63
KGI Securities Co., Ltd.	5,810,986	0.63
Bayer US Finance Llc	5,805,260	0.63
Deutsche Bank AG	5,771,709	0.62
Jentech Precision Industrial Co., Ltd.	5,751,980	0.62
Comision Federal De Electricidad	5,731,363	0.62
Shell finance US Inc.	5,694,795	0.61
Korea Water Resources	5,691,379	0.61
ING Groep Nv	5,646,067	0.61
Dallas/Fort Worth International Airport	5,629,884	0.61
Italy Buoni Poliennali Del Tesoro	5,627,656	0.61
MasterLink Securities Corporation	5,602,873	0.60
Industrias Penoles SAB De CV	5,597,346	0.60
Tainan City Government	5,571,400	0.60
Cheng Shin Rubber Ind. Co., Ltd.	5,562,126	0.60
Nationwide Building Society	5,542,807	0.60
Asian Development Bank	5,516,517	0.59
Unimicron Technology Corp.	5,516,478	0.59
Orbimed Advisors LLC	5,508,577	0.59
Baidu Inc	5,488,152	0.59
Natwest Group Plc	5,478,388	0.59
PacifiCorp	5,461,966	0.59
Takeda Pharmaceutical Co Ltd	5,458,850	0.59
Bank of Nova Scotia	5,434,120	0.59
ONEOK Inc	5,413,040	0.58
Regents of The University of California Medical Center Pooled Revenue	5,407,705	0.58
Kroger Co	5,385,331	0.58
Powertech Technology Inc.	5,375,905	0.58
Coatue Management, L.L.C.	5,375,365	0.58
Florida Power & Light Co	5,365,639	0.58
President Securities Corporation	5,360,830	0.58
China Overseas Land & Investment Ltd	5,356,695	0.58
Pfizer Investment Enterprises Pte. Ltd.	5,317,861	0.57
Indian Railway Finance Corp Ltd	5,311,790	0.57
PCCW Capital No 5 Ltd	5,275,608	0.57
Vivo Capital Llc	5,234,889	0.56

(Continued)

Name	Total Balance	Total Balance to Financial Holding Company's Net Value (%)
JUT Land Development Company Limited	\$ 5,230,280	0.56
Nuveen Asset Management	5,218,188	0.56
China Development Financial Co., Ltd.	5,211,748	0.56
Macquarie Bank Ltd	5,207,740	0.56
Mercury Taiwan Holdings Limited	5,177,684	0.56
Texas Instruments Inc	5,172,417	0.56
Freeport-McMoRan Copper & Gold Inc	5,147,425	0.55
Indofood Cbp Sukses Makmur Tbk Pt	5,127,221	0.55
Wells Fargo Bank,N.A.	5,104,282	0.55
DuPont de Nemours, Inc.	5,089,537	0.55
Kraft Heinz Food Company	5,055,081	0.54
Paramount Global	5,041,899	0.54
PayPal Holdings Inc	5,041,576	0.54
CK Hutchison International 19 II Ltd.	5,040,177	0.54
Rheinmetall AG	4,934,160	0.53
Japan Government	4,929,201	0.53
BHP Billiton Finance Usa Ltd	4,916,996	0.53
Korea Gas Corp	4,850,157	0.52
Spain Government Bond	4,845,495	0.52
Marsh & McLennan Cos Inc	4,839,650	0.52
Fositek Corp.	4,819,750	0.52
Yuanta Securities Co., Ltd	4,819,328	0.52
HSBC Investment Funds Limited	4,815,331	0.52
Kinder Morgan Inc/De	4,801,195	0.52
South Australian Government Financing Authority	4,790,711	0.52
Nea Management Company, Llc	4,776,353	0.51
Pfizer Inc	4,743,655	0.51
Williams Cos Inc/The	4,733,942	0.51
Italy Govt Int Bond	4,717,626	0.51
Hotai Leasing Co., Ltd.	4,667,743	0.50
Taiwan Cooperative Bank Co., Ltd.	4,645,635	0.50
President Chain Store Corporation	4,639,418	0.50
ADCB Finance Cayman Ltd	4,638,965	0.50
National Retail Properties Inc	4,626,905	0.50
First Securities Inc.	4,597,215	0.50
Astrazeneca PLC	4,575,748	0.49
SinoPac Securities Investment Trust Co., Ltd.	4,564,306	0.49
East Pride Group Limited	4,527,072	0.49
Standard Chartered Bank London	4,513,602	0.49
Himax Technologies, Inc.	4,473,627	0.48
Electricite De France	4,472,272	0.48
Canadian Pacific Railway Ltd	4,457,753	0.48
Occidental Petroleum Corp	4,442,193	0.48
Canadian Natural Resources Ltd	4,384,078	0.47

(Continued)

Name	Total Balance	Total Balance to Financial Holding Company's Net Value (%)
Lowe's Cos Inc	\$ 4,368,096	0.47
Southern Co	4,366,699	0.47
Vale Overseas Ltd	4,366,032	0.47
Taishin Securities Co., Limited	4,349,654	0.47
San Miguel Corporation	4,338,444	0.47
Pou Chen Corporation	4,317,562	0.47
Cyber Company Inc	4,303,862	0.46
Export-Import Bank of China	4,299,210	0.46
Ememory Technology Inc.	4,293,860	0.46
KKR Alternative Investment Management Unlimited Company	4,283,659	0.46
Home Depot Inc	4,266,441	0.46
Hua Nan Commercial Bank Co., Ltd.	4,248,531	0.46
Global Evolution Manco S.A.	4,243,904	0.46
Taiwan Union Technology Corporation	4,232,354	0.46
Total Capital International Sa	4,227,011	0.46
Siliconware Precision Industries Co., Ltd.	4,214,345	0.45
Deutsche Telekom International Finance Bv	4,211,932	0.45
Orsted Wind Power Tw Holding A/S	4,209,960	0.45
Zurich Finance Ireland Designated Activity Co	4,150,172	0.45
Blackstone Infrastructure Advisors L.L.C.	4,093,524	0.44
Banco De Chile	4,091,749	0.44
Yulon Finance Corporation	4,084,086	0.44
Tyson Foods Inc	4,071,319	0.44
Pttep Canada International Finance Ltd	4,067,163	0.44
Boeing Co	4,061,419	0.44
Taishin Securities Investment Trust Company Limited	4,043,413	0.44
Yue Bow Enterprise Co., Ltd	4,030,000	0.43
Nisource Finance Corp	4,013,688	0.43
Taipei Exchange	4,007,415	0.43
Valero Energy Corp	3,992,067	0.43
Kasikornbank Pcl/Hong Kong	3,991,807	0.43
Corp Andina De Fomento	3,986,145	0.43
Duke Energy Carolinas	3,983,465	0.43
Agricultural Bank of Taiwan	3,973,230	0.43
Uni-President Assets Management Corp.	3,968,000	0.43
Co-Tech Development Corp.	3,958,330	0.43
Air Lease Corp	3,932,314	0.42
Infraestructura Energetica Nova SAB De CV	3,921,930	0.42
Octagon Credit Investors, LLC	3,917,090	0.42
Shinshin Credit Corporation	3,917,002	0.42
Yunneng Wind Power Co., Ltd.	3,901,240	0.42
Rio Tinto Finance USA PLC	3,897,418	0.42
UBS Asset Management Ltd.	3,881,768	0.42

(Continued)

Name	Total Balance	Total Balance to Financial Holding Company's Net Value (%)
Allianz Se	\$ 3,866,230	0.42
Srisawad Corporation Public Company Limited	3,851,880	0.41
Ecopetrol SA	3,824,163	0.41
Dr Pepper Snapple Group Inc	3,806,206	0.41
Carrier Global Corp	3,798,623	0.41
Hartford financial services group inc	3,790,035	0.41
Sherwin-Williams Co	3,771,867	0.41
Suncor Energy Inc	3,762,576	0.41
Korea Expressway Corp	3,756,117	0.40
Yuan Lih Constructions Co., Ltd.	3,706,838	0.40
Yuanta Futures Co., Ltd.	3,703,112	0.40
CK Hutchison International 20 Ltd.	3,689,349	0.40
Charter Comm Opt Llc/Cap	3,683,745	0.40
Jpmorgan Chase Bank, N.A.	3,677,625	0.40
BBVA Bancomer Sa	3,674,834	0.40
China Cinda 2020 I Management Ltd	3,636,179	0.39
Dominion Energy Inc	3,633,467	0.39
Yang○○	3,631,740	0.39
Yuanta Securities Finance Co., Ltd.	3,629,174	0.39
Credit Agricole Cib, London	3,628,219	0.39
Alchip Technologies, Inc.	3,623,278	0.39
Halliburton Co	3,619,698	0.39
Manulife Financial Corp	3,612,858	0.39
First Financial Holding Co., Ltd.	3,575,135	0.39
Australia And New Zealand Banking Group Ltd Australia	3,574,130	0.39
Grand Parkway Transportation Corp	3,558,015	0.38
Citigroup Global Markets Limited	3,555,406	0.38
CTBC Securities Co., Ltd.	3,555,022	0.38
Asia Alternatives Management Llc	3,523,698	0.38
Hca Inc	3,514,799	0.38
Allstate Corp	3,507,587	0.38
Acer Incorporated	3,501,003	0.38
SinoPac Securities Corporation	3,485,673	0.38
Deutsche Bahn Finance Gmbh	3,475,664	0.37
Athene Holding Ltd	3,474,820	0.37
Romanian Government International Bond	3,434,623	0.37
Moody's Corp	3,412,806	0.37
Kaiyue Construction Co., Ltd.	3,400,000	0.37
Mega Securities Co., Ltd.	3,391,789	0.37
ENI Spa	3,379,963	0.36
Taiwan Cooperative Financial Holding Co., Ltd.	3,377,691	0.36
Allianz Global Investors Gmbh	3,373,098	0.36
Huaku Development Co., Ltd.	3,364,207	0.36
Thaioil Treasury Center Co Ltd	3,356,085	0.36

(Continued)

Name	Total Balance	Total Balance to Financial Holding Company's Net Value (%)
Temasek Financial I Ltd	\$ 3,352,948	0.36
Vietnam Government Bond	3,349,193	0.36
Marathon Petroleum Corp	3,345,184	0.36
CIC	3,328,568	0.36
Thoma Bravo, Llc	3,317,345	0.36
Molson Coors Brewing Co	3,299,265	0.36
Insight Venture Management, Llc	3,298,190	0.36
American International Group Inc	3,279,773	0.35
Peco Energy Co	3,274,147	0.35
Homeplus Digital Co., Ltd.	3,260,530	0.35
Aon North America Inc	3,254,534	0.35
Chicago O'Hare International Airport	3,252,465	0.35
BP Capital Markets PLC	3,247,335	0.35
Mapletree Treasury Services Limited	3,231,204	0.35
Barrick North America Finance Llc	3,223,052	0.35
Fina Finance & Trading Co., Ltd.	3,217,580	0.35
China Cinda Asset Management Co Ltd	3,217,571	0.35
Vanguard Group Inc/The	3,211,511	0.35
General Motors Co	3,196,644	0.34
Yuanta Commercial Bank	3,188,972	0.34
Pttep Treasury Center Co	3,163,436	0.34
Ares Capital Management Llc	3,150,964	0.34
Mitsubishi Corp	3,146,534	0.34
Credit Suisse AG, London Branch	3,143,800	0.34
Auckland Council	3,143,800	0.34
Aep Transmission Co Llc	3,139,449	0.34
Qtel International Finance Ltd	3,138,891	0.34
Ho-Chen International Development Co., Ltd.	3,134,676	0.34
Sinopec Capital Ltd	3,134,185	0.34
Evergreen Marine (ASIA) Pte. Ltd.	3,117,392	0.34
Bimbo Bakeries USA Inc	3,117,298	0.34
Reliance Industries Limited	3,108,380	0.33
Sociedad Quimica y Minera de Chile SA	3,101,251	0.33
Kindom Development Co., Ltd.	3,099,206	0.33
Wise Decade Investments Limited	3,091,176	0.33
E. Sun Financial Holding Company, Ltd.	3,081,342	0.33
Foxconn Interconnect Technology Limited Taiwan Branch (Cayman)	3,080,000	0.33
Newmont Corp	3,070,729	0.33
Intesa Sanpaolo Spa	3,069,691	0.33
Mondelez International Inc	3,061,972	0.33
EOG Resources Inc	3,055,334	0.33
Tesla Motors Inc	3,040,653	0.33
Realty Income Corp	3,036,112	0.33

(Continued)

Name	Total Balance	Total Balance to Financial Holding Company's Net Value (%)
Legal & General Group	\$ 3,033,190	0.33
QNB Finance Ltd	3,021,924	0.33
Corebridge Financial Inc	3,003,332	0.32
Anheuser-Busch Inbev Finance Inc	3,001,262	0.32
Taoyuan City Government	3,000,000	0.32
2) Enterprises where the same natural person and his/her spouse, blood relative within the second degree of kinship, oneself or his/her spouse is the person-in-charge		
Enterprises where Liang and his/her spouse, blood relative within the second degree of kinship, oneself or his/her spouse is the person-in-charge	16,576,961	1.79
Enterprises where Lin and his/her spouse, blood relative within the second degree of kinship, oneself or his/her spouse is the person-in-charge	12,190,308	1.31
Enterprises where Yang and his/her spouse, blood relative within the second degree of kinship, oneself or his/her spouse is the person-in-charge	9,682,469	1.04
Enterprises where Huang and his/her spouse, blood relative within the second degree of kinship, oneself or his/her spouse is the person-in-charge	7,760,698	0.84
Enterprises where Yang and his/her spouse, blood relative within the second degree of kinship, oneself or his/her spouse is the person-in-charge	6,374,804	0.69
Enterprises where Chu and his/her spouse, blood relative within the second degree of kinship, oneself or his/her spouse is the person-in-charge	5,874,780	0.63
Enterprises where Wang and his/her spouse, blood relative within the second degree of kinship, oneself or his/her spouse is the person-in-charge	4,310,885	0.46
Enterprises where Zhang and his/her spouse, blood relative within the second degree of kinship, oneself or his/her spouse is the person-in-charge	4,200,396	0.45
Enterprises where Zhao and his/her spouse, blood relative within the second degree of kinship, oneself or his/her spouse is the person-in-charge	4,124,306	0.44
Enterprises where Zhao and his/her spouse, blood relative within the second degree of kinship, oneself or his/her spouse is the person-in-charge	4,012,787	0.43
Enterprises where Liao and his/her spouse, blood relative within the second degree of kinship, oneself or his/her spouse is the person-in-charge	3,851,943	0.41
Enterprises where Ruan and his/her spouse, blood relative within the second degree of kinship, oneself or his/her spouse is the person-in-charge	3,779,759	0.41

(Continued)

Name	Total Balance	Total Balance to Financial Holding Company's Net Value (%)
Enterprises where Lee and his/her spouse, blood relative within the second degree of kinship, oneself or his/her spouse is the person-in-charge	\$ 3,768,678	0.41
Enterprises where Lo Li and his/her spouse, blood relative within the second degree of kinship, oneself or his/her spouse is the person-in-charge	3,718,775	0.40
Enterprises where Yu and his/her spouse, blood relative within the second degree of kinship, oneself or his/her spouse is the person-in-charge	3,663,785	0.39
Enterprises where Sung and his/her spouse, blood relative within the second degree of kinship, oneself or his/her spouse is the person-in-charge	3,566,851	0.38
Enterprises where Wang and his/her spouse, blood relative within the second degree of kinship, oneself or his/her spouse is the person-in-charge	3,561,746	0.38
Enterprises where Fan and his/her spouse, blood relative within the second degree of kinship, oneself or his/her spouse is the person-in-charge	3,318,030	0.36
Enterprises where Yang and his/her spouse, blood relative within the second degree of kinship, oneself or his/her spouse is the person-in-charge	3,055,287	0.33
3) Affiliates with same juridical person		
United States of America and its supervisory agency	678,896,106	73.13
Republic of China and its supervisory agency	598,647,723	64.49
Fubon Group	192,630,151	20.75
Tsmc Group	190,804,261	20.55
Group of CTBC Financial Holdings	182,628,605	19.67
Capital Financial Group	134,109,514	14.45
Group of Yuanta Financial Holdings	123,119,687	13.26
Macquarie Group Ltd and its related parties	85,196,301	9.18
KGI Group	80,536,055	8.68
Goldman Sachs Group Inc and its related parties	78,418,683	8.45
Bank of America Corp and its related parties	74,542,285	8.03
JPMorgan Chase & Co and its related parties	73,702,531	7.94
Citigroup Inc and its related parties	72,151,954	7.77
Australia and its supervisory agency	65,488,772	7.05
Republic of Indonesia and its supervisory agency	60,908,367	6.56
Group of Mega Financial Holdings	60,249,461	6.49
Wells Fargo & Co and its related parties	55,441,795	5.97
UMC Group	54,668,744	5.89
Uni-President Group	53,418,185	5.75
Societe Generale Sa and its related parties	52,320,200	5.64
United Mexican States and its supervisory agency	50,473,756	5.44
Fidelity and its related parties	50,432,957	5.43

(Continued)

Name	Total Balance	Total Balance to Financial Holding Company's Net Value (%)
Barclays Plc and its related parties	\$ 49,955,627	5.38
Foxconn Technology Group	49,661,934	5.35
Ubs Group Ag and its related parties	48,628,948	5.24
The Far Eastern Group	47,201,097	5.08
Quanta Computer Group	45,573,503	4.91
Group of TS Financial Holdings	44,593,280	4.80
At&T Inc and its related parties	44,456,095	4.79
China Petrochemical Corp and its related parties	43,004,084	4.63
ASE Technology Holding Group	41,564,484	4.48
Bnp Paribas Sa and its related parties	40,656,664	4.38
CHT Group	40,042,791	4.31
Morgan Stanley and its related parties	37,572,282	4.05
Berkshire Hathaway Inc and its related parties	36,341,638	3.91
Credit Agricole Group and its related parties	30,494,037	3.28
Sumitomo Group and its related parties	30,281,980	3.26
Standard Chartered Plc and its related parties	28,162,247	3.03
China National Offshore Oil Corp and its related parties	27,913,938	3.01
Commonwealth Bank of Australia and its related parties	27,050,629	2.91
Chailease Holding Group	25,637,995	2.76
Group of E.Sun Financial Holdings	25,351,467	2.73
Anheuser-Busch Inbev Sa/Nv and its related parties	25,183,000	2.71
London Stock Exchange Group Plc and its related parties	24,221,150	2.61
Kingdom of Saudi Arabia and its supervisory agency	24,217,328	2.61
Wistron Group	23,965,367	2.58
HSBC Holdings Plc and its related parties	23,232,188	2.50
Mubadala Investment Co and its related parties	22,778,994	2.45
Hon Tai Group	22,393,143	2.41
KYEC Group	22,237,504	2.40
Grupo Mexico Sab De Cv and its related parties	22,088,654	2.38
Emirate of Abu Dhabi United Arab Emirates and its related parties	21,214,150	2.29
Yuen Foong Yu Group	20,491,373	2.21
Lite-On Technology Group	20,357,736	2.19
Reliance Industries Ltd and its related parties	19,700,546	2.12
T-Mobile Us Inc and its related parties	19,445,273	2.09
Fomento Economico Mexicano Sab De Cv and its related parties	18,645,542	2.01
Westpac Banking Corp and its related parties	18,450,052	1.99
Blackrock Inc and its related parties	18,306,085	1.97
Group of First Financial Holdings	17,979,510	1.94
Banco Santander Sa and its related parties	17,585,850	1.89
Delta Electronics Group	16,856,922	1.82
China Steel Group	16,507,608	1.78
Republic of Korea and its supervisory agency	15,954,978	1.72

(Continued)

Name	Total Balance	Total Balance to Financial Holding Company's Net Value (%)
Land Bank of Taiwan Group	\$ 15,708,780	1.69
Nan Ya Plastics Group	15,386,656	1.66
International Business Machines Corp and its related parties	15,221,412	1.64
Cigna Corp and its related parties	15,009,098	1.62
Pccw Ltd and its related parties	14,787,878	1.59
Bristol-Myers Squibb Co and its related parties	14,607,946	1.57
Bp Plc and its related parties	14,595,089	1.57
Ck Hutchison Holdings Ltd and its related parties	14,129,746	1.52
Ptt Pcl and its related parties	13,924,671	1.50
Australia & New Zealand Banking Group Ltd and its related parties	13,881,938	1.50
Telefonica Sa and its related parties	13,863,191	1.49
National Australia Bank Ltd and its related parties	13,794,876	1.49
Asia Vital Components Group	13,587,329	1.46
Blackstone Group Inc and its related parties	13,567,522	1.46
Realtek Semiconductor Group	13,546,697	1.46
Enel Spa and its related parties	13,418,353	1.45
Citic Group	13,399,474	1.44
Lloyds Banking Group Plc and its related parties	13,310,918	1.43
Mitsubishi Corporation Group	13,080,061	1.41
Hotai Motor Group	12,922,118	1.39
American Electric Power Co Inc and its related parties	12,838,600	1.38
Dowdupont Inc and its related parties	12,761,901	1.37
Groupe Bpce and its related parties	12,754,147	1.37
Kinpo Group	12,426,854	1.34
Nextera Energy Inc and its related parties	12,353,061	1.33
Deutsche Telekom Ag and its related parties	12,257,626	1.32
Group of Hua Nan Financial Holdings	12,207,915	1.32
Phillips 66 and its related parties	12,127,564	1.31
Shanghai Commercial & Savings Bank Ltd and its related parties	12,117,156	1.31
Tacb Group	11,684,834	1.26
Elite Material Group	11,653,239	1.26
Duke Energy Corp and its related parties	11,491,521	1.24
Pfizer Inc and its related parties	11,029,284	1.19
Royal Bank of Scotland Group Plc and its related parties	11,009,086	1.19
Banco Bilbao Vizcaya Argentaria Sa and its related parties	10,853,175	1.17
Taiwan Business Bank Group	10,702,624	1.15
IBF Group	10,629,368	1.15
Intel Corp and its related parties	10,378,297	1.12
Merck & Co Inc and its related parties	10,356,546	1.12
Republic of Italy and its supervisory agency	10,345,282	1.11
Yulon Group	10,340,963	1.11
Baillie Gifford and its related parties	10,102,128	1.09

(Continued)

Name	Total Balance	Total Balance to Financial Holding Company's Net Value (%)
State Street Corp and its related parties	\$ 9,902,805	1.07
Allianz Se and its related parties	9,810,340	1.06
Royal Bank of Canada and its related parties	9,784,444	1.05
FPC Group	9,482,475	1.02
Grupo Bimbo Sab De Cv and its related parties	9,191,289	0.99
Triumph Transcend Group	9,100,000	0.98
Consolidated Edison Inc and its related parties	9,062,567	0.98
Transcanada Corp and its related parties	8,937,038	0.96
Oneok Inc and its related parties	8,758,224	0.94
Ing Groep Nv and its related parties	8,754,540	0.94
Brookfield Asset Management Inc and its related parties	8,512,230	0.92
Charter Communications Inc and its related parties	8,420,091	0.91
British American Tobacco Plc and its related parties	8,302,212	0.89
Industrias Penoles Sab De Cv and its related parties	8,129,591	0.88
Fu Yu development Group	8,016,002	0.86
Exelon Corp and its related parties	7,991,519	0.86
Yageo Group	7,583,700	0.82
JUT Group	7,567,467	0.82
Bayer Ag and its related parties	7,353,536	0.79
Naspers Ltd and its related parties	7,188,104	0.77
Export-Import Bank of China and its related parties	6,964,186	0.75
Williams Cos Inc and its related parties	6,894,286	0.74
Conocophillips and its related parties	6,864,322	0.74
China Cinda Asset Management Co., Ltd. and its related parties	6,853,750	0.74
Zurich Insurance Group Ag and its related parties	6,837,018	0.74
Deutsche Bank Ag and its related parties	6,729,901	0.72
Southern Company Gas and its related parties	6,617,517	0.71
O-Bank Group	6,606,438	0.71
Federal Republic of Germany and its supervisory agency	6,471,700	0.70
Bangkok Bank Pcl and its related parties	6,333,093	0.68
American International Group Inc and its related parties	6,283,105	0.68
Axa Sa and its related parties	6,250,576	0.67
Walmart Inc and its related parties	6,227,548	0.67
Taiwan Broadband Communications Group	6,156,724	0.66
Nisource Inc and its related parties	6,155,616	0.66
Temasek Holdings Pte Ltd and its related parties	6,126,959	0.66
Evergreen Group	5,999,248	0.65
Dominion Energy Inc and its related parties	5,968,340	0.64
Kingston Group	5,875,905	0.63
TCC Group	5,698,548	0.61
Credit Mutuel-Cm11 Group and its related parties	5,556,372	0.60
Barrick Gold Corp and its related parties	5,538,567	0.60
China State Construction Engineering and its related parties	5,396,262	0.58

(Continued)

Name	Total Balance	Total Balance to Financial Holding Company's Net Value (%)
China Network Group	\$ 5,070,480	0.55
Kraft Heinz Co and its related parties	5,058,477	0.54
Vale Sa and its related parties	4,947,565	0.53
Bhp Group Ltd and its related parties	4,930,059	0.53
Astrazeneca Plc and its related parties	4,870,360	0.52
Kinder Morgan Inc/De and its related parties	4,810,847	0.52
BenQ-AUO Group	4,803,194	0.52
Pou Chen Group	4,594,682	0.49
AerCap Group	4,593,393	0.49
San Miguel Group	4,514,384	0.49
Rio Tinto Plc and its related parties	4,508,343	0.49
Total Sa and its related parties	4,491,176	0.48
General Motors Co and its related parties	4,468,213	0.48
Central Trading & Development Group	4,327,278	0.47
Pitango Venture Partners and its related parties	4,165,586	0.45
Hui Teng Group	4,098,440	0.44
Acer Group	4,085,440	0.44
Sempra Energy and its related parties	4,066,130	0.44
Ooredoo Qpsc and its related parties	4,043,766	0.44
Chicony & Clevo Group	3,978,176	0.43
County of Miami-Dade Fl Aviation and its related parties	3,835,041	0.41
Aon Plc and its related parties	3,735,854	0.40
Lien Jade Group	3,734,700	0.40
CORETRONIC Group	3,570,809	0.38
Oil India Ltd and its related parties	3,531,481	0.38
Hca Healthcare and its related parties	3,529,476	0.38
Eversource Energy and its related parties	3,522,994	0.38
Nxp Semiconductors Nv and its related parties	3,422,727	0.37
WALSIN LIHWA Group	3,388,287	0.37
WPG Group	3,348,616	0.36
Fudushin Group	3,332,208	0.36
KONGLIN Group	3,312,701	0.36
Ares Capital Co and its related parties	3,237,988	0.35
CHAROEN POKPHAND Group	3,229,262	0.35
Mizuho Financial Group Inc and its related parties	3,145,392	0.34
KELTI Group	3,095,359	0.33
Newmont Mining Corp and its related parties	3,084,938	0.33

(Concluded)

44. SUPPLEMENTAL DISCLOSURES

a. Information about significant transactions:

Code	Description	Explanation
1	Accumulated purchases and sales balance of specific investee's marketable securities over \$300 million or 10% of the paid-in capital	None
2	Acquisition or disposal of individual real estate at prices over \$300 million or 10% of the paid-in capital	None
3	Discount on processing fee the transactions with related parties over \$5 million	None
4	Receivables from related parties over \$300 million or 10% of the paid-in capital	Table 4
5	Disposal of nonperforming loans by subsidiaries	Table 5
6	Related information of financial assets securitization or real estate securitization by subsidiaries	None
7	Other significant transaction which may affect the decisions of users of the financial statements	None

b. Information on investees

Code	Description	Explanation
1	Information regarding investee companies and percentage of ownership	Table 7
2	Acquisition and disposal of real estate at prices over \$300 million or 10% of the paid-in capital	Tables 2 and 3
3	Discount on processing fee for transactions with related parties over \$5 million	None
4	Receivables from related parties over \$300 million or 10% of the paid-in capital	Table 4
5	Disposal of nonperforming loans by investees	Table 5
6	Related information of financial assets securitization or real estate securitization by investees	None
7	Other significant transaction which may affect the decisions of users of the financial statements	None
8	Financing provided to others	Table 8
9	Endorsements/guarantees provided	Table 9
10	Marketable securities held as of December 31, 2025	Table 6 (Note)
11	Marketable securities acquired or disposed of at costs or prices over \$300 million or 10% of the paid-in capital	Table 1
12	Derivative transactions	Note 7

Note: Disclosure is not required for subsidiaries belonging to the financial services, insurance and securities industries, and whose principal business activities include financing provided to others, endorsements/guarantees provided, and trading of marketable securities.

- c. Investments in mainland China: Name of companies, principal business activities, paid-in capital, method of investment, inward and outward remittance of funds, ownership percentage, investment income, carrying amount of the investment, repatriation of investment income, and limit of investment in investees in the mainland China area are disclosed in Table 10.
- d. The significant intercompany transactions among the Group are disclosed in Note 30 and Table 11.
- e. Information of major shareholders: List all shareholders with ownership of 5% or greater showing the name of the shareholder, the number of shares owned, and percentage of ownership of each shareholder are disclosed in Table 12.

CATHAY FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES

THE CUMULATIVE AMOUNT OF STOCK PURCHASED OR SOLD IN THE SAME INVESTMENT ENTERPRISE AT PRICES OF AT LEAST \$300 MILLION OR 10% OF ISSUED SHARE CAPITAL

DECEMBER 31, 2025

(In Thousands of New Taiwan Dollars)

Buyer/Seller	Type and Name	Financial Statement Account	Counterparty	Relationship	Beginning Balance		Buy		Sell				Other Terms	Ending Balance	
					Number of Shares	Amount	Number of Shares	Amount	Number of Shares	Price	Carrying Cost	Disposal Gains and Losses		Number of Shares	Amount
Cathay Power Inc.	Shares CM Energy Co., Ltd.	Investments accounted for using the equity method	Power Master Energy Co., Ltd.	Subsidiary	70,000	\$ 770,252	27,000	\$ 386,100	-	\$ -	\$ -	\$ -	\$ (114,240) (Note 1)	97,000	\$ 1,042,112 (Note 2)
Cathay Venture Inc.	Mega Union Technology Incorporated	Financial assets at fair value through profit or loss	-	-	4,569,219	663,314	-	-	1,239,219	614,138	19,770	594,368	1,660,816 (Note 3)	3,330,000	2,304,360

Note 1: Profit or loss recognized under the equity method and other components.

Note 2: Eliminated during the preparation of consolidated financial statements.

Note 3: This represents valuation gains recognized on financial assets measured at fair value through profit or loss.

CATHAY FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES

ACQUISITION OF INDIVIDUAL REAL ESTATE AT PRICES OF AT LEAST \$300 MILLION OR 10% OF ISSUED SHARE CAPITAL

DECEMBER 31, 2025

(In Thousands of New Taiwan Dollars)

Seller	Property	Event Date (Note 1)	Transaction Amount (Note 2)	Payment Status	Counterparty	Relationship	Prior Transaction of Related Counterparty				Price Reference	Purpose of Acquisition	Other Terms
							Owner	Relationships	Transfer Date	Amount			
Cathay Life Insurance Co., Ltd.	Land in Daying Section, Xinshi District, Tainan City	2025.11.13	\$ 4,550,955	Pay by contract	Five natural persons	None	None	None	None	\$ -	Appraisal report by real estate appraiser.	Real estate investments in accordance with Insurance Act	None

Note 1: The date of occurrence shall refer to the earliest of the following: The contract execution date, payment date, transaction mandate date, title transfer date, the date of board resolution, or any other date sufficient to definitively ascertain the transaction counterparty and the consideration involved.

Note 2: The transaction amount constitutes the total contractual consideration, exclusive of land administration fees, transcript charges, conveyancing fees, and stamp duties, which shall be accounted for separately.

CATHAY FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES

DISPOSAL OF INDIVIDUAL REAL ESTATE AT PRICES OF AT LEAST \$300 MILLION OR 10% OF ISSUED SHARE CAPITAL

DECEMBER 31, 2025

(In Thousands of New Taiwan Dollars)

Seller	Property	Event Date	Original Acquisition Date	Carrying Amount	Transaction Amount	Collection	Gain on Disposal (Note)	Counterparty	Relationship	Purpose of Disposal	Price Reference	Other Terms
Cathay Life Insurance Co., Ltd.	71 parcels of land located in Sanzuowu Subsection, Sanzuowu Section, Zhongli District, Taoyuan City.	2025.01.20	2024.12.05, 2024.12.06, 2024.12.09, 2024.12.10	\$ 490,757	\$ 490,757	Note	Note	The Republic of China and the Taoyuan City Government.	None	Note	Note	None

Note: The land is donated to the Republic of China and the Taoyuan City Government for the purpose of floor area ratio transfer.

CATHAY FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES

RECEIVABLES FROM RELATED PARTIES AMOUNTING TO AT LEAST \$300 MILLION OR 10% OF THE PAID-IN CAPITAL

DECEMBER 31, 2025

(In Thousands of New Taiwan Dollars)

Company Name	Related Party	Nature of Relationship	Ending Balance	Turnover Rate	Overdue		Amounts Received in Subsequent Period	Allowance for Bad Debts
					Amount	Action Taken		
Cathay Financial Holding Co., Ltd.	Cathay Life Insurance Co., Ltd.	Subsidiary	\$ 998,764 (Note 1)	-	\$ -	-	\$ -	\$ -
	Cathay United Bank Co., Ltd.	Subsidiary	6,916,817 (Note 2)	-	-	-	-	-
	Cathay Century Insurance Co., Ltd.	Subsidiary	674,433 (Note 2)	-	-	-	-	-
	Cathay Securities Corporation	Subsidiary	1,026,793 (Note 3)	-	-	-	-	-
	Cathay Securities Investment Trust Co., Ltd.	Subsidiary	716,257 (Note 3)	-	-	-	-	-
Cathay United Bank Co., Ltd.	Cathay Life Insurance Co., Ltd.	Sibling company	511,228 (Note 4)	-	-	-	511,228	-
Cathay Wind Power Co., Ltd.	Greater Changhua Offshore Wind Farm NW Ltd.	Other related party	38,484,992 (Note 5)	-	-	-	-	-
Cathay Wind Power Holdings Co., Ltd.	Cathay Wind Power Co., Ltd.	Same ultimate parent company	5,281,591 (Note 5)	-	-	-	-	-

Note 1: The ending balance is mainly comprised of integrated income tax, interest receivables of subordinate corporate bonds of Cathay Life and remuneration of directors and supervisors.

Note 2: The ending balance is mainly comprised of integrated income tax and remuneration of directors and supervisors.

Note 3: The ending balance is mainly comprised of integrated income tax, etc.

Note 4: The ending balance is mainly comprised of commissions receivable.

Note 5: The ending balance is mainly comprised of loans and interest receivables.

CATHAY FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES

**SALE OF NONPERFORMING LOANS
FOR THE YEAR ENDED DECEMBER 31, 2025
(In Thousands of New Taiwan Dollars)**

1. Summary statement:

Trade Date	Counterparty	Loans Composition	Carrying Amount (Note)	Selling Price	Gain (or Loss) on Disposal	Terms	Relationship
<u>Indovina Bank Limited</u>							
January 16, 2025	Vietnam Asset Management Company	Corporate finance loans	\$ 19,353	\$ 19,418	\$ 65	None	None
June 3, 2025	Dang Anh Chinh	Consumer finance loans	28,027	30,182	2,155	None	None
November 12, 2025	Beegreen Joint Stock Company	Consumer finance loans	3,791	3,939	148	None	None

Note: The carrying amount is the amount of debt less the allowance for doubtful accounts.

2. Sale of non-performing loans in a single batch amount over \$1 billion (excluding sales to related parties): None.

CATHAY FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES

MARKETABLE SECURITIES HELD

DECEMBER 31, 2025

(In Thousands of New Taiwan Dollars, in Thousands of Number of Shares)

Holding Company Name	Marketable Securities Type and Name	Relationship with the Holding Company	Financial Statement Account	December 31, 2025				Note
				Number of Shares	Carrying Amount	Percentage of Ownership (%)	Fair Value	
Cathay Venture Inc.	<u>Corporate bonds</u>							
	Accelerated CB	N/A	Financial assets at fair value through profit or loss	-	\$ 46,965	-	\$ 46,965	
	Funding Asia CB	"	"	-	9,453	-	9,453	
	HALC HOLDINGS CB	"	"	-	6,429	-	6,429	
	SiPearl CB	"	"	-	69,940	-	69,940	
	<u>Beneficiary certificates</u>							
	Mega Diamond Money Market Fund	N/A	Financial assets at fair value through profit or loss	23,780	315,735	-	315,735	
	Taishin 1699 Money Market Fund	"	"	13,336	191,634	-	191,634	
	<u>Shares</u>							
	Harbinger Venture Capital	N/A	Financial assets at fair value through other comprehensive income	20	93	10.00	93	
	Harbinger Three Venture Capital	"	"	10	134	10.00	134	
	Harbinger VIII Venture Capital Corp.	"	"	8,226	90,447	7.71	90,447	
	HSBC Venture Capital Co., Ltd.	"	"	140	8,442	5.13	8,442	
	Yu Ji Venture Capital Corporation	"	"	500	11,033	10.00	11,033	
	Hanyu Venture Capital Co., Ltd.	"	"	4,000	34,501	11.11	34,501	
	Grand Cathay Venture Capital II Co., Ltd.	"	"	2,000	28,242	2.50	28,242	
	Baodian Venture Capital Co., Ltd.	"	"	215	2,384	9.79	2,384	
	Appworks Fund II Co., Ltd.	"	"	3,981	103,882	9.93	103,882	
	Appworks Fund III Co., Ltd.	"	"	16,770	126,000	5.83	126,000	
	Hiroca Holdings Ltd.	N/A	Financial assets at fair value through profit or loss	439	9,045	-	9,045	
	Shane Global Holdings	"	"	1,307	64,616	1.22	64,616	
	Tot Biopharm Co., Ltd.	"	"	4,447	44,900	-	44,900	
	WW Holding Inc.	"	"	1,364	95,740	1.94	95,740	
World Known MFG (Cayman) Limited	"	"	1,413	73,052	4.17	73,052		
Easywell Biomedicals Inc.	"	"	1,418	50,747	1.14	50,747		
BioGend Therapeutics Co., Ltd.	"	"	475	18,240	-	18,240		
Weblink International Inc.	"	"	1,572	84,437	1.93	84,437		
Jia Wei Lifestyle, Inc.	"	"	861	31,513	1.02	31,513		

(Continued)

Holding Company Name	Marketable Securities Type and Name	Relationship with the Holding Company	Financial Statement Account	December 31, 2025				Note
				Number of Shares	Carrying Amount	Percentage of Ownership (%)	Fair Value	
	VisEra Technologies Co., Ltd.	"	"	580	\$ 165,300	-	\$ 165,300	
	Evergreen Aviation Technologies Corporation	"	"	793	112,606	-	112,606	
	Sunny Friend Environmental Technology Co., Ltd.	"	"	100	7,870	-	7,870	
	INTEGRATED SERVICE TECHNOLOGY INC.	N/A	Financial assets at fair value through profit or loss	464	53,352	-	53,352	
	VIZIONFOCUS INC.	"	"	1,700	294,100	2.90	294,100	
	Pharmosa Biopharma Inc.	"	"	2,570	133,383	1.99	133,383	
	PSS Co., Ltd.	"	"	494	71,390	-	71,390	
	DAWUSHAN FARM TECHNOLOGY CO., LTD	"	"	200	8,740	-	8,740	
	APPLIED BIOCODE TAIWAN LTD.	"	"	2,250	49,500	2.19	49,500	
	Formosa Pharmaceuticals, Inc.	"	"	1,248	32,957	-	32,957	
	Infinite Finance Co., LTD	"	"	1,620	25,920	-	25,920	
	KEE Fresh & Safe Foodtech Co., Ltd.	"	"	950	20,140	2.60	20,140	
	Mega Union Technology Incorporated	"	"	3,330	2,304,360	4.36	2,304,360	
	Great Giant Fiber Garment Co., Ltd.	"	"	353	83,285	-	83,285	
	EASTERN UNION INTERACTIVE CORP.	"	"	300	56,250	1.10	56,250	
	LUCKY ROYAL CO., LTD.	"	"	500	36,350	-	36,350	
	Grandsys, Inc.	"	"	1,786	61,617	5.85	61,617	
	Power Master International Investment Holdings Co., Ltd.	"	"	328	5,513	-	5,513	
	EasyCard Co., Ltd.	"	"	327	18,662	-	18,662	
	Phoenix Pioneer technology Co., Ltd.	"	"	2,049	42,198	-	42,198	
	Andros Pharmaceuticals Co., Ltd.	"	"	1,547	31,543	2.80	31,543	
	Acepodia	"	"	1,521	21,887	-	21,887	
	Tung Mung Development Co., Ltd.	"	"	7,000	39,480	1.68	39,480	
	UNITRAVEL SERVICES CO., LTD.	"	"	176	12,434	-	12,434	
	Annji Pharmaceutical Co., Ltd.	"	"	1,667	26,606	1.77	26,606	
	AP BIOSCIENCES INC.	"	"	1,400	56,532	1.64	56,532	
	FORMOSA SAINT JOSE CORPORATION	"	"	435	9,096	-	9,096	
	Transcene Corp.	"	"	4,000	41,120	10.49	41,120	
	TAIWAN BIO THERAPEUTICS INC.	"	"	410	13,497	-	13,497	
	aetherAI Co., Ltd.	"	"	6,490	158,864	7.30	158,864	
	Morrison Opto-electronics Ltd.	"	"	347	13,482	1.44	13,482	
	CHENG MEI INSTRUMENT TECHNOLOGY CO., LTD.	"	"	150	8,250	-	8,250	
	H2 Inc. Taiwan Branch (Cayman Islands)	"	"	2,046	22,260	3.02	22,260	
	EasyCard Investment Holdings Co., Ltd.	"	"	915	12,787	1.37	12,787	
	Lan An Co., Ltd.	"	"	125	2,253	5.00	2,253	
	Koatech Technology Corp.	"	"	401	673	1.32	673	
	Cathay Healthcare Management Co., Ltd.	"	"	8,250	86,708	15.00	86,708	
	TCY Group	"	"	714	12,325	3.91	12,325	
	Sunmile Group Holding Co., Limited	"	"	528	-	1.85	-	

(Continued)

Holding Company Name	Marketable Securities Type and Name	Relationship with the Holding Company	Financial Statement Account	December 31, 2025				Note
				Number of Shares	Carrying Amount	Percentage of Ownership (%)	Fair Value	
	NARUKO Beauty Essentials Limited	"	"	43,252	\$ 18,382	4.07	\$ 18,382	
	Shengzhuang Holdings	"	"	122	-	1.09	-	
	Bravo Ideas Digital Co., Ltd.	"	"	3,386	-	4.96	-	
	Episonica Holding	"	"	2,708	27	6.19	27	
	Transound Electronics Co., Ltd.	"	"	1,200	-	3.05	-	
	Hyper Crystal Inc.	"	"	2,000	-	13.80	-	
	Amaryllo International B.V.	"	"	1,000	-	5.00	-	
	Kuang Ming Shipping Corp.	"	"	39	-	-	-	
	DTCO (Samoa)	N/A	Financial assets at fair value through profit or loss	325	-	2.46	-	
	Tennrich International Corp.	"	"	144	-	3.19	-	
	KKDAY	"	"	9,812	17,368	-	17,368	
	Smart Games	"	"	164	-	1.59	-	
	Anywhere 2 Go	"	"	2	-	8.99	-	
	Yikon Genomics	"	"	1,340	24,549	2.28	24,549	
	Mimetas B.V.	"	"	8	22,442	2.81	22,442	
	Xiongchuang (Samoa)	"	"	21	-	4.26	-	
	Greenway Environmental Technology Co., Ltd.	"	"	627	-	4.44	-	
	CHU CHIEN TECHNOLOGY LIMITED	"	"	2,302	-	1.10	-	
	Pacific 8 Venture	"	"	-	136,955	15.00	136,955	
	Monk's hill Venture Fund	"	"	-	60,460	3.00	60,460	
	Intudo Venture II, LP	"	"	-	68,891	3.76	68,891	
	Shangrao Dingxin Metal Chem.co., Ltd.	"	"	-	-	2.41	-	
	Palm Drive Capital III LP (Cayman)	"	"	-	37,492	2.00	37,492	
	Intudo Venture III, LP	"	"	-	28,498	1.39	28,498	
	OneDegree	"	"	350,926	14,037	1.73	14,037	
	Huang Chieh Metal Composite Material Tech. Co., Ltd.	"	"	1,530	-	2.57	-	
	Validus Investment Holdings	"	"	420	11,113	2.08	11,113	
	Finaxar	"	"	87	-	4.00	-	
	King Point Enterprise Co., Ltd.	"	"	1,000	16,760	2.25	16,760	
	INNOPACK VIETNAM CO., LTD	"	"	1,350	-	9.00	-	
	Cirocomm Technology Corporation	"	"	271	2,346	2.59	2,346	
	New Garden Co., Ltd.	"	"	6,225	1,743	9.99	1,743	
	Pickupp	"	"	395	592	1.93	592	
	Morning Glow Holding	"	"	5,992	55,727	11.98	55,727	
	GRAID Technology Inc. (USA)	"	"	1,075	45,364	2.92	45,364	
	AmMax Bio, Inc.	"	"	1,848	14,084	2.93	14,084	
	Shenghe Energy Co., Ltd.	"	"	10,000	79,000	10.00	79,000	
	Cloud Mile, Inc.	"	"	689	53,285	1.92	53,285	
	Smartdisplayer Technology Co., Ltd.	"	"	1,000	14,840	4.01	14,840	

(Continued)

Holding Company Name	Marketable Securities Type and Name	Relationship with the Holding Company	Financial Statement Account	December 31, 2025				Note
				Number of Shares	Carrying Amount	Percentage of Ownership (%)	Fair Value	
	Certain Micro Application Technology Inc.	"	"	1,500	\$ 74,400	6.55	\$ 74,400	
	Toyo Automation Co., Ltd.	"	"	168	7,607	-	7,607	
	Partipost Pte Ltd. (Singapore)	"	"	629	-	1.77	-	
	GreenHarvest Co., Ltd.	"	"	1,111	19,098	5.34	19,098	
	Taishan Buffalo No. 2 Biotechnology Venture Capital Limited Partnership	"	"	-	214,638	6.78	214,638	
	Taishan Buffalo No. 3 Biotechnology Venture Capital Limited Partnership	"	"	-	65,322	6.09	65,322	
	Taiwan Aerospace Corp.	"	"	1	20	-	20	
	Wellheart Medical, Inc.	"	"	1,053	14,579	5.16	14,579	
	CUUMED CATHETER MEDICAL CO., LTD.	"	"	1,200	15,024	3.06	15,024	
	Remex Medical Corp.	"	"	1,154	12,635	6.28	12,635	
	Reed Semiconductor Corp.	"	"	250	22,500	-	22,500	
	Yun yun AI Baby camera Co., Ltd.	"	"	11,100	10,989	3.12	10,989	
	EXCELSIUS MEDICAL CO., LTD.	N/A	Financial assets at fair value through profit or loss	1,643	8,461	8.22	8,461	
	Rivos Inc.	"	"	1,027	20,643	-	20,643	
	Cardio Ring Technologies, Inc.	"	"	1,501	31,534	8.25	31,534	
	WeMo (Cayman) Corp.	"	"	9,913	94,071	4.16	94,071	
	DotDot Inc.	"	"	500	6,125	1.11	6,125	
	Asia-Funding Co., Limited	"	"	60	25,379	-	25,379	
	ANTEK CERTIFICATION INC.	"	"	814	28,109	4.77	28,109	
	Inti Taiwan, Inc.	"	"	1,949	24,863	4.49	24,863	
	ExeBrain Co., Ltd.	"	"	1,875	24,638	4.69	24,638	
	CMTEK Co., Ltd.	"	"	2,500	23,750	13.88	23,750	
	PORO TECHNOLOGIES LTD.	"	"	5	19,881	-	19,881	
	Alpha Intelligence Manifolds, Inc.	"	"	900	29,700	8.04	29,700	
	UBG Holding Co., Ltd.	"	"	769	29,160	3.57	29,160	
	DAT BIKE PTE. LTD.	"	"	313	45,525	1.19	45,525	
	ImmunAdd Inc.	"	"	888	24,864	2.38	24,864	
	Fortune Electric Value Company Limited	"	"	909	49,995	2.54	49,995	
	Infinitix Inc.	"	"	1,111	50,000	4.19	50,000	
	Retech Environmental Solutions Co., Ltd.	"	"	100	14,000	-	14,000	
	AuthenX Inc.	"	"	500	30,000	1.37	30,000	
Cathay Futures Co., Ltd.	<u>Beneficiary certificates</u> JKO Pion Money Market Fund	N/A	Financial assets at fair value through profit or loss	11,004	1,336,549	1.52	1,336,549	

(Continued)

Holding Company Name	Marketable Securities Type and Name	Relationship with the Holding Company	Financial Statement Account	December 31, 2025				Note
				Number of Shares	Carrying Amount	Percentage of Ownership (%)	Fair Value	
Cathay Capital (Asia) Limited	<u>Shares</u> Taiwan Futures Exchange	N/A	Financial assets at fair value through other comprehensive income	4,302	\$ 52,339	16.08	\$ 52,339	
	<u>Overseas bonds</u> EBIUH 3.41 08/06/30 EMTn	N/A	Financial assets at fair value through profit or loss	288	5,524	-	5,524	
	EBIUH 4.38 07/26/29 EMTn	"	"	100	478	-	478	
	QNBK 3.18 04/09/26 EMTn	"	"	400	1,804	-	1,804	
	MQGAU 4 03/01/27	"	"	261	8,197	-	8,197	
	EBIUH 3 03/31/31 EMTH	"	"	45	1,320	-	1,320	
	NOMURA 4.6 09/15/35 EMTn	"	"	10	299	-	299	
	NOMURA 6 09/15/35 ENTM	"	"	15	443	-	443	
	KNFP 8.75 05/15/26	"	"	3,130	5,934	-	5,934	

(Concluded)

CATHAY FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES

INFORMATION ON INVESTEEES AND COMBINED SHAREHOLDING PERCENTAGE

DECEMBER 31, 2025

(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Investor Company	Investee Company	Location	Main Businesses and Products	Shareholding Percentage at the End of the Period	Book Value of Investment	Investment Profits or Losses Recognized in the Current Period	Combined Shareholding of the Company and Its Affiliates (Note 1)				Note
							Number of Existing Shares	Number of Phantom Shares (Note 2)	Total		
									Number of Shares (In Thousands)	Shareholding Percentage	
Cathay Financial Holding Co., Ltd.	Cathay Life	R.O.C.	Life insurance	100.00%	\$ 714,746,856	\$ 55,813,648	\$ 6,351,527	-	6,351,527	100.00	Note 3
	Cathay United Bank	R.O.C.	Commercial banking operations	100.00%	318,565,141	43,040,304	12,822,097	-	12,822,097	100.00	Note 3
	Cathay Century	R.O.C.	Property and casualty insurance	100.00%	20,038,508	3,755,603	200,000	-	200,000	100.00	Note 3
	Cathay Securities	R.O.C.	Securities	100.00%	18,727,047	4,502,803	770,000	-	770,000	100.00	Note 3
	Cathay Venture	R.O.C.	Venture capital investment	75.00%	5,792,765	1,429,285	518,173	-	518,173	100.00	Note 3
	Cathay Securities Investment Trust	R.O.C.	Securities investment trust	100.00%	6,866,982	2,387,137	150,000	-	150,000	100.00	Note 3

Note 1: The existing shares and phantom shares of the investees held by the Company, directors, supervisors, general managers, vice general managers, and affiliates meeting the requirements of the Company Act are included.

Note 2: a. "Phantom shares" refer to the shares acquired due to conversion under the assumption that the Company converts the marketable securities with equity characteristics or derivative instrument contracts (that have not been converted to shares) based on the transaction terms and the equity that the Company has the intention of linking to the reinvestment business and meeting the reinvestment objectives as provided in Paragraph 2, Article 36 and Article 37 of Financial Holding Company Act.

b. The above-mentioned "marketable securities with equity characteristics" refer to the securities stated in Paragraph 1, Article 11 of the Securities and Exchange Act Enforcement Rules, such as convertible corporate bonds and call warrants.

c. The above-mentioned "derivative instrument contracts" refer to those that meet the definition related to derivative instruments under IFRS 9, such as stock options.

Note 3: Based on the investment profit or loss recognized in the respective company's audited financial statements for the same period.

CATHAY FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES

FINANCING PROVIDED TO OTHERS
FOR THE YEAR ENDED DECEMBER 31, 2025
(In Thousands of New Taiwan Dollars)

No.	Lender	Borrower	Financial Statement Account	Related Party	Highest Balance for the Period	Ending Balance	Actual Borrowing Amount	Interest Rate (%)	Nature of Financing	Business Transaction Amount	Reason for Short-term Financing	Allowance for Impairment Loss	Collateral		Financing Limit for Each Borrower	Aggregate Financing Limits
													Item	Value		
1	Cathay Power Inc.	SUNRISE PV ONE CO., LTD.	Other receivables from related parties	Yes	\$ 570,000	\$ 200,000	\$ -	2.2	Short-term financing	\$ -	Operating capital	\$ -	-	\$ -	\$ 1,653,003	\$ 1,653,003
		Cathy Sunrise Two Co., Ltd.	Other receivables from related parties	Yes	5,000	5,000	3,500	2.2	Short-term financing	-	Operating capital	-	-	-	1,653,003	1,653,003
		Shen Lyu Co., Ltd.	Other receivables from related parties	Yes	369,410	15,000	12,499	2.2	Short-term financing	-	Operating capital	-	-	-	1,653,003	1,653,003
		Cathy Sunrise Electric Power Two Co., Ltd.	Other receivables from related parties	Yes	30,000	30,000	20,000	2.2	Short-term financing	-	Operating capital	-	-	-	1,653,003	1,653,003
		Hong Cheng Sing Tech. Co., Ltd.	Other receivables from related parties	Yes	51,000	51,000	51,000	2.2	Short-term financing	-	Operating capital	-	-	-	1,653,003	1,653,003
		Jian Kun Energy Co., Ltd.	Other receivables from related parties	Yes	40,000	40,000	-	2.2	Short-term financing	-	Operating capital	-	-	-	1,653,003	1,653,003
		Nan Yang Power Co., Ltd.	Other receivables from related parties	Yes	220,000	220,000	220,000	2.2	Short-term financing	-	Operating capital	-	-	-	1,653,003	1,653,003
2	Neo Cathay Power Corp.	Cathy Sunrise Electric Power Two Co., Ltd.	Other receivables from related parties	Yes	212,000	132,000	100,380	2.2	Short-term financing	-	Operating capital	-	-	-	642,087	642,087
		Shu Guang Energy Co., Ltd.	Other receivables from related parties	Yes	22,000	-	-	2.1-2.2	Short-term financing	-	Operating capital	-	-	-	642,087	642,087
3	CM Energy Co., Ltd.	Tian Ji Power Co., Ltd.	Other receivables from related parties	Yes	100,000	80,000	45,000	2.2	Short-term financing	-	Operating capital	-	-	-	440,144	440,144
		Tian Ji Energy Co., Ltd.	Other receivables from related parties	Yes	29,400	29,400	3,940	2.2	Short-term financing	-	Operating capital	-	-	-	440,144	440,144
		Hong Tai Energy Co., Ltd.	Other receivables from related parties	Yes	140,000	70,000	70,000	2.2	Short-term financing	-	Operating capital	-	-	-	440,144	440,144
		Cathy Sunrise Electric Power Two Co., Ltd.	Other receivables from related parties	Yes	70,000	-	-	2.2	Short-term financing	-	Operating capital	-	-	-	440,144	440,144
		SUNRISE PV ONE CO., LTD.	Other receivables from related parties	Yes	200,000	200,000	200,000	2.2	Short-term financing	-	Operating capital	-	-	-	440,144	440,144
		Cathay Power Inc.	Other receivables from related parties	Yes	180,000	-	-	2.2	Short-term financing	-	Operating capital	-	-	-	440,144	440,144
		Shu Guang Energy Co., Ltd.	Other receivables from related parties	Yes	17,000	17,000	16,000	2.2	Short-term financing	-	Operating capital	-	-	-	440,144	440,144
4	Si Yi Co., Ltd.	SUNRISE PV ONE CO., LTD.	Other receivables from related parties	Yes	200,000	200,000	200,000	2.2	Short-term financing	-	Operating capital	-	-	-	302,073	302,073
5	Da Li Energy Co., Ltd.	Nan Yang Power Co., Ltd.	Other receivables from related parties	Yes	30,000	30,000	-	2.2	Short-term financing	-	Operating capital	-	-	-	174,812	174,812

Note: The maximum amount for the total loans extended by Cathay Power, Neo Cathay Power, CM Energy, Si Yi, and Da Li Energy is limited to 40% of their net worth, as stated in their most recent audited financial statements. The individual loan limit is also limited to 40% of their net worth, as stated in their most recent audited financial statements.

CATHAY FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES

ENDORSEMENTS/GUARANTEES PROVIDED
FOR THE YEAR ENDED DECEMBER 31, 2025
(In Thousands of New Taiwan Dollars)

No.	Endorser/Guarantor	Endorsee/Guarantee		Limits on Endorsement/ Guarantee Given on Behalf of Each Party	Maximum Amount Endorsed/ Guaranteed During the Period	Outstanding Endorsement/ Guarantee at the End of the Period	Actual Amount Borrowed	Amount Endorsed/ Guaranteed by Collateral	Ratio of Accumulated Endorsement/ Guarantee to Net Equity in Latest Financial Statements (%)	Aggregate Endorsement/ Guarantee Limit (Note 3)	Endorsement/ Guarantee Given by Parent on Behalf of Subsidiaries	Endorsement/ Guarantee Given by Subsidiaries on Behalf of Parent	Endorsement/ Guarantee Given on Behalf of Companies in Mainland China	Note	
		Name	Relationship (Note 1)												
1	Cathay Power Inc.	SUNRISE PV ONE CO., LTD.	b	\$ 10,331,269	\$ 3,226,083	\$ 2,326,083	\$ 1,208,439	\$ -	56.29	\$ 10,331,269	(Note 2)	(Note 2)	N	(Note 3)	
		Cathy Sunrise Electric Power Two Co., Ltd.	b	10,331,269	276,012	276,012	215,528	-	6.68	10,331,269	(Note 2)	(Note 2)	N	(Note 3)	
		Hong Cheng Sing Tech. Co., Ltd.	b	10,331,269	53,000	-	-	-	-	-	10,331,269	(Note 2)	(Note 2)	N	(Note 3)
		Nan Yang Power Co., Ltd.	b	10,331,269	130,000	-	-	-	-	-	10,331,269	(Note 2)	(Note 2)	N	(Note 3)
		Si Yi Co., Ltd.	b	10,331,269	937,600	937,600	882,771	-	22.69	10,331,269	(Note 2)	(Note 2)	N	(Note 3)	
		Da Li Energy Co., Ltd.	b	10,331,269	638,000	638,000	439,708	-	15.44	10,331,269	(Note 2)	(Note 2)	N	(Note 3)	
2	SUNRISE PV ONE CO., LTD.	Cathay Power Inc.	c	2,819,131	460,000	400,000	-	-	35.47	2,819,131	(Note 2)	(Note 2)	N	(Note 4)	
3	Neo Cathay Power Corp.	Si Yi Co., Ltd.	b	4,013,045	1,380,342	-	-	-	-	4,013,045	(Note 2)	(Note 2)	N	(Note 5)	
		Da Li Energy Co., Ltd.	b	4,013,045	626,181	-	-	-	-	4,013,045	(Note 2)	(Note 2)	N	(Note 5)	
		Yong Han Co., Ltd.	b	4,013,045	379,867	-	-	-	-	4,013,045	(Note 2)	(Note 2)	N	(Note 5)	
4	CM Energy Co., Ltd.	Tian Ji Energy Co., Ltd.	b	2,750,899	21,921	18,102	15,594	-	1.65	3,301,079	(Note 2)	(Note 2)	N	(Note 6)	
		Hong Tai Energy Co., Ltd.	b	2,750,899	325,132	322,032	274,852	-	29.27	3,301,079	(Note 2)	(Note 2)	N	(Note 6)	
5	Cathay Wind Power Holdings Co., Ltd.	Cathay Wind Power Co., Ltd.	b	22,875,773	22,659,399	22,659,399	22,659,399	22,875,773	(93686.86)	22,875,773	(Note 2)	(Note 2)	N	(Notes 7, 8 and 9)	

Note 1: Relationship between the endorser/guarantor and the endorsee/guarantee is classified as follows:

- Having a business relationship.
- The endorser/guarantor directly or indirectly owns more than 50% of the ordinary shares of the endorsee/guarantee.
- The endorsee/guarantee directly or indirectly owns more than 50% of the ordinary shares of the endorser/guarantor.
- The Company in which the public company directly or indirectly holds 90% or more of the voting shares may make endorsements/guarantees for each other.
- Where a public company fulfills its contractual obligations by providing mutual endorsements/guarantees for another company in the same industry or joint builders for purposes of undertaking a construction project.
- Due to a joint venture, all shareholders provide endorsements/guarantees to the endorsee/guarantee in proportion to their ownership.
- Where companies in the same industry provide among themselves joint and several securities for a performance guarantee of a sales contract for pre-construction homes pursuant to the Consumer Protection Act for each other.

Note 2: It is not a case where the listed parent company endorses the subsidiary or the subsidiary endorses the listed parent company.

Note 3: The total amount of endorsement/guarantee provided by Cathay Power shall be 250% of the net worth of the current period. The endorsement/guarantee provided to a single entity shall be 250% of the net worth of the current period.

Note 4: The total amount of endorsement/guarantee provided by SUNRISE PV ONE shall be 250% of the net worth of the current period. The endorsement/guarantee provided to a single entity shall be 250% of the net worth of the current period.

Note 5: The total amount of endorsement/guarantee provided by Neo Cathay Power shall be 250% of the net worth of the current period. The endorsement/guarantee provided to a single entity shall be 250% of the net worth of the current period.

Note 6: The total amount of endorsement/guarantee provided by CM Energy shall be 300% of the net worth of the current period. The endorsement/guarantee provided to a single entity shall be 250% of the net worth of the current period.

Note 7: The total amount of endorsements and guarantees provided by Cathay Wind Power Holdings, as well as the limit for any single enterprise, is restricted to the total value of collateral assets securing all obligations under the project financing documents, bridge financing documents, hedging agreements, shareholder injections, and equity transaction termination payments for the Greater Changhua Northwest Offshore Wind Power Project.

Note 8: The collateral assets for endorsements and guarantees provided by Cathay Wind Power Holdings include accounts pledged by Cathay Life Insurance to Cathay Wind Power Holdings, which are then re-pledged by Cathay Wind Power Holdings to the beneficiaries (calculated based on the principal or account balance of the pledged accounts), as well as the equity held by Cathay Wind Power Holdings in Cathay Wind Power (calculated based on the most recent net asset value; if the net asset value is negative, it is considered 0). In addition, Cathay Wind Power Holdings has infused capital into Cathay Wind Power through alternative means.

Note 9: The ratio of the cumulative endorsement and guarantee amount provided by Cathay Wind Power Holdings to its most recent financial statement net asset value is based on Cathay Wind Power Holdings' net asset value of NT\$(24,186) thousand for the most recent fiscal year (2024).

CATHAY FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES

INFORMATION ON INVESTMENTS IN MAINLAND CHINA
FOR THE YEAR ENDED DECEMBER 31, 2025
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Investee Company	Main Business and Products	Paid-in Capital	Method of Investment (Note 1)	Accumulated Outward Remittance for Investments from Taiwan as of January 1, 2025	Remittance of Funds		Accumulated Outward Remittance for Investments from Taiwan as of December 31, 2025	Net Income (Loss) of the Investee	% Ownership of Direct or Indirect Investment	Investment Gain (Loss) (Note 2)	Carrying Amount as of December 31, 2025	Accumulated Repatriation of Investment Income as of December 31, 2025
					Outflow	Inflow						
Cathay Lujiazui Life Insurance Co., Ltd.	Life insurance	\$ 13,497,155	a	\$ 6,748,578	\$ -	\$ -	\$ 6,748,578	\$ 526,608	50.0	\$ 263,304 (Note 2,b,3)	\$ 6,544,561	\$ -
Cathay Insurance Company Limited (China)	Property and casualty insurance	12,196,844	a	5,908,393	-	-	5,908,393	600,923	49.0	294,452 (Note 2,b,3)	5,310,593	-
Lin Yuan (Shanghai) Real Estate Co., Ltd.	Office equipment leasing company	7,223,435	a	7,223,435	-	-	7,223,435	(201,041)	100.0	(185,076) (Note 2,b,2)	8,059,561	-
Cathay United Bank (China) Corporation Limited	Wholesale banking	14,377,562	a	14,377,562	-	-	14,377,562	234,424	100.0	234,424 (Note 2,b,2)	17,872,273	-
BSCOM Cathay Asset Management Co., Ltd.	Fund management services	1,701,823	a	566,707	-	-	566,707	(546,130)	33.3	(181,861) (Note 2,b,2)	32,691	-
Beijing BSCOM Cathay Capital Management Co., Ltd. (Note 4)	Assets management services	511,481	c	-	-	-	-	(984,567)	33.3	(327,861) (Note 2,b,2)	(172,994)	-

Accumulated Outward Remittance for Investments in Mainland China as of December 31, 2025	Investment Amount Authorized by the Investment Commission, MOEA	Upper Limit on the Amount of Investments Stipulated by the Investment Commission, MOEA
\$34,824,675	\$34,824,675	\$659,395,526

Note 1: The 3 methods of investment are as follows:

- a. Direct investment in China.
- b. Reinvestment in China through companies located in a third region (please indicate the companies located in that third region).
- c. Others.

Note 2: The column of investment profit or loss for the period:

- a. It should be indicated if the entity was in the preparation stage without profit or loss on investment.
- b. It should be indicated if the basis of recognizing the profit or loss on investment are of the following 3 types:
 - 1) The financial statements are audited and certified by international accounting firms which have partnership with R.O.C. accounting firms.
 - 2) The financial statements are audited and certified by the parent company's auditors in Taiwan.
 - 3) Other basis.

Note 3: The related figure in the schedule should be expressed in New Taiwan dollars.

Note 4: BSCOM Cathay Asset Management Co., Ltd. invested in Beijing BSCOM Cathay Capital Management Co., Ltd. in the amount of CNY110 million in Mainland China.

(Continued)

Note 5: Information on investments in mainland China

- a. On December 25, 2002 and July 24, 2003, the Investment Commission of the Ministry of Economic Affairs (“MOEAIC”) authorized Cathay Life to remit US\$22,850 thousand and US\$27,150 thousand, respectively, as the registered capital to establish a China-based company named Cathay Life Insurance Co., Ltd. (Guangzhou). The total amount of the registered capital was revised from US\$50,000 thousand to US\$48,330 thousand, approved by the MOEAIC on December 20, 2010. Also, MOEAIC authorized Cathay Life to remit US\$59,000 thousand as the registered capital again on May 16, 2008. MOEAIC authorized Cathay Life to remit US\$3,400 thousand as the registered capital again on April 2, 2012. MOEAIC also authorized the revision of the amount of US\$32,520 thousand of unexecuted project to CNY200,000 thousand to avoid currency risk on September 14, 2013. The total registered capital was US\$110,730 thousand. On September 25, 2003, MOEAIC authorized Cathay Life Insurance Co., Ltd. (Guangzhou) to change its location from Guangzhou to Shanghai. Cathay Life’s subsidiary, Cathay Life Insurance Ltd. (China) has acquired a business license of an enterprise as legal person on December 29, 2004 and changed its name to Cathay Lujiazui Life Insurance Company Ltd. following approval by the China Insurance Regulatory Commission on August 12, 2014. Cathay Life has remitted US\$48,330 thousand to the subsidiary as of December 31, 2009. Cathay Life injected additional US\$29,880 thousand on September 29, 2010 and CNY200,000 thousand on May 8, 2014. On August 23, 2017, MOEAIC authorized Cathay Life to remit CNY700,000 thousand and the amount was remitted on September 20, 2017. As of December 31, 2025, Cathay Life’s remittances to the subsidiary totaled approximately CNY900,000 thousand and US\$78,210 thousand.
- b. On October 17, 2007, MOEAIC authorized Cathay Life to remit US\$26,390 thousand as the registered capital to establish a China-based general insurance subsidiary (in the form of a joint venture with Cathay Century Insurance) of which was also approved by China Insurance Regulatory Commission on October 8, 2007. On March 6, 2008, MOEAIC authorized Cathay Life to increase the remittances from US\$26,390 thousand to US\$28,960 thousand. On August 15, 2008, MOEAIC further authorized Cathay Life to revise the remittance from US\$28,960 thousand to US\$28,140 thousand. The joint venture company named Cathay Insurance Company Ltd. (China) established by Cathay Life and Cathay Century Insurance in Shanghai has acquired a business license of an enterprise as legal person on August 26, 2008. On May 28, 2013, MOEAIC authorized Cathay Life to remit CNY200,000 thousand to increase the share capital. Also, MOEAIC authorized Cathay Life to remit CNY245,000 thousand on December 6, 2018. Since the solvency of Cathay Insurance Company Ltd. (China) was compliant with the regulatory requirements, Cathay Life’s board of directors resolved to suspend capital increase on January 26, 2022. On March 3, 2022, MOEAIC authorized Cathay Life to cancel CNY245,000 thousand which was authorized by MOEAIC on November 26, 2019. As of December 31, 2025, Cathay Life’s remittances to this general insurance company amounted to approximately CNY445,000 thousand and US\$28,140 thousand.
- c. On November 1, 2011 and April 11, 2012, MOEAIC authorized Cathay Life to remit CNY300,000 (US\$47,000) thousand and CNY500,000 (US\$80,000) thousand, respectively. A total of US\$127,000 thousand was used as the registered capital to establish a China-based company named Lin Yuan (Shanghai) Real Estate Co., Ltd. Cathay Life’s subsidiary, Lin Yuan (Shanghai) Real Estate Co., Ltd. has acquired a business license of an enterprise as legal person on August 15, 2012. On April 1, 2013, MOEAIC authorized Cathay Life to remit CNY700,000 (US\$111,000) thousand to increase the share capital. As of December 31, 2025, Cathay Life’s remittances to Lin Yuan (Shanghai) Real Estate Co., Ltd. totaled approximately CNY1,500,000 thousand.
- d. On December 31, 2006, MOEAIC authorized Cathay Century to remit US\$28,960 thousand as the registered capital to establish an insurance subsidiary (in the form of a joint venture with Cathay Life) which was also approved by China Insurance Regulatory Commission on October 8, 2007. The joint venture company named Cathay Insurance Company Ltd. (China) established by Cathay Life and Cathay Century in Shanghai has acquired a business license of an enterprise as a legal person on August 26, 2008. On May 28, 2013, MOEAIC authorized Cathay Life to remit CNY200,000 thousand to increase the share capital. On June 13, 2013 and March 18, 2014, a remittance of CNY100,000 thousand and CNY100,000 thousand as share capital were authorized by China Insurance Regulatory Commission. On November 23, 2018, according to No. 10700281680 document issued by the MOEAIC, Cathay Century is authorized to remit CNY245,000 thousand to increase the share capital. On November 26, 2019, according to No. 10800291980 document issued by the MOEAIC, Cathay Century is authorized to remit CNY245,000 thousand to increase the share capital. Since the solvency of Cathay Insurance Company Ltd. (China) was compliant with the regulatory requirements, Cathay Century’s board of directors resolved to suspend capital increase on January 26, 2022. On March 3, 2022, MOEAIC authorized Cathay Life to cancel CNY245,000 thousand which was authorized by MOEAIC on November 26, 2019. As of December 31, 2025, Cathay Century has remitted US\$97,292 thousand in total.
- e. MOEAIC approved Cathay United Bank to remit to China CNY400,000 (US\$60,070) thousand. According to the capital verification report issued by the local accountants in China, the approved working capital of Cathay United Bank’s Shanghai Branch was CNY400,000 (US\$59,770) thousand. The remaining amount of US\$300 thousand was repatriated by Shanghai Branch, Cathay United Bank on November 5, 2010. The investment amounts were revised by Cathay United Bank by reporting to MOEAIC in January 18, 2011 and were approved on January 24, 2011. In addition, MOEAIC further approved Cathay United Bank to remit CNY600,000 (US\$95,020) thousand to China. According to the capital verification report issued by the local accountants in China, the approved working capital of Cathay United Bank’s Shanghai Branch was CNY600,000 (US\$94,930) thousand. The remaining amount of US\$90 thousand was repatriated by Cathay United Bank’s Shanghai Branch on February 1, 2012. The investment amounts were revised by Cathay United Bank by reporting to MOEAIC on March 20, 2012 and were approved on March 26, 2012. MOEAIC approved Cathay United Bank’s Shanghai Branch to increase the working capital of CNY1,000,000 (US\$164,000) thousand on February 27, 2014, and was authorized by MOEAIC, on July 10, 2014. MOEAIC agreed to the Bank to increase the working capital of the Qingdao Branch was CNY600,000 (US\$98,200) thousand on January 21, 2014, and was authorized by MOEAIC on October 30, 2014. Cathay United Bank’s obtained approval from MOEAIC to increase the working capital of Shenzhen branch by CNY400,000 (US\$60,710) thousand on January 5, 2015 and was authorized by MOEAIC on December 22, 2016.
- f. The registered capital of Cathay United Bank (China) Co., Ltd. was CNY3 billion, whose working capital was transferred from Cathay United Bank (Shanghai), Cathay United Bank (Qingdao), Cathay United Bank (Shenzhen) upon obtaining approval from the authorities.
- g. On January 9, 2012, MOEAIC authorized Cathay Securities Investments Trust to remit CNY66,600 thousand as the registered capital to establish a China-based company named BSCOM Cathay Asset Management, originally named CDBS Cathay Asset Management (in the form of a joint venture with China Development Bank Securities Co., Ltd., originally named China Development Bank Securities LLC). Cathay Securities Investment Trust held 33.3% of the shares. BSCOM Cathay Asset Management’s capital is CNY200,000 thousand, and it acquired a business license from an enterprise legal person on August 16, 2013. On November 9, 2016, the board of Cathay Securities Investments Trust approved to increase investment in BSCOM Cathay Asset Management accounted for using the equity method, as the percentage of original ownership amounted to CNY53,280 thousand. The proposal was authorized by the FSC and MOEAIC on May 16, 2017 and June 9, 2017, respectively, and was completed on September 29, 2017. As of December 31, 2025, Cathay Securities Investment Trust remittances to BSCOM Cathay Asset Management totaled approximately CNY119,880 thousand.
- h. Information on Cathay Lujiazui Life Insurance Co., Ltd. and Cathay Insurance Company Limited (China) is as follows:

- 1) Location: Shanghai, China.
- 2) Status of capital funds and related income: As of December 31, 2025, the investment assets of Cathay Lujiazui Life Insurance Co., Ltd. and Cathay Insurance Company Limited (China) amount to \$185,824,157 thousand and \$15,146,635 thousand, respectively, and net investment income is \$9,381,810 thousand and \$721,859 thousand, respectively.
- 3) Provision methodology and balance of insurance policy reserves

As of December 31, 2025, the balances of reserves of Cathay Lujiazui Life Insurance Co., Ltd. and Cathay Insurance Company Limited (China) are as follows:

(In Thousands of New Taiwan Dollars)

	Cathay Lujiazui Life Insurance Co., Ltd.	Cathay Century (China)
Unearned premium reserve	\$ 385,330	\$ 9,155,312
Loss reserve	536,834	5,060,724
Policy reserve	<u>149,335,374</u>	<u>-</u>
	<u>\$ 150,257,538</u>	<u>\$ 14,216,036</u>

(Continued)

Provision methodology of insurance policy reserves:

- a) Unearned premium reserve: For an unexpired in-force contract with a policy period shorter than one year, the calculation of unearned premium reserve is based on the unexpired risk of each insurance.
 - b) Loss reserve: The reserve for claims filed but not yet paid is assessed based on the actual relevant information of each case and provided by insurance type. The reserve for claims not yet filed is provided based on the past experiences of actual claims and expenses in line with the actuarial principles for injury insurance.
 - c) Policy reserve: The life table and interest rates stipulated in the mainland reserve law shall be provided in accordance with the Regulations Governing the Setting Aside of Various Reserves by Insurance Enterprises.
- 4) Premium income and percentage of insurance benefits: As of for the year ended December 31, 2025, the premium income of Cathay Lujiazui Life Insurance Co., Ltd. was NT\$45,973,155 thousand accounted for 11.33% of Cathay Life, and the premium income of Cathay Insurance Company Limited (China) was NT\$25,351,169 thousand accounted for 6.25% and 62.45% of Cathay Life and Cathay Century, respectively.
 - 5) Insurance claims and payments and its ratio to the insurance industry: As of December 31, 2025, the insurance claims and payments of Cathay Lujiazui Life Insurance Co., Ltd. were NT\$3,771,874 accounting for 0.83% of Cathay Life, and the insurance claims and payments of Cathay Insurance Company Limited (China) were NT\$16,094,366 accounting for 3.56% and 89.15% of Cathay Life and Cathay Century, respectively.

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CATHAY FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES

INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT INTERCOMPANY TRANSACTIONS
FOR THE YEAR ENDED DECEMBER 31, 2025
(In Thousands of New Taiwan Dollars)

No. (Note 1)	Investee Company	Counterparty	Relationship (Note 2)	Transactions Details			
				Financial Statement Account	Amount	Payment Terms	% of Total Sales or Assets (Note 3)
0	Cathay Financial Holdings	Cathay Life	a	Financial assets at fair value through profit or loss	\$ 35,000,000	Not significantly different with that of third parties	0.24
		Cathay Life	a	Receivables	998,764	Not significantly different with that of third parties	0.01
		Cathay Life	a	Interest income	1,260,000	Not significantly different with that of third parties	0.36
		Cathay United Bank	a	Receivables	6,916,817	Not significantly different with that of third parties	0.05
		Cathay Century	a	Receivables	674,433	Not significantly different with that of third parties	-
		Cathay Securities	a	Receivables	1,026,793	Not significantly different with that of third parties	0.01
		Cathay Securities Investment Trust	a	Receivables	716,257	Not significantly different with that of third parties	-
1	Cathay Life	Cathay Financial Holdings	b	Gain (loss) on investment property	200,850	Not significantly different with that of third parties	0.06
		Cathay United Bank	c	Guarantee deposits received	221,036	Not significantly different with that of third parties	-
		Cathay United Bank	c	Cash and cash equivalents	75,510,969	Not significantly different with that of third parties	0.53
		Cathay United Bank	c	Gain (loss) on investment property	846,661	Not significantly different with that of third parties	0.24
		Cathay United Bank	c	Premium income	185,341	Not significantly different with that of third parties	0.05
		Cathay United Bank	c	Other general and administrative expenses	11,104,457	Not significantly different with that of third parties	3.17
		Cathay United Bank	c	Payables	511,228	Not significantly different with that of third parties	-
		Cathay United Bank	c	Service fee and commission expense	1,079,820	Not significantly different with that of third parties	0.31
		Cathay United Bank	c	Net other non-interest gain	237,249	Not significantly different with that of third parties	0.07
		Cathay United Bank	c	Gain on financial assets and liabilities at fair value through profit or loss	4,173,746	Not significantly different with that of third parties	1.19
		Cathay United Bank	c	Financial liabilities at fair value through profit or loss	1,548,777	Not significantly different with that of third parties	0.01
		Cathay United Bank	c	Interest income	499,167	Not significantly different with that of third parties	0.14
		Cathay Century	c	Net other non-interest gain	935,053	Not significantly different with that of third parties	0.27
		Cathay Century	c	Gain (loss) on investment property	137,509	Not significantly different with that of third parties	0.04
		Cathay Century	c	Other general and administrative expenses	165,581	Not significantly different with that of third parties	0.05
		Cathay Securities	c	Other general and administrative expenses	292,153	Not significantly different with that of third parties	0.08
		Cathay Securities Investment Trust	c	Service fee and commission expense	464,172	Not significantly different with that of third parties	0.13
		Cathay Walbrook Holding 1 Limited	c	Loans	13,306,893	Not significantly different with that of third parties	0.09
		Cathay Walbrook Holding 1 Limited	c	Interest income	953,568	Not significantly different with that of third parties	0.27
		Cathay Walbrook Holding 2 Limited	c	Loans	708,601	Not significantly different with that of third parties	-

(Continued)

No. (Note 1)	Investee Company	Counterparty	Relationship (Note 2)	Transactions Details			
				Financial Statement Account	Amount	Payment Terms	% of Total Sales or Assets (Note 3)
2	Cathay United Bank	Cathay Century	c	Deposits	\$ 3,253,760	Not significantly different with that of third parties	0.02
		Cathay Century	c	Service fee and commission revenue	293,322	Not significantly different with that of third parties	0.08
		Cathay Century	c	Other general and administrative expenses	215,357	Not significantly different with that of third parties	0.06
		Cathay Securities	c	Deposits	6,081,311	Not significantly different with that of third parties	0.04
		Cathay Securities	c	Service fee and commission revenue	242,090	Not significantly different with that of third parties	0.07
		Cathay Securities Investment Trust	c	Deposits	295,208	Not significantly different with that of third parties	-
		Cathay Securities Investment Trust	c	Service fee and commission revenue	126,210	Not significantly different with that of third parties	0.04
		Cathay Futures	c	Deposits	7,230,651	Not significantly different with that of third parties	0.05
		Cathay Futures	c	Guarantee deposits paid	773,791	Not significantly different with that of third parties	0.01
		Lin Yuan	c	Deposits	2,264,554	Not significantly different with that of third parties	0.02
		Cathay Industrial R&D Center	c	Deposits	484,213	Not significantly different with that of third parties	-
		CUBC Bank	c	Interbank deposits	1,447,087	Not significantly different with that of third parties	0.01
		CUBCN Bank	c	Interbank lending	355,460	Not significantly different with that of third parties	-
		3	Cathay Securities	Cathay Futures	c	Financial assets at fair value through profit or loss	1,446,016
Cathay Futures	c			Cash and cash equivalents	196,096	Not significantly different with that of third parties	-
Cathay Futures	c			Other general and administrative expenses	105,885	Not significantly different with that of third parties	0.03
4	Indovina Bank	Cathay Insurance (Vietnam)	c	Deposits	246,257	Not significantly different with that of third parties	-
		Cathay Life (Vietnam)	c	Deposits	3,571,725	Not significantly different with that of third parties	0.02
		Cathay Life (Vietnam)	c	Interest expense	280,205	Not significantly different with that of third parties	0.08
		Cathay Life (Vietnam)	c	Payables	269,508	Not significantly different with that of third parties	-
5	Cathay Securities Investment Trust	Cathay Life	c	Other general and administrative expenses	155,166	Not significantly different with that of third parties	0.04
6	Cathay Power Inc.	Nan Yang Power	c	Receivables	220,544	Not significantly different with that of third parties	-
7	CM Energy Co., Ltd.	SUNRISE PV ONE CO., LTD.	c	Receivables	200,273	Not significantly different with that of third parties	-
8	Neo Cathay Power Corp.	Cathy Sunrise Electric Power Two	c	Receivables	101,590	Not significantly different with that of third parties	-
9	Si Yi	SUNRISE PV ONE CO., LTD.	c	Receivables	200,273	Not significantly different with that of third parties	-

Note 1: Parent company is numbered 0; subsidiaries are sequentially numbered starting from 1.

Note 2: Categories of relationship:

- a. Parent company to subsidiary.
- b. Subsidiary to parent company.
- c. Between subsidiaries.

Note 3: Percentage of transaction amount to total consolidated operating income and assets is calculated as follows:

For balance sheet accounts: Transaction amount ÷ Total consolidated assets.

For income statement accounts: Accumulated transaction amount ÷ Total consolidated profit from operations.

Note 4: Disclosure of the important intercompany transactions above is decided by the Company based on the materiality principle.

(Concluded)

CATHAY FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES

INFORMATION ON MAJOR SHAREHOLDERS
DECEMBER 31, 2025

Names of Major Shareholders	Shares	
	Number of Shares Held	Shareholding Percentage (%)
Wan Pao Development Co., Ltd.	2,540,990,110	15.68
Lin Yuan Investment Co., Ltd.	2,249,443,425	13.88

Note 1: Information on major shareholders in this table is regarding the shareholders who hold more than 5% of the Company's dematerialized ordinary shares and preference shares (including treasury shares) that have been registered and delivered, as calculated by the Taiwan Depository & Clearing Corporation on the last business day at the end of the quarter. The capital recorded in the Company's consolidated financial statements and the actual number of dematerialized shares that have been registered and delivered may differ due to the difference between the basis of preparation and calculation.

Note 2: If a shareholder holds its shares by trust, the information is individually presented in the above disclosures by the trustee who opened the trust account. As for the handling of insider shareholding declaration for shareholders holding more than 10% of the Company's shares in accordance with the Securities and Exchange Act, the number of shares held includes those held by trust in which the shareholder has the power to decide the allocation of trust assets. For more information regarding insider shareholding declaration, please refer to the Market Observation Post System website.