Cathay Life Insurance Co., Ltd. and Subsidiaries

Consolidated Financial Statements for the Three Months Ended March 31, 2026 and 2025 and Independent Auditors' Review Report

Deloitte.

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INDEPENDENT AUDITORS' REVIEW REPORT

The Board of Directors and Shareholders
Cathay Life Insurance Co., Ltd.

Introduction

We have reviewed the accompanying consolidated balance sheets of Cathay Life Insurance Co., Ltd. and its subsidiaries (collectively, "the Group") as of March 31, 2026, the restated December 31, 2025, March 31, 2025 and January 1, 2025, the related consolidated statements of comprehensive income, the consolidated statements of changes in equity and cash flows for the three months ended March 31, 2026 and the restated three months ended March 31, 2025, and the related notes to the consolidated financial statements, including material accounting policy information (collectively referred to as 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 Insurance Enterprises, Insurance Bureau (Financial) Ref. No. 1140495239 and International Accounting Standard 34 "Interim Financial Reporting" endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China. Our responsibility is to express a conclusion on the consolidated financial statements based on our reviews.

Scope of Review

We conducted our reviews in accordance with the Standards on Review Engagements of the Republic of China 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our reviews, nothing has come to our attention that caused us to believe that the accompanying consolidated financial statements do not present fairly, in all material respects, the consolidated financial position of the Group as of March 31, 2026, and the restated December 31, 2025, March 31, 2025 and January 1, 2025, and of its consolidated financial performance and its consolidated cash flows for the three months ended March 31, 2026 and the restated three months ended March 31, 2025, in accordance with the Regulations Governing the Preparation of Financial Reports by Insurance Enterprises, Insurance Bureau (Financial) Ref. No. 1140495239 and International Accounting Standard 34 "Interim Financial Reporting" endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

Emphasis of Matter

We draw attention to Note 3 to the consolidated financial statements, which discloses that the Group adopted International Financial Reporting Standard 17 “Insurance Contracts” effective January 1, 2026. As a result of the retrospective application of the aforesaid standard, the comparative financial statements have been restated accordingly.

We also draw attention to Notes 3 and 4 to the consolidated financial statements, which discloses that, in accordance with the proviso of Article 12, Foreign Exchange Gain (Loss), of the Regulations Governing the Preparation of Financial Reports by Insurance Enterprises and the Insurance Bureau (Financial) Ref. No. 1140495239, effective January 1, 2026, unrealized exchange differences arising from Cathay Life Insurance Co., Ltd.’s directly held financial assets classified as debt instruments measured at amortized cost, where the associated foreign currency risk components have not been designated as hedged items, shall be amortized, on a straight-line basis over the expected remaining duration, for each instrument and each transaction.

Our review result is not modified in respect of these matters.

The engagement partners on the reviews resulting in this independent auditors’ review report are Shu-Wan Lin and Yin-Chou Chen.

Deloitte & Touche
Taipei, Taiwan
Republic of China

May 14, 2026

<u>*Notice to Readers*</u>

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 review such consolidated financial statements are those generally applied in the Republic of China.

For the convenience of readers, the independent auditors’ review 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’ review report and consolidated financial statements shall prevail.

CATHAY LIFE INSURANCE CO., LTD. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS
(In Thousands of New Taiwan Dollars)

	March 31, 2026		December 31, 2025 (Restated)		March 31, 2025 (Restated)		January 1, 2025 (Restated)	
ASSETS	**Amount**	**%**	**Amount**	**%**	**Amount**	**%**	**Amount**	**%**
CASH AND CASH EQUIVALENTS (Notes 6 and 36)	$ 249,192,318	3	$ 280,967,668	3	$ 224,171,542	3	$ 216,664,932	3
RECEIVABLES (Notes 5, 7 and 36)	111,745,052	1	105,880,746	1	96,207,070	1	125,428,163	1
CURRENT TAX ASSETS	181,559	-	137,040	-	11,089	-	9,874	-
INVESTMENTS								
Financial assets at fair value through profit or loss (Notes 4, 5, 8 and 41)	497,030,564	6	1,586,650,127	18	1,594,195,710	18	1,610,095,749	18
Financial assets at fair value through other comprehensive income (Notes 4, 5, 9, 39 and 41)	3,288,588,580	37	889,340,149	10	776,219,140	9	739,656,148	8
Financial assets measured at amortized cost (Notes 4, 5, 10, 39 and 41)	2,679,082,529	30	4,079,499,577	45	4,374,839,746	49	4,344,896,500	48
Financial assets for hedging (Notes 4, 5 and 11)	277,344	-	36,010	-	16,924	-	6,615	-
Investments accounted for using the equity method (Notes 13 and 39)	78,800,021	1	78,671,438	1	60,847,492	1	59,531,996	1
Other financial assets (Note 14)	5,998,554	-	1,499,643	-	-	-	-	-
Investment property (Notes 5, 15 and 36)	563,325,048	6	563,226,573	6	546,641,226	6	545,007,264	6
Investment property under construction (Notes 15 and 36)	24,206,844	-	20,899,061	-	17,223,606	-	14,779,174	-
Prepayments for buildings and land - investments (Note 15)	1,105,865	-	977,717	-	847,180	-	1,097,313	-
Loans (Notes 4, 5, 16 and 36)	271,878,341	3	258,270,941	3	236,740,261	2	233,318,593	3
Total investments	7,410,293,690	83	7,479,071,236	83	7,607,571,285	85	7,548,389,352	84
INSURANCE CONTRACT ASSETS (Notes 4, 5 and 25)	863,225	-	1,098,000	-	1,979,773	-	2,220,848	-
REINSURANCE CONTRACT HELD ASSETS (Notes 4, 5 and 17)	31,770,683	-	32,401,935	1	31,376,666	-	31,748,792	-
PROPERTY AND EQUIPMENT (Notes 18, 36 and 39)	41,275,377	1	41,078,154	1	41,361,009	-	41,132,343	1
RIGHT-OF-USE ASSETS (Notes 19 and 36)	1,169,497	-	1,159,815	-	1,554,651	-	1,403,664	-
INTANGIBLE ASSETS (Note 20)	20,539,714	-	20,976,738	-	22,357,745	-	22,810,143	-
DEFERRED TAX ASSETS (Note 4)	114,153,303	1	119,121,249	1	74,052,315	1	75,894,490	1
OTHER ASSETS (Notes 4, 21, 36 and 39)	70,109,110	1	73,659,403	1	78,310,779	1	91,179,542	1
SEPARATE ACCOUNT INSURANCE PRODUCT ASSETS (Notes 4 and 37)	866,840,907	10	838,557,419	9	784,057,705	9	789,277,041	9
TOTAL	$ 8,918,134,435	100	$ 8,994,109,403	100	$ 8,963,011,629	100	$ 8,946,159,184	100
LIABILITIES AND EQUITY								
PAYABLES (Notes 22 and 36)	$ 30,401,291	-	$ 17,268,062	-	$ 26,648,419	-	$ 21,671,375	-
CURRENT TAX LIABILITIES (Note 4)	548,040	-	411,720	-	435,064	-	301,899	-
SHORT-TERM DEBT (Note 23)	1,434,796	-	1,484,601	-	-	-	-	-
FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS (Notes 4, 5, 8 and 41)	604,715,591	7	584,829,831	7	557,778,170	6	573,501,645	7
FINANCIAL LIABILITIES FOR HEDGING (Notes 4, 5 and 11)	2,252,671	-	919,871	-	3,024,385	-	2,591,575	-
BONDS PAYABLE (Notes 24 and 36)	194,277,614	2	193,603,582	2	195,756,157	2	195,257,330	2
OTHER FINANCIAL LIABILITIES (Note 41)	40,202,964	1	39,209,760	-	30,351,870	1	30,325,544	-
INSURANCE CONTRACT LIABILITIES (Notes 4, 5 and 25)	7,072,314,387	79	7,163,030,804	80	7,055,240,368	79	7,042,554,652	79
REINSURANCE CONTRACT HELD LIABILITIES (Notes 4, 5 and 17)	8,760,760	-	9,184,730	-	8,628,486	-	8,717,451	-
PROVISIONS (Note 26)	-	-	56,245	-	56,245	-	56,245	-
LEASE LIABILITIES (Notes 19 and 36)	15,580,174	-	15,758,222	-	15,965,898	-	15,874,291	-
DEFERRED TAX LIABILITIES (Note 4)	48,067,184	1	79,277,025	1	101,965,890	1	89,821,395	1
OTHER LIABILITIES (Notes 4, 27 and 36)	272,787,175	3	199,053,158	2	185,602,264	2	180,446,915	2
Total liabilities	8,291,342,647	93	8,304,087,611	92	8,181,453,216	91	8,161,120,317	91
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY (Notes 4 and 32)								
Share capital								
Ordinary shares	63,515,274	1	63,515,274	1	63,515,274	1	63,515,274	1
Capital surplus	91,927,672	1	91,914,104	1	91,928,119	1	91,938,672	1
Retained earnings								
Legal reserve	72,298,082	1	72,298,082	1	58,377,758	1	58,377,758	1
Special reserve	642,982,542	7	547,117,433	6	491,399,453	5	491,399,453	5
Unappropriated earnings	95,005,300	1	116,365,094	1	74,043,648	1	93,404,845	1
Total retained earnings	810,285,924	9	735,780,609	8	623,820,859	7	643,182,056	7
Other equity	(340,259,729)	(4)	(202,486,363)	(2)	(5,066,392)	-	(20,711,926)	-
Total equity attributable to owners of the Company	625,469,141	7	688,723,624	8	774,197,860	9	777,924,076	9
NON-CONTROLLING INTERESTS (Notes 4 and 32)	1,322,647	-	1,298,168	-	7,360,553	-	7,114,791	-
Total equity	626,791,788	7	690,021,792	8	781,558,413	9	785,038,867	9
TOTAL	$ 8,918,134,435	100	$ 8,994,109,403	100	$ 8,963,011,629	100	$ 8,946,159,184	100

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

(With Deloitte & Touche review report dated May 14, 2026)

CATHAY LIFE INSURANCE CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(In Thousands of New Taiwan Dollars, Except Earnings (Loss) Per Share)

	For the Three Months Ended March 31			
	2026		2025 (Restated)	
	Amount	%	Amount	%
INSURANCE SERVICE RESULT				
Insurance revenue (Notes 4, 5, 25 and 29)	$ 38,014,797	100	$ 34,759,372	100
Insurance service expenses (Notes 4, 25 and 29)	(25,996,292)	(68)	(25,807,229)	(75)
Less: Income or expenses from reinsurance contracts held (Notes 4, 17 and 30)	(295,363)	(1)	(380,244)	(1)
Total insurance service result	11,723,142	31	8,571,899	24
FINANCE RESULT				
Net investment incomes (losses)				
Interest income (Notes 4, 31, 34 and 36)	60,477,046	159	51,664,830	149
Loss on financial assets and liabilities at fair value through profit or loss (Notes 4, 8 and 31)	(28,181,293)	(74)	(62,424,923)	(180)
(Loss) gain on derecognition of financial assets measured at amortized cost (Notes 4, 10 and 31)	(532,033)	(1)	1,725,919	5
Realized gain on financial assets at fair value through other comprehensive income (Notes 4, 9 and 31)	4,695,227	12	736,138	2
Share of profit of associates and joint ventures accounted for using the equity method (Notes 4, 13 and 31)	1,174,945	3	954,563	3
Foreign exchange gain (Notes 4 and 31)	18,196,160	48	45,647,591	131
Net changes in reserve for foreign exchange valuation (Notes 4, 27 and 31)	(10,139,244)	(27)	(11,109,859)	(32)
Gain on investment property (Notes 15, 31 and 36)	3,317,789	9	3,467,633	10
Expected credit loss on investments (Notes 4, 31 and 34)	(448,786)	(1)	(461,330)	(1)
Impairment loss and reversal of impairment loss on other investments (Note 31)	-	-	2,906	-
Net income (loss) on assets on insurance products in separate accounts (Notes 4, 31 and 37)	14,754,962	39	(4,695,173)	(13)
Other net investment losses (income) (Note 31)	(410,716)	(1)	37,020	-
Insurance finance income or expenses (Notes 4, 25 and 31)	(51,197,945)	(135)	(39,121,033)	(113)
Finance income or expenses from reinsurance contracts held (Notes 4, 17 and 31)	76,299	-	68,511	-
Total finance result	11,782,411	31	(13,507,207)	(39)

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CATHAY LIFE INSURANCE CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(In Thousands of New Taiwan Dollars, Except Earnings (Loss) Per Share)

	For the Three Months Ended March 31			
	2026		2025 (Restated)	
	Amount	%	Amount	%
OTHER OPERATING RESULT (Notes 34 and 36)				
Asset management service revenue	$ (9,066,291)	(24)	$ 2,296,049	7
Other operating revenue	730,143	2	323,690	1
Finance costs	(2,748,246)	(7)	(2,739,809)	(8)
Other operating costs	11,087,572	29	(2,040,649)	(6)
Other operating expenses	(2,710,347)	(7)	(4,551,567)	(13)
Total other operating results	(2,707,169)	(7)	(6,712,286)	(19)
OPERATING INCOME (LOSS)	20,798,384	55	(11,647,594)	(34)
NON-OPERATING INCOME AND EXPENSES (Notes 34 and 36)	339,376	1	559,029	2
PROFIT (LOSS) BEFORE INCOME TAX	21,137,760	56	(11,088,565)	(32)
INCOME TAX EXPENSE (Notes 4 and 35)	(3,768,496)	(10)	(7,508,035)	(22)
NET PROFIT (LOSS)	17,369,264	46	(18,596,600)	(54)
OTHER COMPREHENSIVE INCOME (LOSS) (Notes 4 and 32)				
Items that will not be reclassified subsequently to profit or loss:				
Gain (loss) on equity instruments at fair value through other comprehensive income	40,009,327	105	(3,759,595)	(11)
Share of other comprehensive (loss) income of associates and joint ventures accounted for using the equity method for items that will not be reclassified subsequently to profit or loss	(254,958)	(1)	140,810	-
Insurance finance income or expenses	20,221	-	(12,581)	-
Income tax relating to items that will not be reclassified subsequently to profit or loss (Notes 4 and 35)	1,428,408	4	171,085	1
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translation of the financial statements of foreign operations	767,006	2	1,853,922	5
Gain (loss) on hedging instruments	9,901	-	(127,967)	-
(Loss) gain on debt instruments at fair value through other comprehensive income	(55,770,539)	(147)	4,514,535	13

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CATHAY LIFE INSURANCE CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(In Thousands of New Taiwan Dollars, Except Earnings (Loss) Per Share)

	For the Three Months Ended March 31			
	2026		2025 (Restated)	
	Amount	%	Amount	%
Insurance finance income or expenses	$ 136,210,934	358	$ 16,646,435	48
Finance income or expenses for reinsurance contracts held	(295,573)	(1)	(115,306)	-
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	(631,440)	(1)	417,850	1
Income tax relating to items that may be reclassified subsequently to profit or loss (Notes 4 and 35)	(17,899,351)	(47)	(4,602,489)	(13)
Total other comprehensive income for the period, net of income tax	103,593,936	272	15,126,699	44
TOTAL COMPREHENSIVE INCOME (LOSS)	$ 120,963,200	318	$ (3,469,901)	(10)
NET PROFIT (LOSS) ATTRIBUTABLE TO:				
Owners of the Company	$ 17,356,783	46	$ (19,254,228)	(56)
Non-controlling interests	12,481	-	657,628	2
	$ 17,369,264	46	$ (18,596,600)	(54)
TOTAL COMPREHENSIVE INCOME (LOSS) ATTRIBUTABLE TO:				
Owners of the Company	$ 120,949,721	318	$ (3,715,663)	(11)
Non-controlling interests	13,479	-	245,762	1
	$ 120,963,200	318	$ (3,469,901)	(10)
EARNINGS (LOSS) PER SHARE (Note 33)				
Basic earnings (loss) per share	$ 2.73		$ (3.03)	

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

(With Deloitte & Touche review report dated May 14, 2026) (Concluded)

CATHAY LIFE INSURANCE CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
(In Thousands of New Taiwan Dollars)

	Equity Attributable to Owners of the Company															
			Retained Earnings			Other Equity										
	Share Capital Ordinary Shares	Capital Surplus	Legal Reserve	Special Reserve	Unappropriated 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	Remeasurement of Defined Benefit Plans	Property Revaluation Surplus	Other Comprehensive Income (Loss) on Reclassification Using Overlay Approach	Insurance Finance Income (Expenses) Recognized in Other Comprehensive Income	Finance Income (Expenses) from Reinsurance Contracts Held Recognized in Other Comprehensive Income	Total	Non-controlling Interests	Total Equity
BALANCE ON JANUARY 1, 2025	$ 63,515,274	$ 91,938,672	$ 58,377,758	$ 491,399,453	$ 67,900,347	$ (7,683,958)	$ (14,052,961)	$ (354,267)	$ 4,132,850	$ 402,058	$ (51,078,153)	$ -	$ -	$ 704,497,073	$ 13,176,325	$ 717,673,398
Effect of retrospective application of IFRS 17	-	-	-	-	25,504,498	-	4,632,438	-	-	-	51,078,153	(7,779,490)	(8,596)	73,427,003	(6,061,534)	67,365,469
BALANCE ON JANUARY 1, 2025 AS RESTATED	63,515,274	91,938,672	58,377,758	491,399,453	93,404,845	(7,683,958)	(9,420,523)	(354,267)	4,132,850	402,058	-	(7,779,490)	(8,596)	777,924,076	7,114,791	785,038,867
Changes in capital surplus from investments in associates and joint ventures accounted for using the equity method	-	(10,553)	-	-	10,888	-	(10,888)	-	-	-	-	-	-	(10,553)	-	(10,553)
Net (loss) profit for the three months ended March 31, 2025	-	-	-	-	(19,254,228)	-	-	-	-	-	-	-	-	(19,254,228)	657,628	(18,596,600)
Other comprehensive income (loss) for the three months ended March 31, 2025, net of income tax	-	-	-	-	-	2,123,285	512,548	(101,399)	(240)	-	-	13,096,609	(92,238)	15,538,565	(411,866)	15,126,699
Total comprehensive income (loss) for the three months ended March 31, 2025	-	-	-	-	(19,254,228)	2,123,285	512,548	(101,399)	(240)	-	-	13,096,609	(92,238)	(3,715,663)	245,762	(3,469,901)
Disposals of equity instruments at fair value through other comprehensive loss	-	-	-	-	(117,857)	-	117,857	-	-	-	-	-	-	-	-	-
BALANCE ON MARCH 31, 2025	$ 63,515,274	$ 91,928,119	$ 58,377,758	$ 491,399,453	$ 74,043,648	$ (5,560,673)	$ (8,801,006)	$ (455,666)	$ 4,132,610	$ 402,058	$ -	$ 5,317,119	$ (100,834)	$ 774,197,860	$ 7,360,553	$ 781,558,413
BALANCE ON JANUARY 1, 2026	$ 63,515,274	$ 91,914,104	$ 72,298,082	$ 547,117,433	$ 116,365,094	$ (9,674,688)	$ 1,234,617	$ (1,596,964)	$ 4,959,752	$ 402,058	$ -	$ (198,290,162)	$ 479,024	$ 688,723,624	$ 1,298,168	$ 690,021,792
Effects of redesignation of financial assets	-	-	-	-	40,571,754	-	(224,707,526)	-	-	-	-	(82,000)	-	(184,217,772)	-	(184,217,772)
BALANCE OF FINANCIAL ASSETS AFTER REDESIGNATION AS OF JANUARY 1, 2026	63,515,274	91,914,104	72,298,082	547,117,433	156,936,848	(9,674,688)	(223,472,909)	(1,596,964)	4,959,752	402,058	-	(198,372,162)	479,024	504,505,852	1,298,168	505,804,020
Appropriation of special reserve in accordance with Jin Guan Bao Tsai No. 11304930755	-	-	-	95,865,109	(95,865,109)	-	-	-	-	-	-	-	-	-	-	-
Changes in capital surplus from investments in associates and joint ventures accounted for using the equity method	-	13,568	-	-	5,878	-	(5,878)	-	-	-	-	-	-	13,568	-	13,568
Net profit (loss) for the three months ended March 31, 2026	-	-	-	-	17,356,783	-	-	-	-	-	-	-	-	17,356,783	12,481	17,369,264
Other comprehensive income (loss) for the three months ended March 31, 2026, net of income tax	-	-	-	-	-	785,496	(5,485,446)	(12,570)	3,831	-	-	108,538,077	(236,450)	103,592,938	998	103,593,936
Total comprehensive income (loss) for the three months ended March 31, 2026	-	-	-	-	17,356,783	785,496	(5,485,446)	(12,570)	3,831	-	-	108,538,077	(236,450)	120,949,721	13,479	120,963,200
Disposals of equity instruments at fair value through other comprehensive loss	-	-	-	-	16,570,900	-	(16,570,900)	-	-	-	-	-	-	-	-	-
Changes in non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	-	-	-	11,000	11,000
BALANCE ON MARCH 31, 2026	$ 63,515,274	$ 91,927,672	$ 72,298,082	$ 642,982,542	$ 95,005,300	$ (8,889,192)	$ (245,535,133)	$ (1,609,534)	$ 4,963,583	$ 402,058	$ -	$ (89,834,085)	$ 242,574	$ 625,469,141	$ 1,322,647	$ 626,791,788

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

(With Deloitte & Touche review report dated May 14, 2026)

CATHAY LIFE INSURANCE CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
(In Thousands of New Taiwan Dollars)

	For the Three Months Ended March 31	
	2026	2025 (Restated)
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit (loss) before income tax	$ 21,137,760	$ (11,088,565)
Adjustments for:		
Depreciation expenses	542,785	577,549
Amortization expenses	494,792	497,241
Loss on financial assets and liabilities at fair value through profit or loss	28,868,515	66,386,810
Realized gain on financial assets at fair value through other comprehensive income	(3,109,055)	(367,759)
Loss (gain) on derecognition of financial assets measured at amortized cost	532,033	(1,725,919)
Interest expense	2,804,853	2,759,612
Interest income	(60,477,046)	(51,664,830)
Dividend income	(2,273,394)	(4,330,266)
Net changes in reserve for foreign exchange valuation	10,139,244	11,109,859
Net changes in other reserves	3,204,251	623,141
Expected credit loss on investments	448,786	461,330
Expected credit loss on non-investments	1,165	5,552
Share of profit of associates and joint ventures accounted for using equity method	(1,174,945)	(954,563)
Net (gain) loss on separate account insurance product assets	(14,754,962)	4,695,173
Loss on disposal and retirement of property and equipment	138	151
Gain on disposal of investment property	(14,754)	-
Loss on changes in fair value of investment property	33,695	87,980
Net changes in operating assets and liabilities		
Financial assets at fair value through profit or loss	199,446,726	2,433,137
Financial assets at fair value through other comprehensive income	(219,144,100)	(33,666,514)
Financial assets measured at amortized cost	(114,059,967)	(27,301,186)
Financial assets for hedging	33,429	-
Other financial assets	(4,500,000)	-
Separate account insurance product assets	(13,528,526)	524,163
Notes receivable	4,583	-
Receivables	(2,619,055)	33,831,491
Other assets	7,752,547	13,102,327
Financial liabilities at fair value through profit or loss	(30,529,181)	(67,994,140)
Financial liabilities for hedging	1,069,014	294,534
Net insurance contract liabilities	45,749,513	29,560,645
Net reinsurance assets	(88,289)	167,855
Payables	11,986,391	3,644,212
Provisions	(56,245)	-
Other liabilities	60,390,523	(6,577,651)
Cash used in operations	(71,688,776)	(34,908,631)

(Continued)

CATHAY LIFE INSURANCE CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
(In Thousands of New Taiwan Dollars)

	For the Three Months Ended March 31	
	2026	2025 (Restated)
Interest received	$ 56,799,245	$ 49,493,799
Dividends received	2,445,850	4,330,266
Interest paid	(711,722)	(1,217,544)
Income tax paid	(491,781)	(353,766)
Net cash (used in) generated from operating activities	(13,647,184)	17,344,124
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from disposal of investments accounted for using the equity method	-	187,174
Acquisition of property and equipment	(627,093)	(644,900)
Proceeds from disposal of property and equipment	-	9
Acquisition of intangible assets	(57,752)	(44,160)
Increase in loans	(13,816,454)	(3,480,511)
Acquisition of investment property	(3,472,479)	(2,210,401)
Disposal of investment property	18,314	-
Net cash used in investing activities	(17,955,464)	(6,192,789)
CASH FLOWS FROM FINANCING ACTIVITIES		
Commercial papers payable	(49,805)	-
Repayments of the principal portion of lease liabilities	(320,484)	(240,370)
Other financial liabilities	740,190	(18,952)
Changes in non-controlling interests	11,000	-
Net cash generated from (used in) financing activities	380,901	(259,322)
EFFECTS OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	(553,603)	(3,385,403)
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(31,775,350)	7,506,610
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	280,967,668	216,664,932
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	$ 249,192,318	$ 224,171,542

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

(With Deloitte & Touche review report dated May 14, 2026) (Concluded)

1. GENERAL INFORMATION

Cathay Life Insurance Co., Ltd. (the "Company") was incorporated in Taiwan on October 23, 1962, under the Company Act of the Republic of China ("ROC") and mainly engages in the business of life insurance. In order to benefit from operation synergies and enhance the competitiveness in financial markets, Cathay Financial Holding Co., Ltd. ("Cathay Financial Holdings") was incorporated on December 31, 2001 through a share swap with the Company, and the Company became a wholly-owned subsidiary of Cathay Financial Holdings. The Company's registered office and the main business location is at No. 296, Ren Ai Road, Section 4, Taipei, ROC.

The Company participated in and won the bid for assets, liabilities and operations of Global Life Insurance Co., Ltd. ("Global Life") and Singfor Life Insurance Co., Ltd. ("Singfor Life"), which was held by Taiwan Insurance Guaranty Fund. The Company entered into the general assignment and assumption agreement on March 27, 2015. The Company assumed all assets, liabilities and operations of Global Life and Singfor Life except for their reserved assets and liabilities on July 1, 2015. Upon the approval by the authorities, the Company started its operations on August 5, 2015 after receiving the business license for its offshore insurance unit.

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

2. APPROVAL OF FINANCIAL STATEMENTS

The consolidated financial statements were approved by the Company's board of directors and authorized for issue on May 14, 2026.

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

a. Initial application of the amended Regulations Governing the Preparation of Financial Reports by Insurance Enterprises and 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)

   Except as noted below, the application of the IFRS Accounting Standards endorsed and issued into effect by the FSC did not have a material impact on the accounting policies of the Company and entities controlled by the Company (collectively, the "Group").

   1) IFRS 17 "Insurance Contracts"(including amendments made in 2020 and 2021)

      IFRS 17 replaces IFRS 4, "Insurance Contracts", and sets out principles for the recognition, measurement, presentation, and disclosure of insurance contracts. For related accounting policies, please refer to Note 4.

Under IFRS 4, premiums for insurance contracts and financial instruments with discretionary participation features are recognized as revenue upon receipt and completion of underwriting procedures for initial premiums, and upon maturity and collection for renewal premiums. The corresponding policy acquisition costs, such as commission expenses and underwriting expenses, are recognized as current expenses when the insurance contracts become effective. Premiums received from insurance products not linked to separate account and classified as financial instruments without discretionary participation features are recognized on the balance sheet as insurance contract liabilities with financial instrument characteristics. For separate account insurance products classified as financial instruments without discretionary participation features, the premiums received, net of preprocessing expenses or investment management service fees, are fully recognized on the balance sheet as separate account insurance liabilities. The acquisition costs incurred due to investment management services for such policies, such as commissions and incremental costs directly attributable to the issuance of new contracts, are deferred and recorded under deferred acquisition costs and amortized on a straight-line basis over the service period according to the proportion of services rendered. The amortization is recognized under other operating costs. Cathay Lujiazui Life Insurance Co., Ltd. ("Cathay Lujiazui Life") and Cathay Life Insurance (Vietnam) Co., Ltd. ("Cathay Life (Vietnam)") recognize insurance revenue and expenses in accordance with applicable accounting standards issued by local government. In accordance with industry practice, premium income from direct insurance business is recognized as revenue in the year in which premiums are collected and the corresponding invoices are issued. The corresponding expenses, such as commission expenses and underwriting costs, are recognized as incurred and accrued at year-end in accordance with the accrual basis of accounting.

The Group applies the transition requirements of IFRS 17 in its accounting treatment. In general, the Group applies IFRS 17 using the full retrospective approach. Where the application of the full retrospective approach is impractical, 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 the closest possible outcome to the full retrospective approach. Relevant information is set out in Note 4.

When applying the fair value approach using reasonable and supportable information, the Group 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 insurance contracts and the fulfillment cash flows measured at that date. Relevant information is set out in Note 4.

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, prior to the application of IFRS 17, the overlay approach to designated financial assets. The Group had ceased the overlay approach upon the application of IFRS 17.

The Group has retrospectively applied IFRS 17, ceased the application of the overlay approach, and restated comparative information on a retrospective basis. The adjustments to assets, liabilities, and equity for 2025 are as follows:

	Carrying Amount	Adjustments Arising from Initial Application	Adjusted Carrying Amount
December 31, 2025			
Impact on assets	$ 9,081,778,371	$ (87,668,968)	$ 8,994,109,403
Impact on liabilities	8,331,450,906	(27,363,295)	8,304,087,611
Impact on equity	$ 750,327,465	$ (60,305,673)	$ 690,021,792
March 31, 2025			
Impact on assets	$ 9,111,361,958	$ (148,350,329)	$ 8,963,011,629
Impact on liabilities	8,431,455,089	(250,001,873)	8,181,453,216
Impact on equity	$ 679,906,869	$ 101,651,544	$ 781,558,413
January 1, 2025			
Impact on assets	$ 9,094,381,562	$ (148,222,378)	$ 8,946,159,184
Impact on liabilities	8,376,708,164	(215,587,847)	8,161,120,317
Impact on equity	$ 717,673,398	$ 67,365,469	$ 785,038,867

Redesignation of financial assets

In accordance with the transitional provisions of IFRS 17, the Group reclassifies certain financial assets held as at January 1, 2026, based on the facts and circumstances at that date. Such reclassification is made to reduce or eliminate accounting mismatches between financial assets and insurance liabilities that would otherwise result in volatility in profit or loss or other comprehensive income.

- The Group reassesses its business model for managing financial assets and reclassifies certain financial assets previously measured at amortized cost to financial assets measured at fair value through other comprehensive income and financial assets measured at fair value through profit or loss. Certain financial assets measured at fair value through other comprehensive income are reclassified to amortized cost and fair value through profit or loss. In addition, certain financial assets measured at fair value through profit or loss are reclassified to fair value through other comprehensive income.

- The Group redesignates certain equity instruments previously classified as financial assets at fair value through profit or loss to financial assets at fair value through other comprehensive income.

- The Group revokes the designation of certain equity instruments previously classified as financial assets at fair value through other comprehensive income, and reclassifies them as financial assets at fair value through profit or loss.

The Group elected not to restate comparative information for changes arising from the redesignation and reclassification of financial assets and not to apply the classification overlay approach to adjust financial assets for comparative period. The aforementioned redesignations and reclassifications of financial assets result in an increase of $40,489,754 thousand in retained earnings and a decrease of $224,707,526 thousand in other equity - unrealized gains or losses on financial assets measured at fair value through other comprehensive income as of January 1, 2026. The measurement categories, carrying amounts, and related changes in each class of financial assets upon redesignation and reclassification are summarized below:

Financial assets at fair value through profit or loss

	Carrying Amount as of December 31, 2025	Reclassification	Remeasurement	Carrying Amount as of January 1, 2026	Impact on Retained Earnings (Net of Tax)	Impact on Other Equity (Net of Tax)
Financial assets at fair value through profit or loss:	$ 1,586,650,127			$ 1,586,650,127		
Add:						
Redesignated from financial assets at fair value through other comprehensive income		$ 7,044,406	$ -	7,044,406	$ (1,119,262)	$ 1,119,262
Redesignated from financial assets measured at amortized cost		84,756,052	(24,377,641)	60,378,411	(19,502,113)	-
Less:						
Redesignated to financial assets at fair value through other comprehensive income		(1,008,158,964)	-	(1,008,158,964)	-	-
Financial assets at fair value through profit or loss	$ 1,586,650,127	$ (916,358,506)	$ (24,377,641)	$ 645,913,980	$ (20,621,375)	$ 1,119,262

Financial assets at fair value through other comprehensive income

	Carrying Amount as of December 31, 2025	Reclassification	Remeasurement	Carrying Amount as of January 1, 2026	Impact on Retained Earnings (Net of Tax)	Impact on Other Equity (Net of Tax)
Financial assets at fair value through other comprehensive income:	$ 901,530,473			$ 901,530,473		
Add:						
Redesignated from financial assets at fair value through profit or loss		$ 1,008,158,964	$ -	1,008,158,964	$ 61,188,754	$ (61,188,754)
Redesignated from financial assets measured at amortized cost		1,599,525,380	(230,096,112)	1,369,429,268	-	(184,121,891)
Less:						
Redesignated to financial assets at fair value through profit or loss		(7,044,406)	-	(7,044,406)	-	-
Redesignated to financial assets measured at amortized cost		(150,420,733)	-	(150,420,733)	-	-
	901,530,473	2,450,219,205	(230,096,112)	3,121,653,566	61,188,754	(245,310,645)
Transferred to guarantee deposits paid	(12,190,324)	-	2,210,048	(9,980,276)	-	-
Financial assets at fair value through other comprehensive income	$ 889,340,149	$ 2,450,219,205	$ (227,886,064)	$ 3,111,673,290	$ 61,188,754	$ (245,310,645)

Financial assets measured at amortized cost

	Carrying Amount as of December 31, 2025	Reclassification	Remeasurement	Carrying Amount as of January 1, 2026	Impact on Retained Earnings (Net of Tax)	Impact on Other Equity (Net of Tax)
Financial assets measured at amortized cost:	$ 4,120,759,651			$ 4,120,759,651		
Add:						
Redesignated from financial assets at fair value through other comprehensive income		$ 150,420,733	$ 24,334,238	174,754,971	$ -	19,483,857
Less:						
Redesignated to financial assets at fair value through profit or loss		(84,756,052)	-	(84,756,052)	-	-
Redesignated to financial assets at fair value through other comprehensive income		(1,599,525,380)	-	(1,599,525,380)	-	-
	4,120,759,651	(1,533,860,699)	24,334,238	2,611,233,190	-	19,483,857
Transferred to guarantee deposits paid	(41,260,074)	-	(5,583,680)	(46,843,754)	-	-
Others	-	-	(77,625)	(77,625)	(77,625)	-
Financial assets measured at amortized cost	$ 4,079,499,577	$(1,533,860,699)	$ 18,672,933	$ 2,564,311,811	$ (77,625)	$ 19,483,857

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

The Company's foreign-currency denominated assets corresponding to its New Taiwan dollar-denominated liabilities meet the conditions set out in the Insurance Bureau (Financial) Ref. No. 1140495239 dated January 2, 2026. Accordingly, pursuant to the proviso to Article 12 of the Regulations Governing the Preparation of Financial Reports by Insurance Enterprises and as resolved by the Board of Directors on January 22, 2026, effective January 1, 2026, the Company amortizes exchange differences on a straight-line basis over the expected remaining life of each debt instrument for debt instruments measured at amortized cost that are not designated in a foreign currency risk hedging relationship on an individual basis. The unamortized cumulative unrealized exchange net gain (loss) is recognized under other assets or other liabilities, as appropriate. Upon derecognition, any remaining unamortized portion is fully recognized in exchange gains or losses for the period. Relevant information is set out in Note 10.

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

New, Amended and Revised Standards and Interpretations	Effective Date Announced by IASB (Note 1)
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.

1) Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets between an Investor and its Associate or Joint Venture"

The amendments stipulate that, when the Group sells or contributes assets that constitute a business (as defined in IFRS 3) to an associate or joint venture, the gain or loss resulting from the transaction is recognized in full. Also, when the Group loses control of a subsidiary that contains a business but retains significant influence or joint control, the gain or loss resulting from the transaction is recognized in full.

Conversely, when the Group sells or contributes assets that do not constitute a business to an associate or joint venture, the gain or loss resulting from the transaction is recognized only to the extent of the Group's interest as an unrelated investor in the associate or joint venture, i.e., the Group's share of the gain or loss is eliminated. Also, when the Group loses control of a subsidiary that does not contain a business but retains significant influence or joint control over an associate or a joint venture, the gain or loss resulting from the transaction is recognized only to the extent of the Group's interest as an unrelated investor in the associate or joint venture, i.e., the Group's share of the gain or loss is eliminated.

2) 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.

As of the date the consolidated financial statements were authorized for issue, the Group is continuously assessing the 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.

d. Reclassification

Insurance contracts issued by the Group that are accounted for as investment contracts without discretionary participation features, with comparative information for the three months ended March 31, 2025 reclassified to conform to the current year’s presentation.

4. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION

a. Statement of compliance

These interim consolidated financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Insurance Enterprises, Insurance Bureau (Financial) Ref. No. 1140495239 and IAS 34 "Interim Financial Reporting" as endorsed and issued into effect by the FSC. Disclosure information included in these interim consolidated financial statements is less than the disclosure information required in a complete set of annual consolidated financial statements.

b. 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, net defined benefit assets which are measured at the fair value of plan assets less the present value of the defined benefit obligation and insurance contract assets/liabilities and reinsurance contract assets/liabilities measured at fulfillment cash flows and contractual service margin.

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:

1) Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities;

2) 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

3) Level 3 inputs are unobservable inputs for an asset or liability.

c. 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 profit or loss and other comprehensive income from the effective dates of acquisitions up to the effective dates of disposals, as appropriate.

Adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by the Company.

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.

Refer to Note 12, Table 1 and Table 4 for detailed information on subsidiaries (including percentages of ownership and main businesses).

d. Other material accounting policies

Except for the following, please refer to the summary of significant accounting policies in the consolidated financial statements for the year ended December 31, 2025.

1) 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. Effective January 1, 2026, for debt instrument measured at amortized cost that are not designated in a foreign currency risk hedging relationship on an individual basis, the Company amortizes exchange differences on a straight-line basis over the expected remaining life of each debt instrument for each debt instruments. The unamortized cumulative unrealized exchange net gain (loss) is recognized under other assets or other liabilities, as appropriate. Upon derecognition, any remaining unamortized portion is fully recognized in exchange gains or losses for the period.

Non-monetary items measured at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Exchange differences arising 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 items that are measured at historical cost in a foreign currency are translated using the exchange rate at the date of the transaction.

For the purpose of presenting the consolidated financial statements, the financial statements of the Company's foreign operations (including subsidiaries, associates and joint ventures in other countries or those that use currencies which are different from the Company's functional currency) that are prepared using functional currencies that 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; income and expense items are translated 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.

2) Financial instruments

Financial assets and financial liabilities are recognized when an entity in 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 the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition or issuance of financial assets or financial liabilities measured 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.

i. 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").

i) Financial assets at FVTPL

Financial assets are classified as at FVTPL when such financial assets are mandatorily classified or designated as at FVTPL, including 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 arising on remeasurement recognized in profit or loss. Fair value is determined in the manner described in Note 41.

ii) Financial assets at amortized cost

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

- The financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and

- The contractual terms of the financial asset 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. Except as provided under the proviso of Article 12 of the Regulations Governing the Preparation of Financial Reports by Insurance Enterprises, all other foreign 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:

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

- Financial assets that are not credit-impaired on purchase or origination but have 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.

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.

iii) Investments in debt instruments at FVTOCI

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

- The debt instrument is held within a business model which is achieved by both the collecting of contractual cash flows and the selling of such financial assets; and

- 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. Pursuant to Jin Guan Bao Tsai No. 1140131712, New Taiwan dollar-denominated foreign bond ETFs are accounted for in accordance with the "Practical Guidance on Classification of Insurance Enterprises' Investments in New Taiwan Dollar-Denominated Overseas Bond ETFs as FVOCI" issued by the Life Insurance Association of the Republic of China.

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.

iv) 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.

ii. 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 Group recognizes an impairment gain or loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount 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 does not reduce the carrying amount of such a financial asset.

In addition, in accordance with the Regulations Governing the Procedures for Insurance Enterprises to Evaluate Assets and Deal with Non-performing/Non-accrual Loans, credit assets are classified as normal assets ("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 collateral and the length of time overdue. The amounts of allowance for bad debts shall not be less than the following standards:

i) 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 loan assets, 10% of the Third Category loan assets, as well as 50% and 100% of the Fourth and Fifth Category loan assets.

ii) 1% of the sum of all five categories of loan assets excluding life insurance policy loans, premium loans and loans to government agencies.

iii) Total unsecured portion of non-performing loans and non-accrual loans.

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

iii. 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. 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

i. Subsequent measurement

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

i) Financial liabilities are classified as at FVTPL when such financial liabilities are held for trading. Financial liabilities held for trading are stated at fair value, with any gain or loss arising on remeasurement recognized in profit or loss.

ii) In accordance with the Regulations Governing the Setting Aside of Various Reserves for Insurance Enterprises and IFRS 9, financial liabilities under investment contracts measured at fair value through profit or loss refer to insurance contracts issued by insurers that are classified as investment contracts without discretionary participation features. Such contracts are required to be recognized as financial liabilities at fair value through profit or loss.

Fair value is determined in the manner described in Note 41.

ii. Derecognition of financial liabilities

The difference between the carrying amount of the 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 are 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 that are within the scope of IFRS 9 (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 a financial instrument is 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.

For modifications in the basis for determining contractual cash flows of financial assets or financial liabilities arising from interest rate benchmark reform, the Group applies a practical expedient whereby such modifications are treated as a change in effective interest rate when the changes are required as a direct consequence of the reform and the new basis is economically equivalent to the previous basis. If additional changes are made to financial assets or financial liabilities, the Group shall first apply the practical expedient to those changes required by interest rate benchmark reform, and then apply the requirements of modifications of financial instruments to which the practical expedient does not apply.

3) Insurance contracts

a) Definition and scope

i. Insurance contracts issued (including reinsurance contracts): An insurance contract is a binding agreement under which the insurer accepts significant insurance risk from a policyholder by agreeing to compensate the policyholder if a specified uncertain future event (the insured event) adversely affects the policyholder. The Group considers insurance risk to be significant when an insured event could cause the issuer to pay additional amounts that are significant in any single scenario. This excludes scenarios that have no commercial substance (i.e., no discernible effect on the economics of the contract). Certain insurance contracts issued by the Group are insurance contracts with direct participation features, involving the provision of investment-related services under which policyholders share in the returns generated by underlying items. These contracts are measured using the variable fee approach and have the following characteristics at inception:

i) The contractual terms specify that the policyholder participates in a clearly identified pool of underlying items;

ii) The Group expects to pay the policyholder an amount equal to a substantial share of the fair value returns on those underlying items; and

iii) The group expects a substantial proportion of any change in the amounts expected to be paid to the policyholder varies with changes in the fair value of those underlying items.

ii. Investment contracts with discretionary participation features issued: Certain investment contracts with discretionary participation features issued by the Group, which grant specified investors the contractual right to receive additional benefits in addition to amounts that are not subject to the issuer's discretion. Such additional payments are based on the investment returns on a specified pool of assets. The timing or amount of these payments is contractually determined at the issuer's discretion and are expected to constitute a significant portion of the total contractual benefits. The Group accounts for these contracts in accordance with IFRS 17.

iii. Reinsurance contracts held: The Group enters into reinsurance to mitigate its exposure to risk. Even if a reinsurance contract does not expose the issuer to the possibility of a significant loss, that contract is deemed to transfer significant insurance risk if it transfers to the reinsurer substantially all the insurance risk relating to the reinsured portions of the underlying insurance contracts.

b) Separating components from insurance contracts

The following components, if they were separate contracts, would fall within the scope of other standards and shall be separated:

i. Cash flows related to embedded derivatives that are required to be separated in accordance with IFRS 9;

ii. Cash flows related to distinct investment components;

iii. Any promise to transfer distinct goods or services that are not insurance contract services to the policyholder.

The Group has no insurance contracts requiring further separation.

c) Level of aggregation of insurance contracts

i. Insurance contracts: The Group treats insurance contracts with similar risks and managed together as a portfolio. Groups of insurance contracts are formed by subdividing portfolios of insurance contracts into annual cohorts comprising contracts issued within a one-year period at initial recognition:

i) Groups of contracts that are onerous;

ii) Groups of contracts that have no significant possibility of becoming onerous subsequently; and

iii) Groups of the remaining contracts in the portfolio.

The level of aggregation of contracts is determined at initial recognition and is not subsequently reassessed.

For insurance contracts applying the premium allocation approach, the Group assumes that there are no onerous contracts at initial recognition within a portfolio unless facts or circumstances indicate otherwise. If facts or circumstances indicate that certain contracts are onerous, the Group performs additional assessment to distinguish onerous contracts from non-onerous contracts.

ii. Reinsurance contracts held: The level of aggregation for portfolios of reinsurance contracts held is assessed separately from that of insurance contracts issued. Therefore, to apply the requirements on the level of aggregation, reinsurance contracts held, at initial recognition, within a one-year period are divided into:

i) Groups of contracts in a net gain position at initial recognition;

ii) Groups of contracts with no significant possibility of turning into a net gain position subsequently; and

iii) Groups comprising the remaining contracts within the portfolio.

d) Initial recognition of contracts

i. Insurance contracts

The Group recognizes groups of insurance contracts it issues from the earliest of the following:

i) The beginning of the coverage period of the group of contracts;

ii) The date when the first payment from the policyholder in the group becomes due; and

iii) For groups of onerous contracts, when the group becomes onerous.

Investment contracts with discretionary participation features are initially recognized at the date the Group becomes a party to the contract.

The Group treats insurance contracts acquired through transfers that do not constitute a business, or through business combinations within the scope of IFRS 3, as if they had been issued on the transaction date.

ii. Reinsurance contracts held

The Group recognizes groups of reinsurance contracts held from the earliest of the following:

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

ii) The date on which the Group recognizes a group of underlying onerous insurance contracts, provided that the Group has entered into the related reinsurance contracts held on or before that date.

The Group shall defer recognition of groups of reinsurance contracts held that provide proportional reinsurance until the date of initial recognition of any underlying insurance contracts, if such date is later than the commencement date of the coverage period of those reinsurance contracts held.

iii. Only contracts that meet the recognition criteria on an individual basis by the end of the reporting period are included in a group of contracts. If a contract subsequently meets the criteria for inclusion in a group after the reporting period, it is included in the relevant group in the reporting period in which it becomes eligible, subject to the annual cohort restriction.

e) Contract modification and derecognition

If the terms of an insurance contract are modified by the agreement between the parties to the contract or by a change in regulation, the Group treats changes in cash flows caused by the modification as changes in estimates of fulfillment cash flows unless the original contract meets the criteria for derecognition. The Group shall derecognize an insurance contract when one of the following conditions occurs:

i. When the insurance contract is extinguished, i.e., when the obligations specified in the insurance contract expire, are discharged, or are cancelled;

ii. When any of the following conditions for contract modification are met, the Group derecognizes the original contract and recognizes the modified contract as a new contract.

i) If the modified terms had been included at contract inception, and the Group assesses that the amended contract would have resulted in one of the following situations:

- The modified contract would have been outside the scope of IFRS 17;

- The modification would separate different components from the host insurance contract, resulting in different insurance contracts to which IFRS 17 would have applied;

- The modified contract would have a substantially different contract boundary; or

- The modified contract would have been included in a different group of contracts.

ii) The original contract met the definition of an insurance contract with direct participation features, but the modified contract no longer meets that definition, or vice versa; or

iii) The original contract applied for the premium allocation approach, but the modification means that the contract no longer meets the eligibility criteria for that approach.

f) Measurement of insurance contracts and reinsurance contracts held

i. Insurance contract assets/liabilities: These comprise insurance contracts and investment contracts with discretionary participation features recognized in accordance with IFRS 17 and the Regulations Governing the Setting Aside of Various Reserves for Insurance Enterprises, which are aggregated at the portfolio level and presented as a debit balance (asset) or credit balance (liability). They include liabilities for remaining coverage and incurred claims.

ii. Reinsurance contract assets/liabilities: These comprise reinsurance contracts recognized in accordance with IFRS 17 and the Regulations Governing the Setting Aside of Various Reserves for Insurance Enterprises, which are aggregated at the portfolio level of reinsurance contracts held and presented as a debit balance (asset) or credit balance (liability). They include assets for remaining coverage and incurred claims, incorporating the effect of any non-performance risk of the reinsurer.

iii. Initial recognition: For groups of contracts not applying the premium allocation approach, the Group measures a group of insurance contracts at initial recognition at the total of the fulfillment cash flows and the contractual service margin.

i) Fulfillment cash flows

- The Group's current estimate of future cash flows within the contract boundary that are expected to arise from premiums and to be paid for claims, benefits, and expenses, adjusted for time value of money and the uncertainty of those cash flows. This includes:

  i. Estimates of future cash flows;

  ii. An adjustment to reflect the time value of money and the financial risks related to the future cash flows, to the extent that such financial risks are not included in the estimates of future cash flows; and

  iii. A risk adjustment for non-financial risk.

  The discount rates applied to the estimates of future cash flows reflect the timing, currency, and liquidity characteristics of the cash flows of the insurance contracts. The Group uses consistent assumptions in measuring the estimates of the present value of future cash flows for groups of reinsurance contracts held and for the corresponding groups of underlying insurance contracts.

- Contract boundary

  The Group applies the concept of a contract boundary to determine the cash flows included in a group of insurance contracts. Cash flows relating to future insurance contracts that fall outside the contract boundary are recognized when those contracts meet the recognition criteria.

  Cash flows are within the boundary of an insurance contract if they arise from rights and obligations that exist during the reporting period in which the Group can compel the policyholder to pay premiums, or in which the Group has a substantive obligation to provide the policyholder with insurance contract services. A substantive obligation to provide insurance contract services ends when the Group has the practical ability to reassess the risks of a specific policyholder and, as a result, can set a price or level of benefits that fully reflects those risks, or when both of the following conditions are satisfied:

  - The Group has the practical ability to reassess the risks of the portfolio of insurance contracts that contains the contract and, as a result, can set a price or level of benefits that fully reflects the risks of that portfolio;

  - The pricing of premiums up to the date when the risks are reassessed does not take into account risks that relate to periods after the reassessment date.

For investment contracts issued with discretionary participation features, cash flows are within the boundary of an insurance contract if they arise from the Group's substantive obligation to provide cash at present or in the future.

For groups of reinsurance contracts held, cash flows are within the boundary of an insurance contract if they arise from substantive rights and obligations that exist during the reporting period. For example, when the Group has an obligation to pay reinsurance premiums to the reinsurer, or has a substantive right to receive insurance contract services provided by the reinsurer.

- Insurance acquisition cash flows

  Cash flows arising from costs of selling, underwriting, and starting a group of insurance contracts (issued or expected to be issued) that are directly attributable to the portfolio of insurance contracts to which the group belongs.

  The Group allocates insurance acquisition cash flows to a group of insurance contracts using a systematic and rational method:

  - Allocates insurance acquisition cash flows that are directly attributable to a group of insurance contracts to that group.

  - Allocates insurance acquisition cash flows that are directly attributable to a portfolio of insurance contracts to the existing groups of insurance contracts within that portfolio.

- Risk adjustment for non-financial risk

  The Group shall adjust the estimate of the present value of future cash flows to reflect the compensation required for bearing the uncertainty about the amount and timing of cash flows arising from non-financial risk.

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

ii) Contractual service margin

- Insurance contracts

  The Group recognizes unearned profit related to the provision of insurance contract services in the future as the contractual service margin. The contractual service margin forms part of the asset or liability for a group of insurance contracts and is recognized in profit or loss as services are provided under the contracts within the group. At initial recognition of a group of insurance contracts, the Group measures the contractual service margin at an amount such that no income or expense arises from the following, unless the group of contracts is onerous:

  - The initial recognition of the amount of fulfillment cash flows;

  - All cash flows arising from the contracts in the group at that date.

If the aggregate amount of the above calculations results in a net outflow, the insurance contract is onerous at the date of initial recognition. The Group recognizes the net outflow immediately as a loss in profit or loss, such that the carrying amount of the liability for the group equals the fulfillment cash flows and the contractual service margin for the group is zero. At the same time, a loss component of the liability for remaining coverage is established for the amount of the loss recognized.

- Reinsurance contracts held

  Any net cost or net gain of a group of reinsurance contracts held is recognized as the contractual service margin at initial recognition. For reinsurance contracts held, the contractual service margin represents the deferred net cost or net gain that the Group will recognize as the reinsurer provides insurance contract services in the future, and is the sum of:

  - Fulfillment cash flows;

  - Any cash flows arising at that date; and

  - When a group of underlying insurance contracts is onerous at initial recognition, or when a loss is recognized due to the addition of onerous underlying insurance contracts to a group, an adjustment is made to the contractual service margin of the group of reinsurance contracts held, and any resulting income is recognized in profit or loss, with a corresponding establishment or adjustment of a loss-recovery component within the asset for remaining coverage.

  When a group of onerous insurance contracts comprises both contracts covered by a group of reinsurance contracts held and contracts not covered by such reinsurance, the Group uses a systematic and rational allocation method to determine the portion of the loss recognized for the group of insurance contracts that is attributable to the insurance contracts covered by the group of reinsurance contracts held.

- For insurance contracts acquired through transfers of insurance contracts or in business combinations within the scope of IFRS 3, the Group measures the contractual service margin at initial recognition of the group of insurance contracts at an amount such that no income or expense arises from the following:

  - The initial recognition of the amount of fulfillment cash flows;

  - All cash flows arising from the contracts in the group at that date, including the fair value of the group of contracts at the acquisition date as a substitute for premiums received.

iv. Subsequent measurement: Groups of contracts not applying the premium allocation approach

i) Groups of insurance contracts: The carrying amount at the end of each reporting period shall be the sum of:

- Liability for remaining coverage, comprising:

  - The fulfillment cash flows related to future service allocated to the group at that date;

  - The contractual service margin of the group at that date.

- Liability for incurred claims, comprising fulfillment cash flows related to past service allocated to the group at that date.

ii) Groups of reinsurance contracts held: The carrying amount at the end of each reporting period shall be the sum of:

- Asset for remaining coverage, comprising:

  - The fulfillment cash flows related to future service allocated to the group at that date; and

  - The contractual service margin of the group at that date

- Asset for incurred claims, comprising fulfillment cash flows relating to past service allocated to the group at that date.

iii) Changes in fulfillment cash flows

- At the end of each reporting period, the Group updates fulfillment cash flows using current assumptions and discount rates. Changes in fulfillment cash flows are treated as follows:

  - Changes related to current or past service are recognized in profit or loss;

  - Changes related to future service are recognized by adjusting the contractual service margin or the loss component.

- For insurance contracts applying the general measurement model, changes in fulfillment cash flows that relate to future service adjust the contractual service margin of the group of insurance contracts, including:

  - Experience adjustments arising from premiums received in the period that relate to future service, and related cash flows such as insurance acquisition cash flows;

  - Changes in estimates of the present value of the future cash flows in the liability for remaining coverage;

  - The difference between any investment components expected to become payable in the current period and those actually becoming payable in the period and the actual investment component that becomes payable in the period. Those differences are determined by comparing (i) the actual investment component that becomes payable in the period with (ii) the payment in the period that was expected at the start of the period plus any insurance finance income or expenses related to that expected payment before it becomes payable;

  - The difference between any loans to policyholders expected to be repayable in the period and the actual loan to a policyholder that becomes repayable in the period. Those differences are determined by comparing (i) the actual loan to a policyholder that becomes repayable in the period with (ii) the repayment in the period that was expected at the start of the period plus any insurance finance income or expenses related to that expected repayment before it becomes repayable;

  - Changes in the risk adjustment for non-financial risk that relate to future service.

  The adjustments in items i, ii, and v above shall be measured using the discount rates determined at initial recognition.

- For insurance contracts measured under general measurement model, the following changes in fulfillment cash flows do not adjust the contractual service margin of the group of insurance contracts, as they are not related to future service:

  - The effect of the time value of money and changes in the time value of money, and the effect of financial risk and changes in financial risk on the fulfillment cash flows;

  - Changes in the estimates of fulfillment cash flows in the liability for incurred claims;

  - Experience adjustments arising from premiums received in the period that are not related to future service and related cash flows, such as insurance acquisition cash flows;

  - Experience adjustments related to insurance service expenses (excluding insurance acquisition cash flows).

- For investment contracts with discretionary participation features applying the general measurement model, the Group has discretion over the timing and amount of payments to policyholders. Changes in discretionary cash flows are regarded as relating to future service and accordingly adjust the contractual service margin. The Group determines the basis of its obligation to policyholders in accordance with the contract terms at initial recognition of the contract. The effect of changes in discretionary factors on that obligation shall adjust the contractual service margin, whereas the effect of changes in assumptions relating to financial risk does not adjust the contractual service margin and shall be recognized in insurance finance expenses.

  If, at contract inception, it cannot be specified which amounts are regarded as contractual obligations and which are regarded as discretionary, the Group recognizes the effect of all changes in assumptions relating to financial risk on such obligations in insurance finance expenses.

- For insurance contracts applying the variable fee approach, changes in fulfillment cash flows that relate to future service adjust the contractual service margin of the group of insurance contracts, including:

  - Changes in the Group's share of the fair value of underlying items;

  - Changes in fulfillment cash flows that do not vary based on returns on underlying items, including:

    - Changes in the time value of money and financial risk, including the effects of financial guarantees;

    - Experience adjustments arising from premiums received in the period that relate to future service and related cash flows, such as insurance acquisition cash flows;

    - Changes in the present value of future cash flows in the liability for remaining coverage;

- The difference between any investment components expected to become payable in the period and the actual investment component that becomes payable in the period. Those differences are determined by comparing (i) the actual investment component that becomes payable in the period with (ii) the payment in the period that was expected at the start of the period plus any insurance finance income or expenses related to that expected payment before it becomes payable;

- The difference between any loans to policyholders expected to be repayable in the period and the actual loan to a policyholder that becomes repayable in the period. Those differences are determined by comparing (i) the actual loan to a policyholder that becomes repayable in the period with (ii) the repayment in the period that was expected at the start of the period plus any insurance finance income or expenses related to that expected repayment before it becomes repayable;

- Changes in the risk adjustment for non-financial risk relating to future service.

Except for changes in the time value of money and financial risk, the above adjustments shall be measured using current discount rates.

- For insurance contracts applying the variable fee approach, the following changes in fulfillment cash flows do not adjust the contractual service margin of the group of insurance contracts:

  - Changes in the obligation to pay policyholders an amount equal to the fair value of underlying items.

  - Changes in fulfillment cash flows that do not vary based on returns on underlying items, including:

    - Changes in the estimates of fulfillment cash flows in the liability for incurred claims;

    - Experience adjustments arising from premiums received in the period that are not related to future service and related cash flows, such as insurance acquisition cash flows; and
    - Experience adjustments related to insurance service expenses (excluding insurance acquisition cash flows).

iv) Adjustment of the Contractual Service Margin

- For insurance contracts issued, the carrying amount at the end of each reporting period equals the carrying amount at the beginning of the reporting period, adjusted for the following items:

  - The effect of any new contracts added to the group.

  - Interest accreted on the carrying amount of the contractual service margin during the reporting period, measured using the discount rates determined at initial recognition.

- Changes in fulfillment cash flows relating to future service (see D. Subsequent Measurement, c. Changes in Fulfillment Cash Flows, (b), (d), and (e)), are recognized as adjustments to the contractual service margin, subject to the limit of the carrying amount of the contractual service margin. When the increase in fulfillment cash flows exceeds the carrying amount of the contractual service margin, the contractual service margin is reduced to zero and the excess is recognized as insurance service expenses, with a loss component established within the liability for remaining coverage. When the contractual service margin has already been reduced to zero, changes in fulfillment cash flows are recognized in insurance service expenses and adjust the loss component. If subsequent decreases in fulfillment cash flows exceed the loss component, the loss component is reduced to zero and the contractual service margin is reinstated.

- The effect of any foreign exchange differences on the contractual service margin.

- The amount recognized as insurance revenue due to the transfer of insurance contract services in the period.

• Contractual service margin at the end of the reporting period is measured as the carrying amount determined at the beginning of the reporting period for a group of reinsurance contracts held, and is adjusted for the following items:

  - The effect of any new contracts added to the group.

  - Interest accreted on the carrying amount of the contractual service margin, measured using the discount rates determined at initial recognition.

  - Income is recognized when a group of underlying insurance contracts is onerous at initial recognition, or when a loss arises from the addition of onerous underlying insurance contracts to a group. Such amounts are used to establish or adjust a loss-recovery component of the asset for remaining coverage for the group of reinsurance contracts held.

  - Reversal of the loss-recovery component is recognized to the extent that such reversals do not relate to changes in the fulfillment cash flows of the group of reinsurance contracts held.

  - Changes in fulfillment cash flows relating to future service, except where such changes arise from changes in fulfillment cash flows allocated to underlying insurance contracts that do not adjust the contractual service margin of the underlying insurance contracts.

  - The effect of any foreign exchange differences on the contractual service margin; and

  - The amount recognized in profit or loss for services received in the period.

  For the purpose of applying items (iii) to (v) above, the Group uses a systematic and rational allocation method to determine the portion of the loss recognized for the group of insurance contracts that relates to the insurance contracts covered by the group of reinsurance contracts held.

- Discount rate for accretion of interest on the contractual service margin

  For insurance contracts without direct participation features, interest is accreted using the discount rates determined at the date of initial recognition of the group of contracts. If additional contracts are added to an existing group subsequently, the Group uses the weighted-average discount rate over the period that contracts in the group are issued, which cannot exceed one year.

- Release of contractual service margin to profit or loss

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

  The coverage period is the period during which the Group provides insurance contract services. Insurance contract services comprise the provision of coverage for insured events, investment-return services to policyholders, and investment-related services by managing underlying items on behalf of policyholders. The period for investment-return or investment-related services ends on or before the date when all amounts relating to such services payable to existing policyholders have been paid.

  The Group provides investment-return services for insurance contracts without direct participation features only when there is an investment component, or when policyholders have the right to withdraw an amount and the Group expects that the investment component or the amount subject to withdrawal includes an investment return and that it will perform investment activities to generate that return.

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

  For coverage units used as the basis for allocating the contractual service margin, the Group applies discount rates determined at initial recognition of the group of contracts to nominal cash flows that do not vary with returns on any underlying items, reflecting the time value of money.

- Onerous contracts - loss component

  A group of contracts becomes onerous when the increase in fulfillment cash flows exceeds the carrying amount of the contractual service margin. The excess is recognized in insurance service expenses, with a loss component established within the liability for remaining coverage.

  For a group of onerous insurance contracts for which a loss has been recognized, the Group allocates the following items between the loss component and the remaining liability for remaining coverage excluding the loss component, based on the proportion of the loss component to the expected future cash outflows within fulfillment cash flows:

  - Estimates of the present value of future cash flows for claims and expenses released from the liability for remaining coverage because of incurred insurance service expenses;

  - Changes in the risk adjustment for non-financial risk; and

- Insurance finance income or expenses.

The allocation of items (i) and (ii) above reduces the components of insurance revenue and insurance service expenses, respectively.

In subsequent periods, decreases in fulfillment cash flows reduce the remaining loss component. Once the loss component has been reduced to zero, the contractual service margin is reinstated. Conversely, increases in fulfillment cash flows increase the loss component.

The Group establishes or adjusts a loss-recovery component for groups of reinsurance contracts held to reflect changes in the loss component of onerous underlying insurance contracts. The carrying amount of the loss-recovery component shall not exceed the portion of the loss component of the onerous underlying insurance contracts that the Group expects to recover from the group of reinsurance contracts held.

The loss-recovery component is determined as the amount of loss recovery from reinsurance contracts held that is reversed and presented in profit or loss. It is therefore excluded from the allocation of premiums paid to reinsurers.

v. Initial recognition and subsequent measurement: Groups of insurance contracts applying the premium allocation approach

i) Insurance contracts:

The Group applies the premium allocation approach to insurance contracts with a coverage period of one year or less.

For insurance contracts issued that are measured using the premium allocation approach, the Group recognizes insurance acquisition cash flows allocated to groups of contracts applying as an expense. Premiums received at initial recognition give rise to the liability for remaining coverage.

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

- Liability for remaining coverage;

- Liability for incurred claims, including fulfillment cash flows related to past service allocated to the group as of the reporting date.

For insurance contracts issued, the carrying amount of the liability for remaining coverage at the end of each subsequent reporting period is the carrying amount at the start of the reporting period:

- Plus the premiums received in the period;

- Minus the amount recognized as insurance revenue for coverage provided in that period

ii) Reinsurance contracts held: The Group applies the premium allocation approach to reinsurance contracts held with a coverage period of one year or less.

For reinsurance contracts held, the Group treats premiums paid as the asset for remaining coverage at initial recognition.

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

- Asset for remaining coverage;
- Asset for incurred claims, comprising the fulfillment cash flows relating to past service allocated to the group as of the valuation date.

For reinsurance contracts held, the carrying amount of remaining coverage at the end of each subsequent reporting period is the carrying amount at the start of the reporting period:

- Plus the reinsurance premiums paid in the period;
- Minus the amount recognized as an allocation of reinsurance premiums paid for services received in that period.

The Group adjusts the liability for remaining coverage of groups of reinsurance contracts held to reflect the effect of non-performance risk of the reinsurer.

iii) Insurance contracts issued and reinsurance contracts held measured using the premium allocation approach do not contain investment components. As the coverage periods of these contracts are within one year and all premiums are due within the coverage period, the Group does not adjust the liability for remaining coverage for the time value of money.

For contracts measured using the premium allocation approach, the measurement of the liability for incurred claims/asset for incurred claims is similar to that for contract measured under the general measurement model. If the expected claims settlement period exceeds one year, the fulfillment cash flows are adjusted for the time value of money.

iv) If at any time during the coverage period facts and circumstances indicate that a group of insurance contracts is onerous, the Group recognizes in profit or loss a loss for the excess of fulfillment cash flows measured under the general measurement model over the carrying amount of the liability for remaining coverage, increases the liability for remaining coverage, and establishes a loss component. The loss component is remeasured by calculating the difference between the fulfillment cash flows under the general measurement model for the relevant future service and the liability for remaining coverage at each subsequent reporting date. Changes in the loss component are disaggregated into the effects of changes in the time value of money, financial risk, and changes in non-financial assumptions, and are reflected in insurance service expenses and insurance finance income or expenses, respectively.

When a group of underlying insurance contracts is onerous at initial recognition, or when a loss is recognized due to the addition of onerous underlying insurance contracts to a group, the Group adjusts the asset for remaining coverage for groups of reinsurance contracts held measured under the premium allocation approach, recognizes income, and establishes or adjusts a loss-recovery component of the asset for remaining coverage for the group of reinsurance contracts held. The income recognized is determined by multiplying the loss recognized on the underlying insurance contracts by the percentage of claims of the underlying insurance contracts that the Group expects to recover from the group of reinsurance contracts held, provided that the reinsurance contracts held are entered into at or before the time the onerous underlying insurance contracts are recognized.

A group of onerous insurance contracts may include both insurance contracts covered by the group of reinsurance contracts held and insurance contracts not covered by such reinsurance contracts held. The Group uses a systematic and rational allocation method to determine the portion of the loss recognized for the group of insurance contracts that relates to the insurance contracts covered by the group of reinsurance contracts held.

Changes in the loss-recovery component of reinsurance contracts held are disaggregated into the effects of the time value of money, financial risk, and changes in non-financial assumptions, and are reflected proportionately in reinsurance service result and reinsurance finance income or expenses.

g) Insurance service result: Insurance contracts issued

i. Insurance revenue

When the Group provides insurance contract services during the reporting period, it reduces the liability for remaining coverage for the services provided and recognizes insurance revenue. The amount of insurance revenue recognized in the reporting period depicts the transfer of the promised services and reflects the consideration the Group expects to be entitled to in exchange for those services.

For insurance contracts not measured under the premium allocation approach, insurance revenue includes the following items:

i) Amounts arising from changes in the liability for remaining coverage:

- Insurance service expenses incurred in the period, measured at the amounts expected at the beginning of the period, excluding:

  - Amounts allocated to the loss component of the liability for remaining coverage;
  - Repayment of investment components;
  - Amounts related to transaction-based taxes collected on behalf of third parties;
  - Insurance acquisition expenses.

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

  - Changes included in insurance finance income or expenses;
  - Changes related to future service;
  - Amounts allocated to the loss component of the liability for remaining coverage.

- The amount of the contractual service margin recognized in profit or loss in the period;

- Other amounts, such as experience adjustments for premiums received that do not relate to future service.

ii) Allocation of premiums related to the recovery of insurance acquisition cash flows: Insurance revenue related to the acquisition cash flows is determined by allocating the portion of premiums associated with those cash flows to each reporting period on the basis of the passage of time.

For insurance contracts applying the premium allocation approach, the Group recognizes insurance revenue based on the passage of time over the coverage period of the group of contracts.

ii. Insurance service expenses

Insurance service expenses include the following items:

i) Incurred claims (excluding investment components) and other incurred insurance service expenses;

ii) Amortization of insurance acquisition cash flows;

iii) Changes that relate to past service, i.e. changes in fulfillment cash flows relating to the liability for incurred claims;

iv) Changes that relate to future service, i.e. losses on groups of onerous contracts and reversals of such losses.

For insurance contracts not measured under the premium allocation approach, the amortization of insurance acquisition cash flows is recognized in insurance service expenses in an amount consistent with the allocation of premiums relating to the recovery of those cash flows recognized in insurance revenue.

For insurance contracts measured under the premium allocation approach, insurance acquisition cash flows are recognized as expenses when incurred.

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

h) Insurance service result: Reinsurance contracts held

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

i. For reinsurance contracts held to which the premium allocation approach is not applied, the amount of reinsurance premiums allocated includes the following amounts arising from changes in the remaining coverage:

i) Reinsurance recoveries for claims incurred in the current period, measured at the amounts expected at the beginning of the period, excluding:

- Amounts allocated to the loss-recovery component of the remaining coverage liability;

- Repayments of the investment component.

ii) Changes in the risk adjustment for non-financial risk, excluding:

- Changes included in reinsurance finance income or expenses of the reinsurance contracts held;

- Changes that relate to future service;

- Amounts allocated to the loss-recovery component.

iii) The amount of the contractual service margin recognized in profit or loss in the current period for services received.

iv) Experience adjustments arising from reinsurance premiums paid that do not relate to future service.

ii. For reinsurance contracts held measured under the premium allocation approach, the Group recognizes the allocation of reinsurance premiums paid on a time-apportioned basis over the coverage period of the group of contracts.

iii. Amounts recovered from reinsurers:

i) Reinsurance recoveries for claims and benefits incurred (excluding the investment component and net of allocations to the loss-recovery component);

ii) Other incurred reinsurance-related expenses;

iii) Changes that relate to past service, being changes in fulfillment cash flows relating to the asset for incurred claims;

iv) Accounting amounts relating to loss recovery and reversals for onerous underlying contracts.

iv. Changes in the reinsurer's non-performance risk.

i) Insurance finance income or expenses

i. Insurance finance income or expenses comprise changes in the carrying amounts of groups of insurance contracts arising from the following:

i) The effect of the time value of money and changes in the time value of money;

ii) The effect of financial risk and changes in financial risk.

ii. For contracts measured under the general measurement model, insurance finance income or expenses mainly consist of the following:

i) Interest accretion on fulfillment cash flows and the contractual service margin;

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

iii. For contracts measured under the variable fee approach, insurance finance income or expenses include changes in the value of underlying items (excluding additions and withdrawals).

iv. For contracts measured under the premium allocation approach, insurance finance income or expenses mainly consist of the following:

i) Interest accretion on the liability for incurred claims;

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

v. The Group does not disaggregate changes in the risk adjustment for non-financial risk between the insurance service result and insurance finance income or expenses.

vi. For contracts measured under the general measurement model, the Group elects to disaggregate insurance finance income or expenses for the period, recognizing one portion in profit or loss and the remaining portion in other comprehensive income. The amount recognized in profit or loss is determined by systematically allocating the expected total insurance finance income or expenses over the duration of the group of contracts.

vii. For contracts measured under the variable fee approach, the Group elects to recognize insurance finance income or expenses for the period in profit or loss or other comprehensive income, depending on how the related assets and liabilities are matched within the portfolio.

viii. For contracts measured under the premium allocation approach, the Group elects to recognize insurance finance income or expenses for the period in profit or loss.

ix. Where a group of insurance contracts generates cash flows denominated in a foreign currency, the Group treats that group of contracts (including the contractual service margin) as a monetary item.

j) Interim financial reporting

When applying IFRS 17 in subsequent interim financial statements or annual reporting periods, the Group elects to change the accounting treatments of estimates made in prior interim financial statements.

k) Transition

The Group applies IFRS 17 retrospectively and exercises judgment based on the availability of historical information. The full retrospective approach is applied for policies issued in periods where reasonable and supportable information is available. For policies issued in periods where the necessary reasonable and supportable information to apply the full retrospective approach cannot be obtained, the Group applies the modified retrospective approach, maximizing the use of available information to achieve a measurement outcome as close as possible to that of the full retrospective approach. For policies issued in periods where the necessary reasonable and supportable information to apply the modified retrospective approach is not available, the fair value approach is applied.

The transition approaches adopted by the Group are described as follows:

Contract Issuance Period	Transition Approach
The Company	
On and after January 1, 2024	Full Retrospective Approach
January 1, 2023 to December 31, 2023	Modified Retrospective Approach
On or before December 31, 2022	Fair Value Approach
Cathay Lujiazui Life	
On and after January 1, 2023	Full Retrospective Approach
On or before December 31, 2023	Fair Value Approach
Cathay Life (Vietnam)	
On or before December 31, 2024	Fair Value Approach

i. Contracts measured under the full retrospective approach

When applying the full retrospective approach, the Group identifies, recognizes, and measures each group of insurance contracts as if IFRS 17 had always been applied; it derecognizes any existing balances that would not exist had IFRS 17 always been applied and recognizes any resulting net difference in equity.

ii. Contracts measured under the modified retrospective approach

The Group applied the permitted modifications in retrospective application within the following scope:

i) Assessments of insurance contracts or groups of insurance contracts that would have been are required to be made at inception or initial recognition, such as assessments of insurance contracts profitability, classification of contracts with direct participation features, and identification of discretionary cash flows for contracts with indirect participation features;

ii) Estimation of expected future cash flows, discount rates and risk adjustment for non-financial risk as at the date of initial recognition;

iii) Determination of the contractual service margin for contracts with direct participation features and other insurance contracts; and

iv) Determination of insurance finance income or expenses.

<u>Level of aggregation</u>

To the extent that reasonable and supportable information was not available at the date of initial recognition, the Group applied the annual grouping exemption and identified groups of insurance contracts based on profitability as at transition date.

The Group assessed the CSM (contractual service margin) on the date of transition to determine whether contracts belong to one of three profitability groups: Groups of onerous contracts, groups of contracts that have no significant possibility of becoming onerous subsequently, and groups that are neither onerous nor have no significant possibility of becoming onerous subsequently, the Group also assessed the likelihood of changes in profitability as at the transition date.

Assessment at inception or initial recognition

The Group assessed that it did not have reasonable and supportable information to perform the following assessments as at the date of inception or initial recognition and accordingly performed the assessments using the following information available at the transition date:

i) Whether the contract meets the definition of an insurance contract with direct participation features;

ii) The identified discretionary cash flows identified for insurance contracts with indirect participation features; and

iii) Whether an investment contract meets the definition of an investment contract with discretionary participation features within the scope of IFRS 17.

Expected cash flows

The Group estimated cash flows at the date of initial recognition by estimating these cash flows at the date of transition, or if known at an earlier date than the transition date, adjusted by actual cash flows that were known to have occurred between then and the date of initial recognition. These included cash flows from contracts that have ceased to exist by the date of transition.

The Group applied the simplified assumption that the expectations as at the date of transition were also valid at the date of initial recognition, so that only the known cash flows that have occurred since initial recognition are adjusted for.

Discount rates

The Group does not apply the modifications under the modified retrospective approach to discount rates and applies the same principles for determining discount rates as under the full retrospective approach.

Adjustment for non-financial risk

The Group estimated the risk adjustment for non-financial risk by adjusting the risk adjustment at the transition date by the expected release of risk before the transition date. The expected release of risk was determined by reference to similar insurance contracts issued by the Group at the transition date.

Insurance acquisition cash flows

The Group allocated the insurance acquisition cash flows that occurred during the period from the initial recognition date until the transition date (excluding amounts related to insurance contracts that ceased to exist before the transition date) using a systematic and rational allocation method between groups of insurance contracts recognized at the transition date and the groups that are expected to be recognized after the transition date.

For groups of insurance contracts recognized at the transition date, the remaining balance of the contractual service margin was adjusted for insurance acquisition cash flows paid before the transition date and allocated to the group, to the extent of insurance contracts expected to be in the group and already recognized. If the Group determines that it does not have reasonable and supportable information to perform such allocation, the adjustment to the contractual service margin at the transition date is nil.

Contractual service margin

For insurance contracts measured under the general measurement model, if the amount determined at the date of initial recognition results in a CSM, the amount of the CSM remaining at the date of transition was determined by comparing the remaining coverage units with the coverage units provided before the transition date. If there was a loss component identified at the date of initial recognition, then the Group determined the amounts allocated to the loss component before the date of transition using a systematic basis of allocation.

For contracts with direct discretionary participation features measured under the variable fee approach, the Group estimated the total contractual service margin or loss component at the transition date as the total fair value of the underlying items less fulfillment cash flows of the group as at the date of transition adjusted for:

i) Amounts charged to the policyholders before the date of transition, including those deducted from underlying items;

ii) Amounts paid before the date of transition that did not depend on changes in the underlying items;

iii) The change in the risk adjustment for non-financial risk caused by the release from risk before the date of transition;

iv) Insurance acquisition cash flows paid before the date of transition that are allocated to the group.

The calculated amount is used as a proxy for the total CSM for all services to be provided under the group of contracts. The allocation of the total CSM was determined by comparing the remaining coverage units at the date of transition to the coverage units provided under the group of contracts before transition date.

If the estimation of the approximate total CSM results in a negative amount, this indicated that the group of contracts on initial recognition was onerous. The loss component is adjusted to nil and the LRC (liability for remaining coverage) excluding the loss component is increased by the same amount.

Reinsurance contracts held

For a group of reinsurance contracts held that was purchased before or at the same time the underlying insurance contracts were issued, the Group determined the loss-recovery component of the asset for remaining coverage at transition by multiplying the loss component of the liability for remaining coverage for the underlying insurance contracts at the transition date with the percentage of claims for the group of underlying onerous insurance contracts that the Group expected to recover from the group of reinsurance contracts held. Where the Group does not have reasonable and supportable information to determine the loss-recovery component of the asset for remaining coverage, the Group does not identify such loss-recovery component.

Insurance revenue

For groups of insurance contracts for which coverage has expired at the transition date, insurance revenue is not recognized after the transition date.

A loss component was estimated at the transition date for groups of insurance contracts that are onerous at the transition date (other than contracts with direct participation features). Where the remaining coverage continues to be provided after the transition date, insurance revenue is recognized, with changes in the liability for remaining coverage are taken into account and excluded subsequent changes in the loss component.

For contracts with direct participation features that remain in force at the transition date and are assessed as onerous at initial recognition, the Group does not track any loss component. Insurance revenue is recognized in the same manner as for other non-onerous groups of contracts. Subsequent increases in the Group's share of the fair value of underlying items give rise to a contractual service margin, which is allocated to the period and included in the determination of insurance revenue for that period.

<u>Insurance finance income or expenses</u>

The Group has elected to disaggregated presentation of insurance finance income or expenses for specified groups of insurance contracts.

The Group does not apply the annual cohort exemption. The cumulative amount recognized in other comprehensive income at the transition date is estimated as follows:

i) For insurance contracts with indirect participation features, including proportional reinsurance contracts held, the cumulative amount recognized in other comprehensive income is determined on a full retrospective basis;

ii) For contracts with direct participation features where the Group holds the underlying items, the opening cumulative amount in other comprehensive income is equal to the balance of other comprehensive income recognized on those underlying items;

iii) For insurance contracts issued accounted for using the premium allocation approach, the cumulative amount recognized in other comprehensive income is nil;

iv) For reinsurance contracts held accounted for using the premium allocation approach, the cumulative amount recognized in other comprehensive income is nil.

iii. Contracts measured at fair value

The Group used reasonable and supportable information available at the transition date to:

i) Identify groups of insurance contracts;

ii) Determine whether insurance contracts meet the definition of contracts with direct participation features;

iii) Identify discretionary cash flows for insurance contracts without direct participation features; and

iv) Determine whether investment contracts meet the definition of investment contracts with discretionary participation features within the scope of IFRS 17.

<u>Level of aggregation</u>

The Group included contracts into groups of contracts issued more than one year apart as there was no reasonable and supportable information available to make the division.

Measurement at the transition date

In applying the fair value approach at the transition date, the CSM or loss component of the LRC was estimated as the difference between the fair value and the fulfillment cash flows of the group of contracts as of that date. In determining fair value, the Group followed the requirements of IFRS 13 Fair Value Measurement, except for that standard's requirement in relation to demand features (that fair value cannot be less than the amount repayable on demand), this is because it would contradict the IFRS 17 requirement to incorporate cash flows on a probability-weighted basis.

Discount rates

The Group used discount rates determined at the transition date rather than those determined at the date of initial recognition.

Insurance finance income or expenses

The Group elects to disaggregate the presentation of insurance finance income or expenses and determines the cumulative amount recognized in other comprehensive income as follows:

i) For contracts with direct participation features where the Group holds the underlying items, the opening cumulative amount in other comprehensive income is equal to the cumulative amount recognized in other comprehensive income for the underlying items;

ii) Nil for all other contracts.

Reinsurance contracts held

For groups of reinsurance contracts held, the Group determined the loss-recovery component of the asset for remaining coverage at the transition date by multiplying the loss component of the liability for remaining coverage of the underlying insurance contracts at the transition date by the percentage of claims of the underlying onerous insurance contracts that the Group expected to recover from the group of reinsurance contracts held.

4) Customer contracts

Revenue from customer contracts mainly arises from premiums charged to policyholders for providing asset management services, account administration fees, investment management fees, and surrender charges. Such fees may be fixed or vary with changes in the value of policyholder accounts and are recognized as revenue either at a point in time or over time, depending on the pattern of service delivery. Where fees received relate to services to be provided in future periods, a contract liability is recognized. If a portion of fees collected from policyholders is expected to be refunded in the future, that portion is not recognized as revenue but is recognized as a refund liability.

Commissions and certain sales-related costs incurred in selling investment contracts are incurred only when obtaining customer contracts and are recognized as incremental costs of obtaining a contract to the extent they are recoverable, and are amortized on a straight-line basis over the contract period.

5) Separate account insurance product assets

When selling separate account insurance products, premiums paid by policyholders are allocated, after deducting various fees charged by the insurer in accordance with the contract, to a segregated account based on the agreed or designated investment allocation method. The value of segregated account assets is measured at fair value as of the valuation date and accounted for in accordance with relevant regulations and the accounting system for life insurance enterprises.

Assets in the segregated account, whether arising from insurance contracts or investment contracts, are recognized under "separate account insurance product assets" in accordance with the Regulations Governing the Preparation of Financial Reports by Insurance Enterprises.

6) Foreign exchange valuation reserve

It is provided in accordance with the "Regulations Governing the Setting Aside of Various Reserves by Insurance Enterprises" and the "Guidelines for Foreign Exchange Valuation Reserve of Life Insurance Enterprises." The Group sets aside this reserve under liabilities for its foreign investments.

7) Retirement benefits

Pension cost for an interim period is calculated on a year-to-date basis by using the actuarially determined pension cost rate at the end of the prior financial year, adjusted for significant market fluctuations since that time and for significant plan amendments, settlements, or other significant one-off events.

8) Income tax expense

Income tax expense represents the sum of the tax currently payable and deferred tax. Interim period income taxes are assessed on an annual basis and calculated by applying to an interim period's pre-tax income the tax rate that would be applicable to expected total annual earnings.

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

The provisions for impairment of receivables, loans and investments in debt instruments are based on assumptions about 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 the Group's 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, refer to Note 41.

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 appropriate inputs by referring to the analyses of the financial position and the operation 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 41.

c. Measurement of insurance contract liabilities

1) Determination of coverage units

The Group considers the insurance coverage provided by a group of insurance contracts, including the quantity of contract benefits and their expected coverage period, as well as the likelihood of insured events occurring and affecting the amount of benefits expected to be paid to policyholders.

For contracts providing insurance coverage and investment-related services, or insurance coverage and investment-return services, the Group uses judgment to determine a weighting factor to establish the relative weighting of benefits provided by insurance coverage and investment-related or investment-return services. The Group recalculates this weighting at each reporting date.

2) Discretionary cash flows for contracts without direct participation features

For certain insurance contracts without direct participation features (e.g., interest-sensitive life insurance), the Group has discretion over the cash flows payable to policyholders. Changes in discretionary cash flows are regarded as relating to future service and accordingly adjust the contractual service margin. In determining whether changes in cash flows are discretionary, the Group specifies at contract inception the basis of its obligations under the contract. The Group uses this specified basis to distinguish the effect of changes in assumptions related to financial risk on those obligations (which do not adjust the contractual service margin) from the effect of discretionary changes on those obligations (which adjust the contractual service margin).

3) By applying IFRS 17 to measurement of insurance contracts issued (including investment contracts with direct participation features) and reinsurance contracts held, the Group is required to apply key estimates to estimation of future cash flows, discount rates, systematic allocation of insurance finance income or expenses, and the risk adjustment for non-financial risk. The estimation methods and related assumptions applied, as well as other sources of estimation uncertainty, affect the carrying amounts of insurance contract assets/liabilities and reinsurance contract assets/liabilities.

a) Estimation of future cash flows

In estimating future cash flows within the contract boundary, the Group considers the range of all possible outcomes in an unbiased way specifying the amount of cash flows, timing and probability of each scenario reflecting conditions existing at the measurement date, using a probability-weighted average expectation. The probability-weighted average represents the probability-weighted mean of all possible scenarios. In determining possible scenarios, the Group uses all the reasonable and supportable information available to them without undue cost and effort, which includes information about past events, current conditions and future forecasts.

Cash flow estimates include both market variables directly observed in the market or derived directly from markets and non-market variables such as mortality rates, accident rates, average claim costs, probabilities of severe claims, policy surrender rates. The Group uses observable market variables, internal experience data, and reflects its view on future trends.

b) Discount rates

When determining discount rates for different products, for cash flows that do not vary based on returns on underlying items for contracts without participation features, the Group derives discount rates using a bottom-up approach. Under this approach, the Group constructs a yield curve by adding a liquidity premium to the risk-free interest rate for each currency.

i. Within observable market interest rate periods, risk-free rates are constructed based on market data.

ii. The liquidity premium is determined based on the characteristics of the liabilities and their corresponding assets, and is added to the risk-free rate.

iii. For periods beyond observable market rates, the yield curve is extrapolated from the last observable market point to the ultimate forward rate using the Smith-Wilson model.

The Company uses the following yield curves to discount future cash flows that do not vary based on returns on underlying items:

March 31, 2026

Currency	1 Year	5 Years	10 Years	15 Years	20 Years	30 Years
NTD	1.32%-1.39%	1.44%-1.67%	1.55%-1.83%	1.94%-2.22%	2.37%-2.64%	2.96%-3.23%
USD	3.64%-3.85%	3.91%-4.45%	4.34%-4.95%	4.80%-5.42%	5.06%-5.69%	4.98%-5.61%
AUD	4.53%-4.63%	4.59%-4.87%	4.92%-5.26%	5.11%-5.48%	5.31%-5.69%	5.44%-5.83%
CNY	1.22%-1.24%	1.55%-1.59%	1.84%-1.88%	2.47%-2.54%	3.10%-3.23%	3.96%-4.15%

December 31, 2025

Currency	1 Year	5 Years	10 Years	15 Years	20 Years	30 Years
NTD	1.23%-1.29%	1.31%-1.51%	1.37%-1.62%	1.77%-2.02%	2.23%-2.47%	2.86%-3.11%
USD	3.45%-3.67%	3.70%-4.29%	4.20%-4.88%	4.67%-5.37%	4.97%-5.68%	4.97%-5.69%
AUD	3.96%-4.04%	4.26%-4.50%	4.76%-5.06%	5.02%-5.34%	5.23%-5.56%	5.38%-5.72%
CNY	1.34%-1.35%	1.64%-1.68%	1.87%-1.91%	2.47%-2.55%	3.10%-3.23%	3.96%-4.15%

March 31, 2025

Currency	1 Year	5 Years	10 Years	15 Years	20 Years	30 Years
NTD	1.43%-1.52%	1.57%-1.82%	1.63%-1.93%	1.98%-2.28%	2.39%-2.69%	2.98%-3.26%
USD	3.98%-4.25%	3.92%-4.66%	4.21%-5.10%	4.47%-5.39%	4.70%-5.65%	4.59%-5.55%
AUD	3.75%-3.86%	3.82%-4.14%	4.42%-4.81%	4.71%-5.12%	4.94%-5.37%	5.19%-5.62%
CNY	1.53%-1.60%	1.65%-1.86%	1.83%-2.02%	2.41%-2.59%	3.04%-3.25%	3.92%-4.16%

Note 1: The above disclosures do not include policies sold by life insurance companies prior to January 1, 2004, where the pricing interest rate for policy reserves at inception was 6% or higher; for such policies, a liquidity premium of 50 basis points (bps) is applied on a fully parallel add-on basis across the entire term.

Note 2: The above disclosures do not include certain policies assumed by the Company in 2015 from Global Life Insurance Co., Ltd. and Singfor Life Insurance Co., Ltd., which are subject to an applicable liquidity premium in accordance with the Jin Guan Bao Tsai No. 11404945381.

c) Systematic allocation of insurance finance income or expenses

Where assumptions related to financial risk have no significant effect on the amounts paid to policyholders for a group of contracts, the Group uses locked-in discount rates to systematically allocate insurance finance income or expenses.

Where assumptions related to financial risk have a significant effect on the amounts paid to policyholders for a group of contracts, the Group elects to use the constant and the systematic allocation of insurance finance income or expenses.

The constant rate used in a period is calculated applying the formula which uses three variables: The estimate of future cash flows at the end of the reporting period (not discounted), the present value of future cash flows brought forward discounted by the constant rate used in the previous period, and the expected duration of the group contracts. In determining the constant rate, the Group estimates the expected insurance finance income or expenses over the remaining duration of the group that is partly implicit in the estimated cash flows.

d) Risk adjustment for non-financial risk

The risk adjustment for non-financial risk is the compensation the Group requires for bearing the uncertainty about the amount and timing of the cash flows arising from insurance risk and other non-financial risks such as lapse risk and expense risk. It measures the degree of variability of expected future cash flows and the Group-specific price for bearing that risk and reflects the degree of the Group's risk aversion. The Group determines the risk adjustment for non-financial risk at the entity level and allocates it to the relevant groups of insurance contracts.

The Group measures the risk adjustment for non-financial risk using the confidence level method. Under this approach, at each reporting date, the Group estimates the probability distribution of the present value of future cash flows for each group of insurance contracts, and determines the risk adjustment as the difference between the liability calculated at a selected 75% confidence level and the best estimate liability.

6. CASH AND CASH EQUIVALENTS

	March 31, 2026	December 31, 2025	March 31, 2025
Cash in banks	$ 215,914,531	$ 243,035,694	$ 183,011,702
Time deposits	25,121,861	36,695,799	28,574,602
Cash equivalents	8,131,477	1,210,000	12,558,931
Cash on hand	24,449	26,175	26,307
	$ 249,192,318	$ 280,967,668	$ 224,171,542

7. RECEIVABLES

	March 31, 2026	December 31, 2025	March 31, 2025
Other receivables	$ 117,189,468	$ 110,900,108	$ 100,452,422
Notes receivable	286,231	290,814	278,553
Overdue receivables	27,412	23,263	19,627
	117,503,111	111,214,185	100,750,602
Less: Loss allowance	(5,758,059)	(5,333,439)	(4,543,532)
	$ 111,745,052	$ 105,880,746	$ 96,207,070

The movements in the loss allowance are as follows:

	For the Three Months Ended March 31	
	2026	2025
Beginning balance	$ 5,333,439	$ 4,122,930
Provision for the current period	429,909	420,584
Amounts written off	(5,359)	-
Foreign exchange differences	70	18
Ending balance	$ 5,758,059	$ 4,543,532

8. FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	March 31, 2026	December 31, 2025	March 31, 2025
Financial assets mandatorily classified as at FVTPL			
Non-derivative financial assets			
Beneficiary certificates	$ 258,462,614	$ 859,243,897	$ 869,071,623
Overseas bonds	191,701,310	218,183,372	233,721,462
Financial debentures	20,940,898	20,804,523	20,300,741
Structured time deposits	14,302,495	14,308,859	14,018,927
Real estate investment trust	37,867	8,286,553	9,496,580
Domestic stocks	11,977	318,852,395	295,579,164
Overseas stocks	-	132,853,252	149,379,042
Derivative financial assets (not under hedge accounting)			
Foreign exchange forward contacts (“Forward”)	5,998,887	9,432,121	1,613,918
Currency swap contracts (“SWAP”)	5,574,516	4,685,155	1,013,811
Call warrants	-	-	442
	$ 497,030,564	$ 1,586,650,127	$ 1,594,195,710

(Continued)

	March 31, 2026	December 31, 2025	March 31, 2025
Financial liabilities held for trading			
Investment contracts at fair value through profit or loss	$ 539,695,968	$ 524,970,001	$ 503,380,991
Derivative financial liabilities (not under hedge accounting)			
SWAP	54,793,170	39,780,111	29,382,129
Forward	10,226,453	20,079,719	25,015,050
	$ 604,715,591	$ 584,829,831	$ 557,778,170

(Concluded)

a. As of March 31, 2026, December 31, 2025 and March 31, 2025, structured notes which were accounted for as financial assets at FVTPL amounted to $163,590,280 thousand, $170,463,122 thousand and $175,231,059 thousand, respectively.

b. Changes in investment contract liabilities measured at fair value through profit or loss are as follows:

	For the Three Months Ended March 31	
	2026	2025
Beginning balance	$ 524,970,001	$ 502,983,966
Premiums received	49,896,426	21,825,732
Claims and benefits paid	(40,638,431)	(17,887,108)
Return on underlying assets	6,413,233	(2,781,197)
Asset management fees received	(945,261)	(760,402)
Ending balance	$ 539,695,968	$ 503,380,991

c. The financial assets at FVTPL held by the Group were not pledged as collateral.

9. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	March 31, 2026	December 31, 2025	March 31, 2025
Investments in equity instruments at FVTOCI			
Domestic stocks	$ 468,509,616	$ 147,856,413	$ 157,822,548
Overseas stocks	153,059,471	1,929,300	16,860,358
Beneficiary certificates of real estate investment trusts	7,888,223	-	-
	629,457,310	149,785,713	174,682,906
Investments in debt instruments at FVTOCI			
Overseas bonds	1,967,341,530	723,133,805	583,305,214
Beneficiary certificates	615,766,215	-	-
Government bonds	39,822,224	24,914,575	22,741,145
Corporate bonds	24,556,386	2,176,326	2,153,111

(Continued)

	March 31, 2026	December 31, 2025	March 31, 2025
Financial bonds	$ 21,324,644	$ 1,520,054	$ 1,508,663
Less: Litigation deposits	(884,443)	(34,764)	(44,975)
Less: Deposits to Central Bank	(8,795,286)	(2,104,085)	(2,023,860)
Less: Derivative instruments collateral	-	(10,051,475)	(6,103,064)
	2,659,131,270	739,554,436	601,536,234
	$ 3,288,588,580	$ 889,340,149	$ 776,219,140

(Concluded)

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 held by the Group on the balance sheet date for the three months ended March 31, 2026 and 2025 were $1,594,985 thousand and $1,279,787 thousand, respectively. Those related to investments derecognized for the three months ended March 31, 2026 and 2025 were $436,489 thousand and $619,874 thousand, respectively.

c. In consideration of investment strategies, the Group sold equity instruments at FVTOCI at fair values of $142,876,901 thousand and $1,813,331 thousand at the time of sale, and transferred unrealized gain of $16,570,900 thousand and transferred unrealized loss of $117,857 thousand from other equity to retained earnings for the three months ended March 31, 2026 and 2025, respectively.

d. Refer to Note 39 for the financial assets at FVTOCI that were pledged as collateral.

e. Refer to Note 41 for information relating to the credit risk management and impairment of investments in debt instruments at FVTOCI.

10. FINANCIAL ASSETS MEASURED AT AMORTIZED COST

	March 31, 2026	December 31, 2025	March 31, 2025
Overseas bonds	$ 2,659,678,052	$ 4,027,706,811	$ 4,297,363,486
Time deposits	38,060,091	36,553,347	37,206,033
Corporate bonds	-	23,288,719	23,987,327
Financial bonds	-	19,332,244	15,437,441
Government bonds	-	17,086,455	17,126,281
Asset-backed securities	-	404,958	25,454,096
Less: Litigation deposits	(4,500,479)	(26,297,410)	(23,268,666)
Less: Derivative instruments collateral	(13,134,284)	(7,819,059)	(7,736,320)
Less: Deposits to Central Bank	-	(7,148,001)	(7,153,682)
Less: Loss allowance (Note)	(1,020,851)	(3,608,487)	(3,576,250)
	$ 2,679,082,529	$ 4,079,499,577	$ 4,374,839,746

Note: Excluding the loss allowance for guarantee deposits paid in bonds, the balances as of March 31, 2026, December 31, 2025, and March 31, 2025 were $1,914 thousand, $4,396 thousand, and $6,536 thousand, respectively.

a. For the three months ended March 31, 2026 and 2025, the Group disposed of bonds close to maturity with proceeds that approximate remaining contractual cashflows, which resulted in losses on disposal of $0 thousand and $8,640 thousand, respectively; disposal of bonds before maturity because of infrequent sales or sales that are insignificant in value (either individually or in aggregate) resulted in losses on disposal of $143,428 thousand and $1,745,852 thousand, respectively; disposal of bonds due to other conditions such as repayments at maturities resulted in losses on disposal of $388,605 thousand and $11,293 thousand, respectively.

b. Given the characteristics of Taiwan's life insurance industry, where policies are predominantly long-term in nature and asset allocations are mainly concentrated in long-term fixed-income instruments, domestic bond yields have remained relatively low and the size of the domestic bond market is significantly smaller than the scale of insurers' assets. As a result, insurers have turned to overseas markets to seek stable and sufficient returns. For asset-liability management purposes, funds are allocated to investment instruments that match the long-term nature of policy liabilities. Most of these investments are intended to fulfill policy obligations, emphasizing stable returns, and there is generally neither the need nor the possibility to repatriate funds into New Taiwan dollars in the short term. Under the special circumstances described in the Insurance Bureau (Finance) Ref. No. 1140495239 issued on January 2, 2026, foreign currency assets are measured using the closing exchange rate (i.e., the spot exchange rate at the end of the reporting period), resulting in exchange differences recognized in profit or loss. This treatment may cause significant volatility in profit or loss that does not reflect realized gains or losses and is not commensurate with the actual operating performance of life insurers. Accordingly, effective January 1, 2026, the Company adopted the provision under the proviso to Article 12 of the Regulations Governing the Preparation of Financial Reports by Insurance Enterprises. For debt instruments measured at amortized cost and not designated as hedging instruments for foreign currency risk components, unrealized exchange differences arising from the foreign currency amortized cost calculated based on either the carrying amount after prior-period exchange remeasurement or the acquisition cost of newly purchased instruments are amortized on a straight-line basis over the expected remaining holding period of each individual debt instrument and recognized in exchange gains or losses. The cumulative unamortized net unrealized exchange differences are presented under other assets or other liabilities. Upon derecognition of the debt instruments, any remaining unamortized balance is fully recognized in current-period exchange gains or losses. The summarized impact of applying the exchange difference amortization approach is as follows:

	Not Applying the Amortization Method for Foreign Exchange Gains and Losses	Applying the Amortization Method for Foreign Exchange Gains and Losses	Difference Impact		
			Assets as of March 31, 2026	Liabilities as of March 31, 2026	Profit or Loss from January 1 to March 31, 2026
Other assets - unrealized foreign exchange valuation effect unamortized of financial assets measured at amortized cost	$ -	$ -	$ -	$ -	$ -
Other liabilities - unrealized foreign exchange valuation effect unamortized of financial assets measured at amortized cost	-	43,356,133	-	43,356,133	-
Unrealized exchange gains or losses recognized in profit or loss on debt instruments measured at amortized cost					
Measured at closing exchange rate (designated hedge accounting applied)	1,038,139	1,038,139	-	-	-
Measured at amortized cost	43,478,504	122,371	-	-	43,356,133
			$ -	$ 43,356,133	$ 43,356,133

c. Refer to Note 39 for information relating to investments in financial assets at amortized cost pledged as collateral.

d. Refer to Note 41 for information relating to the credit risk management and impairment of investments in debt instruments at amortized cost.

11. HEDGING INSTRUMENTS

	March 31, 2026	December 31, 2025	March 31, 2025
Financial assets for hedging			
Interest rate swap contracts ("IRS")	$ 277,344	$ 28,289	$ 16,924
Forward	-	7,721	-
	$ 277,344	$ 36,010	$ 16,924
Financial liabilities for hedging			
Forward	$ 2,252,671	$ 752,946	$ 3,024,385
Interest rate swap contracts ("IRS")	-	166,925	-
	$ 2,252,671	$ 919,871	$ 3,024,385

The financial assets for hedging held by the Group were not pledged as collateral.

12. SUBSIDIARIES

a. Subsidiaries included in the consolidated financial statements

			Ownership Interest (%)			
Investors	Investees	Business	March 31, 2026	December 31, 2025	March 31, 2025	Notes
The Company	Cathay Lujiazui Life	Life insurance	50.00	50.00	50.00	Note 1
The Company	Cathay Life (Vietnam)	Life insurance	100.00	100.00	100.00	-
The Company	Lin Yuan (Shanghai) Real Estate Co., Ltd.	Office leasing	100.00	100.00	100.00	-
The Company	Cathay Woolgate Exchange Holding 1 Limited	Real estate investment and management	100.00	100.00	100.00	-
The Company	Cathay Woolgate Exchange Holding 2 Limited	Real estate investment and management	100.00	100.00	100.00	-
The Company	Cathay Walbrook Holding 1 Limited	Real estate investment and management	100.00	100.00	100.00	-
The Company	Cathay Walbrook Holding 2 Limited	Real estate investment and management	100.00	100.00	100.00	-
The Company	Cathay Industrial Research and Design Center Co., Ltd. ("Cathay Industrial R&D Center")	Real estate services	99.00	99.00	99.00	-
The Company	Cathay Power Inc. ("Cathay Power")	Energy technical services	70.00	70.00	70.00	-
The Company	Cathaylife Singapore Pte. Ltd.	Holding company	100.00	100.00	100.00	-
The Company	Cathay Wind Power Holdings Co., Ltd. ("Cathay Wind Power Holdings")	Energy technical services	99.00	99.00	99.00	-
The Company	Cathay II Wind Power Holdings Co., Ltd. ("Cathay II Wind Power Holdings")	Energy technical services	99.00	99.00	-	Note 2
Cathay Power	Sunrise Pv One Co., Ltd. ("Sunrise Pv One")	Energy technical services	100.00	100.00	100.00	-
Cathay Power	Cathy Sunrise Two Co., Ltd. ("Cathy Sunrise Two")	Energy technical services	100.00	100.00	100.00	-
Cathay Power	Bai Yang Energy Co., Ltd. ("Bai Yang Energy")	Energy technical services	100.00	100.00	100.00	-

(Continued)

Investors	Investees	Business	Ownership Interest (%) March 31, 2026	December 31, 2025	March 31, 2025	Notes
Cathay Power	Cathy Sunrise Electric Power Two Co., Ltd. ("Cathy Sunrise Electric Power Two")	Energy technical services	100.00	100.00	100.00	-
Cathay Power	Hong Cheng Sing Tech. Co., Ltd. ("Hong Cheng Sing Tech.")	Energy technical services	100.00	100.00	100.00	-
Cathay Power	Shen Lyu Co., Ltd. ("Shen Lyu")	Energy technical services	100.00	100.00	100.00	-
Cathay Power	Nan Yang Power Co., Ltd. ("Nan Yang Power")	Energy technical services	80.00	80.00	80.00	-
Cathay Power	CM Energy Co., Ltd. ("CM Energy")	Energy technical services	97.00	97.00	70.00	Note 3
Cathay Power	Neo Cathay Power Corp. ("Neo Cathay Power")	Energy technical services	100.00	100.00	100.00	-
Cathay Power	Cathay Wind Power Holdings	Energy technical services	1.00	1.00	1.00	
Cathay Power	Cathay II Wind Power Holdings	Energy technical services	1.00	1.00	-	Note 2
Cathay Power	Jian Kun Energy Co., Ltd. ("Jian Kun Energy")	Energy technical services	95.10	95.10	-	Note 4
Sunrise Pv One	Shu Guang Energy Co., Ltd. ("Shu Guang Energy")	Energy technical services	70.00	70.00	70.00	-
CM Energy	Hong Tai Energy Co., Ltd. ("Hong Tai Energy")	Energy technical services	100.00	100.00	100.00	-
CM Energy	Tian Ji Energy Co., Ltd. ("Tian Ji Energy")	Energy technical services	100.00	100.00	100.00	-
CM Energy	Tian Ji Power Co., Ltd. ("Tian Ji Power")	Energy technical services	100.00	100.00	100.00	-
Hong Tai Energy	Hong Tai Power Co., Ltd. ("Hong Tai Power")	Energy technical services	100.00	100.00	100.00	-
Neo Cathay Power	Si Yi Co., Ltd. ("Si Yi")	Energy technical services	100.00	100.00	100.00	-
Neo Cathay Power	Da Li Energy Co., Ltd. ("Da Li")	Energy technical services	100.00	100.00	100.00	-
Neo Cathay Power	Yong Han Co., Ltd. ("Yong Han")	Energy technical services	100.00	100.00	100.00	-
Cathay Wind Power Holdings	Cathay Wind Power Co., Ltd. ("Cathay Wind Power")	Energy technical services	100.00	100.00	100.00	-

(Concluded)

Note 1: On October 9, 2025, Cathay Lujiazui Life amended its Articles of Incorporation, resulting in the Company's investment being reclassified from a subsidiary to a joint venture.

Note 2: Cathay II Wind Power Holdings Co., Ltd. was established on October 8, 2025 and was originally 100% owned by Cathay Power Inc. The Company completed a capital increase in Cathay II Wind Power Holdings on December 17, 2025, raising its ownership interest to 99%.

Note 3: On June 26, 2025, Cathay Power acquired an additional 27% equity interest of CM Energy, increasing the percentage of ownership from 70% to 97%.

Note 4: On November 3, 2025, Cathay Power acquired a 95.10% equity interest of Jian Kun Energy in cash and obtained control over Jian Kun Energy.

b. Subsidiaries excluded from the consolidated financial statements

Investors	Investees	Business	Ownership Interest (%) March 31, 2026	December 31, 2025	March 31, 2025	Notes
The Company	Cathay Securities Investment Consulting Co., Ltd. ("Cathay Securities Investment Consulting")	Securities investment consulting services	100.00	100.00	100.00	-

The consolidated financial statements did not include Cathay Securities Investment Consulting because its total assets and operating revenue were insignificant to the total assets and operating revenue of the Company.

13. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

	March 31, 2026	December 31, 2025	March 31, 2025
Investments in associates	$ 58,626,491	$ 57,892,142	$ 55,842,233
Investments in joint ventures	19,462,708	20,103,857	4,254,957
Investments in unconsolidated subsidiaries	710,822	675,439	750,302
	$ 78,800,021	$ 78,671,438	$ 60,847,492

Refer to Table 1 and Table 4 for the nature of business activities, main operating locations and countries of incorporation of the unconsolidated subsidiaries, associates and joint ventures.

a. Investments in unconsolidated subsidiaries

	March 31, 2026	December 31, 2025	March 31, 2025
Cathay Securities Investment Consulting	$ 710,822	$ 675,439	$ 750,302

b. Investments in associates

Aggregate information of associates that are not individually material

	For the Three Months Ended March 31	
	2026	2025
The Group' share of:		
Net profit	$ 947,421	$ 919,940
Other comprehensive (loss) income	(40,616)	558,452
Total comprehensive income for the period	$ 906,805	$ 1,478,392

c. Investments in joint ventures

Aggregate information of joint ventures that are not individually material

	For the Three months Ended March 31	
	2026	2025
The Group' share of:		
Net profit (loss)	$ 192,141	$ (2,414)
Other comprehensive loss	(846,858)	(677)
Total comprehensive loss for the period	$ (654,717)	$ (3,091)

As the individual associates and joint ventures are not significant, the related financial information is aggregately disclosed. Except for Cathay Venture Inc., the amounts of the share of profit or loss and other comprehensive income or loss of associates and joint ventures were recognized on the basis of the financial statements which have not been reviewed by an independent auditor.

The investments in associates were not pledged as collateral. Refer to Note 39 for the amounts of investments in joint ventures pledged as loan collateral.

14. OTHER FINANCIAL ASSETS

	March 31, 2026	December 31, 2025	March 31, 2025
Structured time deposits	$ 6,000,000	$ 1,500,000	$ -
Less: Loss allowance	(1,446)	(357)	-
	$ 5,998,554	$ 1,499,643	$ -

15. INVESTMENT PROPERTY, INVESTMENT PROPERTY UNDER CONSTRUCTION AND PREPAYMENTS FOR BUILDINGS AND LAND - INVESTMENTS

	Investment Property				
	Land	Buildings	Total	Investment Property Under Construction	Prepayments for Buildings and Land - Investments
Balance on January 1, 2025	$ 398,987,052	$ 146,020,212	$ 545,007,264	$ 14,779,174	$ 1,097,313
Additions	-	-	-	2,210,301	100
Reclassification	100	87,980	88,080	188,109	(276,189)
Loss on changes in fair value of investment property	-	(87,980)	(87,980)	-	-
Foreign exchange	560,452	1,073,410	1,633,862	46,022	25,956
Balance on March 31, 2025	$ 399,547,604	$ 147,093,622	$ 546,641,226	$ 17,223,606	$ 847,180
Balance on January 1, 2026	$ 411,716,913	$ 151,509,660	$ 563,226,573	$ 20,899,061	$ 977,717
Additions	-	-	-	3,239,809	232,670
Disposals	(3,556)	-	(3,556)	-	(4)
Reclassification	-	33,695	33,695	70,958	(104,653)
Loss on changes in fair value of investment property	-	(33,695)	(33,695)	-	-
Foreign exchange	(23,362)	125,393	102,031	(2,984)	135
Balance on March 31, 2026	$ 411,689,995	$ 151,635,053	$ 563,325,048	$ 24,206,844	$ 1,105,865

	For the Three Months Ended March 31	
	2026	2025
Rental income from investment properties	$ 3,843,777	$ 3,555,613
Direct operating expenses of investment properties that generate rental income	(212,628)	(188,971)
Direct operating expenses of investment properties that do not generate rental income	(43,196)	(53,950)
	$ 3,587,953	$ 3,312,692

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 March 31, 2026, investment properties of the Company amounted to $518,582,441 thousand. The investment properties are held mainly for lease business. All the lease agreements of the Group's lease business are operating leases and the primary terms of lease agreements are the same with general lease agreement. Rents from investment property are received annually, semi-annually, quarterly, monthly or in lump sum. Investment properties held by the Group were not pledged.

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. The valuation of the Group's investment property has been carried out by the following appraisers from joint appraisal firms that meet the qualification requirements for real estate appraisers in the ROC. with valuation dates on December 31, 2025 and 2024, respectively. The appraisers had reviewed the effectiveness of the original valuation reports and clarified that the fair values at December 31, 2025 and 2024 were still in effect on March 31, 2026 and 2025, respectively.

	December 31	
Name of Appraiser Firms	**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 KnightFrank Real Estate Appraiser Firm	Hong-hsu 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
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 Hsin-Hao, Chen	Yu-lin, Chen; Yi-huei, Luo; Siou-ying, Jhan Hsin-Hao, Chen
CBRE Real Estate Appraiser Firm	Fu-xue, Shi Zhi-Jia, Zhang	Fu-xue, Shi Zhi-Jia, Zhang
Colliers International Group Inc.	Jian-Huei Gu	Jian-Huei Gu

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 Company'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 mainly valued by comparison approach and land development analysis. Urban renewal land under construction with building permit is valued 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%-4.30%	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.

The Group 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 used in direct capitalization method or discount rate, increases. On the contrary, the fair value of investment property will increase if any of the main input decreases.

Reconciliation of fair value measurements in Level 3 movements is as follows (i.e., excluding items measured at cost):

	For the Three Months Ended March 31	
	2026	**2025**
Beginning balance	$ 531,183,652	$ 507,509,228
Amount recognized in profit or loss		
Loss from investment property	(33,695)	(87,980)
Amount recognized in other comprehensive income		
Exchange differences resulting from translation of the financial statements of foreign operations	102,031	1,633,862
Transfers from investment property under construction	33,695	87,980
Ending balance	$ 531,285,683	$ 509,143,090

16. LOANS

	March 31, 2026	December 31, 2025	March 31, 2025
Secured loans (a)	$ 271,873,033	$ 258,297,968	235,945,628
Insurance contract loans of investment contracts (b)	3,543,991	3,296,704	3,074,674
Non-accrual receivables	422,197	428,036	1,851,019
	275,839,221	262,022,708	240,871,321
Less: Loss allowance	(3,960,880)	(3,751,767)	(4,131,060)
	$ 271,878,341	$ 258,270,941	$ 236,740,261

a. Secured loans are secured by government bonds, stocks, corporate bonds and real estate. The Group applied IFRS 9 and assessed impairment in accordance with the Regulations Governing the Procedures for Insurance Enterprises to Evaluate Assets and Deal with Non-performing/Non-accrual Loans. Refer to Note 41 for related information of loss allowance for the three months ended March 31, 2026 and 2025.

b. Insurance contract loans of investment contracts represent loans granted by the Group, for which the underlying investment contracts issued by the Group are pledged as collateral.

17. REINSURANCE CONTRACT HELD ASSETS AND LIABILITIES

a. Reconciliation of reinsurance contract held assets and liabilities

The following table presents a reconciliation of reinsurance contracts held from the beginning balances to the ending balances of the asset for remaining coverage and the asset for incurred claims.

For the three months ended March 31, 2026

	Asset for Remaining Coverage			Asset for Incurred Claims of Contracts Measured Under the General Measurement Model	Asset for Incurred Claims Measured Under the Premium Allocation Approach			
	Excluding Loss Recovery Component	Loss Recovery Component	Total		Estimates of the Present Value of Future Cash Flows	Risk Adjustment for Non-Financial Risk	Total	Total
Beginning balance of reinsurance contract assets held	$ 31,322,633	$ 33	$ 31,322,666	$ 1,039,617	$ 39,441	$ 211	$ 39,652	$ 32,401,935
Beginning balance of reinsurance contract liabilities held	(10,157,878)	8,521	(10,149,357)	962,231	2,396	-	2,396	(9,184,730)
Net balance as of January 1, 2026	21,164,755	8,554	21,173,309	2,001,848	41,837	211	42,048	23,217,205
Allocation of premiums paid	(791,808)	-	(791,808)	-	-	-	-	(791,808)
Amounts recovered from reinsurers								
Claims and benefits recovered	-	-	-	464,037	14,462	-	14,462	478,499
Other expenses incurred related to reinsurance contracts held	-	-	-	(7)	-	-	-	(7)
Reversal of loss recovery for onerous underlying contracts	-	(370)	(370)	-	-	-	-	(370)
Changes that relate to past service - adjustments to assets for incurred claims	-	-	-	21,388	-	(150)	(150)	21,238
Subtotal of amounts recovered from reinsurers	-	(370)	(370)	485,418	14,462	(150)	14,312	499,360
Effect of changes in the non-performance risk by the issuer of reinsurance contracts held	(2,908)	-	(2,908)	(6)	(1)	-	(1)	(2,915)
Income (expenses) from reinsurance contracts held	(794,716)	(370)	(795,086)	485,412	14,461	(150)	14,311	(295,363)
Finance income (expenses) from reinsurance contracts held								
Finance income from reinsurance contracts held recognized in profit or loss - interest-related	76,252	47	76,299	-	-	-	-	76,299
Finance expenses from reinsurance contracts held recognized in other comprehensive income	(295,573)	-	(295,573)	-	-	-	-	(295,573)
Subtotal of finance income (expenses) from reinsurance contracts held	(219,321)	47	(219,274)	-	-	-	-	(219,274)
Exchange gains	4,990	24	5,014	2,408	-	-	-	7,422
Exchange differences on translation of the financial statements of foreign operations	2	-	2	-	134	-	134	136
Total amount recognized in the statement of comprehensive income	(1,009,045)	(299)	(1,009,344)	487,820	14,595	(150)	14,445	(507,079)
Investment components	(6,901)	-	(6,901)	6,901	-	-	-	-
Others	-	-	-	7	-	-	-	7
Cash flows in the period								
Claims or expenses recovered from reinsurance contracts held	-	-	-	(395,570)	(9,398)	-	(9,398)	(404,968)
Premiums paid for reinsurance contracts held	704,758	-	704,758	-	-	-	-	704,758
Subtotal of cash flows in the period	704,758	-	704,758	(395,570)	(9,398)	-	(9,398)	299,790
Ending balance of reinsurance contract assets held	30,553,137	72	30,553,209	1,174,564	42,910	-	42,910	31,770,683
Ending balance of reinsurance contract liabilities held	(9,699,570)	8,183	(9,691,387)	926,442	4,124	61	4,185	(8,760,760)
Net balance as of March 31, 2026	$ 20,853,567	$ 8,255	$ 20,861,822	$ 2,101,006	$ 47,034	$ 61	$ 47,095	$ 23,009,923

For the three months ended March 31, 2025

	Asset for Remaining Coverage			Asset for Incurred Claims of Contracts Measured Under the General Measurement Model	Asset for Incurred Claims Measured Under the Premium Allocation Approach			
	Excluding Loss Recovery Component	Loss Recovery Component	Total		Estimate of the Present Value of Future Cash Flows	Risk Adjustment for Non-Financial Risk	Total	Total
Beginning balance of reinsurance contract assets held	$ 26,379,312	$ 76	$ 26,379,388	$ 5,282,912	$ 86,037	$ 455	$ 86,492	$ 31,748,792
Beginning balance of reinsurance contract liabilities held	(9,695,213)	4,634	(9,690,579)	958,994	14,120	14	14,134	(8,717,451)
Net balance as of January 1, 2025	16,684,099	4,710	16,688,809	6,241,906	100,157	469	100,626	23,031,341
Allocation of premiums paid	(729,239)	-	(729,239)	-	-	-	-	(729,239)
Amounts recovered from reinsurers								
Claims and benefits recovered	-	-	-	355,196	15,761	172	15,933	371,129
Other expenses incurred related to reinsurance contracts held	-	-	-	(3)	-	-	-	(3)
Reversal of loss recovery for onerous underlying contracts	-	1,009	1,009	-	-	-	-	1,009
Changes that relate to past service - adjustments to assets for incurred claims	-	-	-	(28,716)	5,362	(113)	5,249	(23,467)
Subtotal of amounts recovered from reinsurers	-	1,009	1,009	326,477	21,123	59	21,182	348,668
Effect of changes in the non-performance risk by the issuer of reinsurance contracts held	170	-	170	95	61	1	62	327
Income (expenses) from reinsurance contracts held	(729,069)	1,009	(728,060)	326,572	21,184	60	21,244	(380,244)
Finance income (expenses) from reinsurance contracts held								
Finance income from reinsurance contracts held recognized in profit or loss - interest-related	68,494	17	68,511	-	-	-	-	68,511
Finance expenses from reinsurance contracts held recognized in other comprehensive income	(115,306)	-	(115,306)	-	-	-	-	(115,306)
Subtotal of finance income (expenses) from reinsurance contracts held	(46,812)	17	(46,795)	-	-	-	-	(46,795)
Exchange gains	3,144	-	3,144	1,439	-	-	-	4,583
Exchange differences on translation of the financial statements of foreign operations	(1,551)	-	(1,551)	-	1,409	8	1,417	(134)
Total amount recognized in the statement of comprehensive income	(774,288)	1,026	(773,262)	328,011	22,593	68	22,661	(422,590)
Investment components	(9,947)	-	(9,947)	9,947	-	-	-	-
Others	-	-	-	3	-	-	-	3
Cash flows in the period								
Claims or expenses recovered from reinsurance contracts held	-	-	-	(1,202,945)	(29,683)	-	(29,683)	(1,232,628)
Premiums paid for reinsurance contracts held	1,372,054	-	1,372,054	-	-	-	-	1,372,054
Subtotal of cash flows in the period	1,372,054	-	1,372,054	(1,202,945)	(29,683)	-	(29,683)	139,426
Ending balance of reinsurance contract assets held	26,889,732	106	26,889,838	4,406,836	79,511	481	79,992	31,376,666
Ending balance of reinsurance contract liabilities held	(9,617,814)	5,630	(9,612,184)	970,086	13,556	56	13,612	(8,628,486)
Net balance as of March 31, 2025	$ 17,271,918	$ 5,736	$ 17,277,654	$ 5,376,922	$ 93,067	$ 537	$ 93,604	$ 22,748,180

b. Reconciliation of components of reinsurance contract assets and liabilities held

The following table presents a reconciliation of the components of reinsurance contracts held that are not measured under the premium allocation approach, from the beginning to the ending balances.

For the three months ended March 31, 2026

			Contractual Service Margin				
	Estimates of the Present Value of Future Cash Flows	Risk Adjustment for Non-Financial Risk	Contracts Under the Modified Retrospective Approach	Contracts Under the Fair Value Approach	All Other Contracts	Subtotal	Total
Beginning balance of reinsurance contract assets held	$ 27,015,314	$ 2,101,989	$ (12,802)	$ 3,327,921	$ (47,277)	$ 3,267,842	$ 32,385,145
Beginning balance of reinsurance contract liabilities held	(14,425,266)	681,003	846,365	1,295,611	2,429,474	4,571,450	(9,172,813)
Net balance as of January 1, 2026	12,590,048	2,782,992	833,563	4,623,532	2,382,197	7,839,292	23,212,332
Changes that relate to future service							
Changes in estimates adjusting the contractual service margin	(186,012)	8,309	105,094	66,187	6,422	177,703	-
Recovery (reversal) of losses on underlying onerous contracts	-	-	2	(407)	177	(228)	(228)
Effect of contracts initially recognized in the period	(1,482,958)	113,169	-	-	1,369,789	1,369,789	-
Subtotal of changes that relate to future service	(1,668,970)	121,478	105,096	65,780	1,376,388	1,547,264	(228)
Changes that relate to current service							
Contractual service margin recognized in profit or loss to reflect the transfer of services	-	-	(14,550)	(69,690)	(26,765)	(111,005)	(111,005)
Changes in the risk adjustment for non-financial risk not related to future or past service	-	(3,223)	-	-	-	-	(3,223)
Experience adjustments	(186,698)	-	-	-	-	-	(186,698)
Subtotal of changes that relate to current service	(186,698)	(3,223)	(14,550)	(69,690)	(26,765)	(111,005)	(300,926)
Changes that relate to past service							
Adjustments related to assets for incurred claims	20,783	606	-	-	-	-	21,389
Effect of changes in the non-performance risk by the issuer of reinsurance contracts held	(2,915)	-	-	-	-	-	(2,915)
Income (expenses) from reinsurance contracts held	(1,837,800)	118,861	90,546	(3,910)	1,349,623	1,436,259	(282,680)
Finance income (expenses) from reinsurance contracts held							
Finance income from reinsurance contracts held recognized in profit or loss - interest-related	30,928	-	4,543	20,396	20,432	45,371	76,299
Finance expenses from reinsurance contracts held recognized in other comprehensive income	(295,573)	-	-	-	-	-	(295,573)
Total of finance income (expenses) from reinsurance contracts held	(264,645)	-	4,543	20,396	20,432	45,371	(219,274)
Exchange (losses) gains	(13,876)	1,050	1,997	2,090	16,160	20,247	7,421
Exchange differences on translation of the financial statements of foreign operations	(23)	2	-	2	(2)	-	(21)
Subtotal amount recognized in the statement of comprehensive income	(2,116,344)	119,913	97,086	18,578	1,386,213	1,501,877	(494,554)
Others	7	-	-	-	-	-	7
Cash flows in the period							
Claims or expenses recovered from reinsurance contracts held	(390,373)	-	-	-	-	-	(390,373)
Premiums paid for reinsurance contracts held	675,814	-	-	-	-	-	675,814
Subtotal of cash flows in the period	285,441	-	-	-	-	-	285,441
Ending balance of reinsurance contract assets held	25,975,638	2,144,062	4,020	3,283,756	332,661	3,620,437	31,740,137
Ending balance of reinsurance contract liabilities held	(15,216,486)	758,843	926,629	1,358,354	3,435,749	5,720,732	(8,736,911)
Net balance as of March 31, 2026	$ 10,759,152	$ 2,902,905	$ 930,649	$ 4,642,110	$ 3,768,410	$ 9,341,169	$ 23,003,226

For the three months ended March 31, 2025

	Estimates of the Present Value of Future Cash Flows	Risk Adjustment for Non-Financial Risk	Contractual Service Margin: Contracts Under the Modified Retrospective Approach	Contractual Service Margin: Contracts Under the Fair Value Approach	Contractual Service Margin: All Other Contracts	Contractual Service Margin: Subtotal	Total
Beginning balance of reinsurance contract assets held	$ 26,704,810	$ 2,104,025	$ 4,566	$ 2,815,209	$ 107,880	$ 2,927,655	$ 31,736,490
Beginning balance of reinsurance contract liabilities held	(11,609,153)	743,289	805,543	769,687	589,971	2,165,201	(8,700,663)
Net balance as of January 1, 2025	15,095,657	2,847,314	810,109	3,584,896	697,851	5,092,856	23,035,827
Changes that relate to future service							
Changes in estimates adjusting the contractual service margin	124,847	(16,952)	948	(7,659)	(101,184)	(107,895)	-
Recovery (reversal) of losses on underlying onerous contracts	-	-	(83)	-	1,146	1,063	1,063
Effect of contracts initially recognized in the period	(1,408,274)	124,946	-	-	1,283,328	1,283,328	-
Subtotal of changes that relate to future service	(1,283,427)	107,994	865	(7,659)	1,183,290	1,176,496	1,063
Changes that relate to current service							
Contractual service margin recognized in profit or loss to reflect the transfer of services	-	-	(11,804)	(49,287)	(5,887)	(66,978)	(66,978)
Changes in the risk adjustment for non-financial risk not related to future or past service	-	(1,876)	-	-	-	-	(1,876)
Experience adjustments	(255,059)	-	-	-	-	-	(255,059)
Subtotal of changes that relate to current service	(255,059)	(1,876)	(11,804)	(49,287)	(5,887)	(66,978)	(323,913)
Changes that relate to past service							
Adjustments related to assets for incurred claims	(28,000)	(716)	-	-	-	-	(28,716)
Effect of changes in the non-performance risk by the issuer of reinsurance contracts held	158	-	-	-	-	-	158
Income (expenses) from reinsurance contracts held	(1,566,328)	105,402	(10,939)	(56,946)	1,177,403	1,109,518	(351,408)
Finance income (expenses) from reinsurance contracts held							
Finance income from reinsurance contracts held recognized in profit or loss - interest-related	39,259	-	4,232	13,983	11,037	29,252	68,511
Finance expenses from reinsurance contracts held recognized in other comprehensive income	(115,306)	-	-	-	-	-	(115,306)
Subtotal of finance income (expenses) from reinsurance contracts held	(76,047)	-	4,232	13,983	11,037	29,252	(46,795)
Exchange (losses) gains	(3,567)	595	1,523	445	5,589	7,557	4,585
Exchange differences on translation of the financial statements of foreign operations	(58)	5	-	2	38	40	(13)
Subtotal amount recognized in the statement of comprehensive income	(1,646,000)	106,002	(5,184)	(42,516)	1,194,067	1,146,367	(393,631)
Others	3	-	-	-	-	-	3
Cash flows in the period							
Claims or expenses recovered from reinsurance contracts held	(1,191,561)	-	-	-	-	-	(1,191,561)
Premiums paid for reinsurance contracts held	1,318,600	-	-	-	-	-	1,318,600
Subtotal of cash flows in the period	127,039	-	-	-	-	-	127,039
Ending balance of reinsurance contract assets held	26,343,604	2,109,438	(12,185)	2,786,706	143,101	2,917,622	31,370,664
Ending balance of reinsurance contract liabilities held	(12,766,905)	843,878	817,110	755,674	1,748,817	3,321,601	(8,601,426)
Net balance as of March 31, 2025	$ 13,576,699	$ 2,953,316	$ 804,925	$ 3,542,380	$ 1,891,918	$ 6,239,223	$ 22,769,238

c. Effect of reinsurance contracts initially recognized that are not measured under the premium allocation approach

The following table presents the effect of reinsurance contracts held initially recognized during the period:

	For the Three Months Ended March 31	
	2026	2025
Estimates of the present value of future cash outflows	$ (10,428,147)	$ (9,631,093)
Estimates of the present value of future cash inflows	8,945,189	8,222,819
Risk adjustment for non-financial risk	113,169	124,946
Contractual service margin	1,369,789	1,283,328
Effect of contracts initially recognized in the period	$ -	$ -

d. CNY Co-reinsurance business

Authorized by the FSC under Jin Guan Bao Tsai No. 10302112370, the Company signed a CNY co-reinsurance contract with Central Reinsurance Corporation in 2014. The Company discloses the ceding information following Article 17 of the Regulations Governing Insurance Enterprises Engaging in Operating Reinsurance and other Risk Spreading Mechanisms.

1) Purpose, reasons and expected benefit

In consideration of the limitation on CNY investment, the Company cedes partial of its CNY insurances through co-reinsurance to increase the Company's liquidity, enhance the capability to insure and transfer relevant risks. Under the reinsurance arrangement, the Company transfers 50% of its insurance risks to Central Reinsurance Corporation.

2) Statement of reconciliation of reinsurance contract assets and liabilities held

For the three months ended March 31, 2026

	Asset for Remaining Coverage Excluding Loss Recovery Component	Asset for Incurred Claims of Contracts Measured Under the General Measurement Model	Total
Beginning balance of reinsurance contract assets held	$ 332,548	$ 5,648	$ 338,196
Allocation of premiums paid	(1,553)	-	(1,553)
Amounts recovered from reinsurers - claims and benefits recovered	-	3	3
Effect of changes in the non-performance risk by the issuer of reinsurance contracts held	5	-	5
Income (expenses) from reinsurance contracts held	(1,548)	3	(1,545)
Finance income (expenses) from reinsurance contracts held			
Finance income from reinsurance contracts held recognized in profit or loss - interest-related	2,407	-	2,407
Finance expenses from reinsurance contracts held recognized in other comprehensive income	1,133	-	1,133
Total of finance income from reinsurance contracts held	3,540	-	3,540
Exchange gains	9,545	88	9,633
Subtotal amount recognized in the statement of comprehensive income	11,537	91	11,628
Investment components	(6,901)	6,901	-
Cash flows in the period - claims or expenses recovered from reinsurance contracts held	-	(5,689)	(5,689)
Ending balance of reinsurance contract assets held	$ 337,184	$ 6,951	$ 344,135

For the three months ended March 31, 2025

	Asset for Remaining Coverage Excluding the Loss Recovery Component	Asset for Incurred Claims of Contracts Measured Under the General Measurement Model	Total
Beginning balance of reinsurance contract assets held	$ 361,521	$ 6,558	$ 368,079
Allocation of premiums paid	(1,196)	-	(1,196)
Effect of changes in the non-performance risk by the issuer of reinsurance contracts held	4	-	4
Income (expenses) from reinsurance contracts held	(1,192)	-	(1,192)
Finance income (expenses) from reinsurance contracts held			
Finance income from reinsurance contracts held recognized in profit or loss - interest-related	2,167	-	2,167
Finance expenses from reinsurance contracts held recognized in other comprehensive income	(3,590)	-	(3,590)
Subtotal of finance expenses from reinsurance contracts held	(1,423)	-	(1,423)
Exchange gains	7,368	194	7,562
Total amount recognized in the statement of comprehensive income	4,753	194	4,947
Investment components	(9,947)	9,947	-
Cash flows in the period - claims or expenses recovered from reinsurance contracts held	-	(8,524)	(8,524)
Ending balance of reinsurance contract assets held	$ 356,327	$ 8,175	$ 364,502

3) Statement of reconciliation of components of reinsurance contract assets and liabilities held

For the three months ended March 31, 2026

	Estimates of the Present Value of Future Cash Flows	Risk Adjustment for Non-financial Risk	Contractual Service Margin Contracts Under the Fair Value Approach	Total
Beginning balance of reinsurance contract assets held	$ 335,246	$ 21	$ 2,929	$ 338,196
Changes that relate to future service	(604)	(1)	605	-
Changes that relate to current service	(1,271)	-	(279)	(1,550)
Changes that relate to past service	-	-	-	-
Effect of changes in the non-performance risk by the issuer of reinsurance contracts held	5	-	-	5
Income (expenses) from reinsurance contracts held	(1,870)	(1)	326	(1,545)
Finance income (expenses) from reinsurance contracts held				
Finance income from reinsurance contracts held recognized in profit or loss - interest-related	2,397	-	10	2,407
Finance expenses from reinsurance contracts held recognized in other comprehensive income	1,133	-	-	1,133
Subtotal of finance income (expenses) from reinsurance contracts held	3,530	-	10	3,540
Exchange gains (losses)	9,559	-	74	9,633
Total changes in comprehensive income	11,219	(1)	410	11,628
Cash flows in the period				
Amounts received (claims or expenses recovered from reinsurance contracts held)	(5,689)	-	-	(5,689)
Subtotal of cash flows in the period	(5,689)	-	-	(5,689)
Ending balance of reinsurance contract assets held	$ 340,776	$ 20	$ 3,339	$ 344,135

For the three months ended March 31, 2025

	Estimates of the Present Value of Future Cash Flows	Risk Adjustment for Non-financial Risk	Contractual Service Margin Contracts Under the Fair Value Approach	Total
Beginning balance of reinsurance contract assets held	$ 367,999	$ 32	$ 48	$ 368,079
Changes that relate to future service	(966)	(1)	967	-
Changes that relate to current service	(1,135)	-	(61)	(1,196)
Changes that relate to past service	-	-	-	-
Effect of changes in the non-performance risk by the issuer of reinsurance contracts held	4	-	-	4
Income (expenses) from reinsurance contracts held	(2,097)	(1)	906	(1,192)
Finance income (expenses) from reinsurance contracts held				
Finance income from reinsurance contracts held recognized in profit or loss - interest-related	2,167	-	-	2,167
Finance expenses from reinsurance contracts held recognized in other comprehensive income	(3,590)	-	-	(3,590)
Subtotal of finance income (expenses) from reinsurance contracts held	(1,423)	-	-	(1,423)
Exchange gains (losses)	7,593	(1)	(32)	7,562
Total changes in comprehensive income	4,073	-	874	4,947
Others	-	-	-	-
Cash flows in the period				
Amounts received (claims or expenses recovered from reinsurance contracts held)	(8,524)	-	-	(8,524)
Subtotal of cash flows in the period	(8,524)	-	-	(8,524)
Ending balance of reinsurance contract assets held	$ 363,548	$ 32	$ 922	$ 364,502

4) Reason and effect to income or loss from change of co-reinsurance business or contract: None.

5) Accounting treatment for ceded CNY co-reinsurance business

On the balance sheet, the Company recognizes reinsurance reserve assets including ceded policy reserve for ceded co-reinsurance business and provides insurance liabilities as direct business. All reinsurance reserve assets should be derecognized when the co-reinsurance contract ceased.

6) Other notes designated by authorities: None.

18. PROPERTY AND EQUIPMENT

	Land	Buildings and Construction	Computer Equipment	Leasehold Improvement	Transportation Equipment	Other Equipment	Construction in Progress and Prepayment for Real Estate Equipment	Total
Cost								
Balance on January 1, 2025	$ 18,484,960	$ 22,147,097	$ 4,225,125	$ 404,024	$ 11,665	$ 18,724,550	$ 1,376,715	$ 65,374,136
Additions	-	-	91,432	654	114	174,496	378,204	644,900
Disposals	-	-	(48,027)	-	-	(6,464)	-	(54,491)
Reclassification	-	3,543	-	-	-	143,238	(146,781)	-
Foreign exchange	-	11,828	4,594	7,225	64	-	1,172	24,883
Balance on March 31, 2025	$ 18,484,960	$ 22,162,468	$ 4,273,124	$ 411,903	$ 11,843	$ 19,035,820	$ 1,609,310	$ 65,989,428
Depreciation and impairment								
Balance on January 1, 2025	$ 98,268	$ 13,760,855	$ 3,194,834	$ 372,403	$ 8,958	$ 6,806,475	$ -	$ 24,241,793
Depreciation expenses	-	96,640	98,544	3,759	179	227,058	-	426,180
Disposals	-	-	(47,943)	-	-	(6,388)	-	(54,331)
Foreign exchange	-	4,556	3,528	6,669	24	-	-	14,777
Balance on March 31, 2025	$ 98,268	$ 13,862,051	$ 3,248,963	$ 382,831	$ 9,161	$ 7,027,145	$ -	$ 24,628,419
Carrying amount on March 31, 2025	$ 18,386,692	$ 8,300,417	$ 1,024,161	$ 29,072	$ 2,682	$ 12,008,675	$ 1,609,310	$ 41,361,009
Cost								
Balance on January 1, 2026	$ 18,497,925	$ 22,285,402	$ 4,689,721	$ -	$ 8,344	$ 19,563,466	$ 1,403,796	$ 66,448,654
Additions	-	-	230,591	-	-	220,529	175,973	627,093
Disposals	-	-	(26,749)	-	-	(2,853)	-	(29,602)
Reclassification	-	49,873	-	-	-	(71,521)	21,648	-
Foreign exchange	-	18,351	661	-	-	-	-	19,012
Balance on March 31, 2026	$ 18,497,925	$ 22,353,626	$ 4,894,224	$ -	$ 8,344	$ 19,709,621	$ 1,601,417	$ 67,065,157
Depreciation and impairment								
Balance on January 1, 2026	$ 98,268	$ 14,150,374	$ 3,394,816	$ -	$ 7,922	$ 7,719,120	$ -	$ 25,370,500
Depreciation expenses	-	99,651	103,586	-	23	238,298	-	441,558
Disposals	-	-	(26,733)	-	-	(2,731)	-	(29,464)
Foreign exchange	-	6,717	469	-	-	-	-	7,186
Balance on March 31, 2026	$ 98,268	$ 14,256,742	$ 3,472,138	$ -	$ 7,945	$ 7,954,687	$ -	$ 25,789,780
Carrying amount on December 31, 2025 and January 1, 2026	$ 18,399,657	$ 8,135,028	$ 1,294,905	$ -	$ 422	$ 11,844,346	$ 1,403,796	$ 41,078,154
Carrying amount on March 31, 2026	$ 18,399,657	$ 8,096,884	$ 1,422,086	$ -	$ 399	$ 11,754,934	$ 1,601,417	$ 41,275,377

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	3-5 years
Leasehold improvements	6 years or lease term
Transportation equipment	3-5 years
Other equipment	2-22 years

b. Property and equipment pledged as collateral are set out in Note 39.

19. LEASE ARRANGEMENTS

a. Right-of-use assets

	March 31, 2026	December 31, 2025	March 31, 2025
Carrying amount			
Buildings	$ 937,680	$ 923,881	1,303,651
Land	213,125	216,606	239,808
Transportation equipment	18,692	19,328	10,084
Office equipment	-	-	1,108
	$ 1,169,497	$ 1,159,815	$ 1,554,651
Right-of-use assets presented as investment properties	$ 12,760,363	$ 12,760,363	$ 12,787,580

	For the Three Months Ended March 31	
	2026	2025
Additions to right-of-use assets	$ 109,328	$ 295,982
Depreciation expense for right-of-use assets		
Buildings	$ 96,033	$ 145,150
Land	3,481	3,661
Transportation equipment	1,713	1,433
Office equipment	-	1,125
	$ 101,227	$ 151,369

b. Lease liabilities

	March 31, 2026	December 31, 2025	March 31, 2025
Carrying amount	$ 15,580,174	$ 15,758,222	$ 15,965,898

Range of discount rates for lease liabilities is as follows:

	March 31, 2026	December 31, 2025	March 31, 2025
Land	1.24%-2.63%	1.24%-2.63%	1.24%-2.63%
Buildings	1.11%-8.57%	1.11%-8.57%	1.11%-8.57%
Office equipment	-	4.75%	4.75%
Transportation equipment	2.34%-3.66%	2.46%-3.66%	2.49%-3.66%
Investment property - right of superficies	2.82%-4.24%	2.82%-4.24%	2.82%-4.24%

20. INTANGIBLE ASSETS

	Computer Software	Franchises	Trademarks	Goodwill	Other Intangible Assets	Total
Cost						
Balance on January 1, 2025	$ 3,536,081	$ 37,659,600	$ -	$ 3,436,811	$ 2,676	$ 44,635,168
Additions - acquired separately	44,160	-	-	-	-	44,160
Disposals	(1,920)	-	-	-	-	(1,920)
Foreign exchange	5,736	-	-	-	-	5,736
Balance on March 31, 2025	$ 3,584,057	$ 37,659,600	$ -	$ 3,436,811	$ 2,676	$ 44,683,144
Amortization and impairment						
Balance on January 1, 2025	$ 2,943,787	$ 18,881,238	$ -	$ -	$ -	$ 21,825,025
Amortization	50,138	447,103	-	-	-	497,241
Disposals	(1,920)	-	-	-	-	(1,920)
Foreign exchange	5,053	-	-	-	-	5,053
Balance on March 31, 2025	$ 2,997,058	$ 19,328,341	$ -	$ -	$ -	$ 22,325,399
Carrying amount on March 31, 2025	$ 586,999	$ 18,331,259	$ -	$ 3,436,811	$ 2,676	$ 22,357,745
Cost						
Balance on January 1, 2026	$ 3,465,973	$ 37,659,600	$ 128	$ 3,436,811	$ 2,260	$ 44,564,772
Additions - acquired separately	57,752	-	-	-	-	57,752
Foreign exchange	112	-	-	-	-	112
Balance on March 31, 2026	$ 3,523,837	$ 37,659,600	$ 128	$ 3,436,811	$ 2,260	$ 44,622,636
Amortization and impairment						
Balance on January 1, 2026	$ 2,918,380	$ 20,669,653	$ 1	$ -	$ -	$ 23,588,034
Amortization	47,687	447,104	1	-	-	494,792
Foreign exchange	96	-	-	-	-	96
Balance on March 31, 2026	$ 2,966,163	$ 21,116,757	$ 2	$ -	$ -	$ 24,082,922
Carrying amount on December 31, 2025 and January 1, 2026	$ 547,593	$ 16,989,947	$ 127	$ 3,436,811	$ 2,260	$ 20,976,738
Carrying amount on March 31, 2026	$ 557,674	$ 16,542,843	$ 126	$ 3,436,811	$ 2,260	$ 20,539,714

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

b. Goodwill arose from the Group’s acquisition on July 1, 2015 of substantially all assets, liabilities, and operations of Global Life Insurance Co., Ltd. and Singfor Life Insurance Co., Ltd. (excluding retained assets and liabilities), and from the acquisition on November 25, 2022 of additional shares in Cathay Power Inc. and its subsidiaries, which increased the Group’s ownership interest to 70%.

c. An annual impairment test for goodwill is performed regularly. The Group 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.

21. OTHER ASSETS

	March 31, 2026	December 31, 2025	March 31, 2025
Guarantee deposits paid (a)	$ 32,874,788	$ 54,876,651	$ 61,175,194
Deferred acquisition costs (b)	18,245,388	215,555	243,372
Insurance Industry Stability Fund (c)	15,698,036	15,540,738	15,080,774
Less: Reserve for Insurance Industry Stability Fund (c)	(15,698,036)	(15,540,738)	(15,080,774)
Net defined benefit assets	13,247,751	13,145,181	11,838,522
Prepayments	1,162,967	1,198,993	1,274,439
Others	4,578,216	4,223,023	3,779,252
	$ 70,109,110	$ 73,659,403	$ 78,310,779

a. Guarantee deposits paid are comprised of:

	March 31, 2026	December 31, 2025	March 31, 2025
Deposit for derivatives trading	$ 15,283,100	$ 18,522,895	$ 19,892,330
Insurance operation guarantee deposit	8,813,496	9,269,595	11,942,115
Other guarantee deposits	5,871,614	26,855,733	23,842,186
Deposit for futures and options trading	2,906,578	228,428	5,498,563
	$ 32,874,788	$ 54,876,651	$ 61,175,194

The Group provided cash, demand deposits, time deposits and government bonds as guarantees. Refer to Note 39 for related information.

b. Deferred acquisition costs

When the Company sells investment contracts, commissions and certain sales-related expenses incurred only upon obtaining customer contracts are recognized as incremental costs of obtaining contracts to the extent that such amounts are recoverable. The changes in such costs are as follows:

	For the Three Months Ended March 31	
	2026	2025
Beginning balance	$ 215,555	$ 252,644
Regulatory framework transition	15,796,774	-
Addition	3,358,533	-
Amortization	(1,125,474)	(9,272)
Ending balance	$ 18,245,388	$ 243,372

c. Under Tai-Tsai-Bao No. 811769212 issued by the Ministry of Finance on December 31, 1992, one thousandth (1/1000) of premiums should be contributed to the Insurance Industry Stabilization Fund starting from January 1, 1993. According to the Standard of Contribution to Life and Property Insurance Stabilization Fund, starting from July 1, 2014, the contribution to the Insurance Industry Stabilization Fund of Life Insurance Enterprises should be based on the premium income and contribution rate calculated using the difference between capital adequacy ratio and management performance rating indicator. The credit account, reserve for Insurance Industry Stabilization Fund, is a contra account of the Insurance Industry Stabilization Fund.

22. PAYABLES

	March 31, 2026	December 31, 2025	March 31, 2025
Interest payable	$ 4,395,160	$ 2,855,065	$ 4,389,117
Commissions payable	2,653,115	762,450	835,440
Taxes payable	2,185,253	1,565,921	1,187,383
Notes payable	361	361	1,080,445
Other payables	21,167,402	12,084,265	19,156,034
	$ 30,401,291	$ 17,268,062	$ 26,648,419

23. SHORT-TERM DEBT

	March 31, 2026	December 31, 2025	March 31, 2025
Commercial paper payable	$ 1,436,800	$ 1,487,200	$ -
Less: Discount on commercial paper payable	(2,004)	(2,599)	-
	$ 1,434,796	$ 1,484,601	$ -
Interest rate range	2.10%-3.00%	2.10%-3.00%	-

24. BONDS PAYABLE

	March 31, 2026	December 31, 2025	March 31, 2025
First perpetual non-cumulative subordinated corporate bonds of 2016 (a)	$ 35,000,000	$ 35,000,000	$ 35,000,000
First perpetual cumulative subordinated corporate bonds of 2017 (b)	35,000,000	35,000,000	35,000,000
First perpetual cumulative subordinated corporate bonds of 2019 (c)	10,000,000	10,000,000	10,000,000
First unsecured cumulative subordinated corporate bonds of 2023 (d)	25,100,000	25,100,000	25,100,000
Second USD-denominated unsecured cumulative subordinated corporate bonds of 2023 (e)	3,613,740	3,552,494	3,749,566
Third USD-denominated unsecured cumulative subordinated corporate bonds of 2023 (f)	799,500	785,950	829,550

(Continued)

	March 31, 2026	December 31, 2025	March 31, 2025
Fourth unsecured cumulative subordinated corporate bonds of 2023 (g)	$ 5,500,000	$ 5,500,000	$ 5,500,000
First unsecured cumulative subordinated corporate bonds of 2024 (h)	44,000,000	44,000,000	44,000,000
Second USD-denominated unsecured cumulative subordinated corporate bonds of 2024 (i)	5,980,260	5,878,906	6,205,034
Overseas ten-year USD-denominated unsecured cumulative Tier 2 subordinated corporate bonds (j)	19,188,000	18,862,800	19,909,200
Overseas fifteen-year USD-denominated unsecured cumulative Tier 2 subordinated corporate bonds (k)	10,233,600	10,060,160	10,618,240
Discounts on bonds payable	(137,486)	(136,728)	(155,433)
	$ 194,277,614	$ 193,603,582	$ 195,756,157

(Concluded)

a. Pursuant to Jin Guan Bao Shou No. 10502133020 by the FSC, the Company issued first perpetual non-cumulative subordinated corporate bonds on December 13, 2016 through private placement. Key terms and conditions are as follows:

1) Issue amount: $35,000,000 thousand.

2) Principal amount and issue price: The face value is $1,000,000 thousand each, and is issued at par.

3) Years to maturity: Perpetual.

4) Coupon rate: From the issue date to the tenth year, the coupon rate is 3.6%; from the day following the tenth year maturity and on every tenth year maturity from then on, if the bonds are not redeemed, the coupon rate will be adjusted to a fixed annual rate of Taiwan 10 years government bond plus the issue spread.

5) Terms of interest payments: The interest payments are calculated and paid at coupon rate every year from the issue date. The Company may stop making interest payments and such interest payments will not be cumulated or deferred under the following circumstances: The Company has no earnings or the earnings are insufficient to make interest payments; the Company would fail to meet the required risk-based capital (“RBC”) ratio or other minimum requirements from the authorities if making those interest payments; the Company has other essential considerations.

6) Right of early redemption: The Company 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. The Company may redeem the bond once a year.

7) Forms of bonds: Physical certificate.

8) Interest expense: Interest expense of $310,685 thousand and $310,685 thousand was recorded as finance costs for the three months ended March 31, 2026 and 2025, respectively.

b. Pursuant to Order No. Securities-TPEx-Bond-10600099421 of the Taipei Exchange, the Company issued first perpetual cumulative subordinated corporate bonds on May 12, 2017 through public offering. Key terms and conditions are as follows:

1) Issue amount: $35,000,000 thousand.

2) Principal amount and issue price: The face value is $1,000 thousand each, and is issued at par.

3) Years to maturity: Perpetual.

4) 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 maturity.

5) Terms of interest payments: The interest payments are calculated and paid at coupon rate every year from the issue date.

6) Right of early redemption: If the Company's RBC ratio is greater than twice the minimum RBC ratio required for insurance companies, the Company 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.

7) Forms of bonds: Book-entry securities.

8) Interest expense: Interest expense of $284,794 thousand and $284,795 thousand was recorded as finance costs for the three months ended March 31, 2026 and 2025, respectively.

c. Pursuant to Order No. Securities-TPEx-Bond-10800055731 of the Taipei Exchange, the Company issued first perpetual cumulative subordinated corporate bonds on June 26, 2019 through public offering. Key terms and conditions are as follows:

1) Issue amount: $10,000,000 thousand.

2) Principal amount and issue price: The face value is $1,000 thousand each, and is issued at par.

3) Years to maturity: Perpetual.

4) Coupon rate: Fixed rate of 3%.

5) Terms of interest payments: The interest payments are calculated and paid at coupon rate every year from the issue date.

6) Right of early redemption: If the Company's RBC ratio is greater than twice the minimum RBC ratio required for insurance companies, the Company 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.

7) Forms of bonds: Book-entry securities.

8) Interest expense: Interest expense of $73,973 thousand and $73,980 thousand was recorded as finance costs for the three months ended March 31, 2026 and 2025, respectively.

d. Pursuant to Order No. Securities-TPEx-Bond-11200070741 of the Taipei Exchange, the Company issued first domestic unsecured cumulative subordinated corporate bonds on August 1, 2023. Key terms and conditions are as follows:

1) Issue amount: $25,100,000 thousand, which is divided into Note A of $17,600,000 thousand and Note B of $7,500,000 thousand by issue terms.

2) Principal amount and issue price: The face value is $1,000 thousand each and is issued at par.

3) Years to maturity: Note A is 10 years, and Note B is 15 years.

4) Coupon rate: Fixed rate of 3.70% for Note A and 3.85% for Note B.

5) Terms of interest payments: The interest payments are calculated and paid at coupon rate every year from the issue date.

6) Right of early redemption: If the Company's RBC ratio is greater than the minimum RBC ratio required for insurance companies, the Company may, with the approval of the authorities, redeem the Note B 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.

7) Forms of bonds: Book-entry securities.

8) Interest expense: Interest expense of $231,769 thousand and $231,770 thousand was recorded as finance costs for the three months ended March 31, 2026 and 2025, respectively.

e. Pursuant to Order No. Securities-TPEx-Bond-11200073801 of the Taipei Exchange, the Company issued second domestic USD-denominated unsecured cumulative subordinated corporate bonds on August 7, 2023. Key terms and conditions are as follows:

1) Issue amount: US$113,000 thousand.

2) Principal amount and issue price: The face value is US$100 thousand each and is issued at par.

3) Years to maturity: 10 years.

4) Coupon rate: Fixed rate of 6.1%.

5) Terms of interest payments: The interest payments are calculated and paid at coupon rate every year from the issue date.

6) Right of early redemption: None.

7) Forms of bonds: Book-entry securities.

8) Interest expense: Interest expense of $54,515 thousand and $56,700 thousand was recorded as finance costs for the three months ended March 31, 2026 and 2025, respectively.

f. Pursuant to Order No. Securities-TPEx-Bond-11200097881 of the Taipei Exchange, the Company issued third domestic USD-denominated unsecured cumulative subordinated corporate bonds on October 4, 2023. Key terms and conditions are as follows:

1) Issue amount: US$25,000 thousand.

2) Principal amount and issue price: The face value is US$100 thousand each and is issued at par.

3) Years to maturity: 10 years.

4) Coupon rate: Fixed rate of 6.1%.

5) Terms of interest payments: The interest payments are calculated and paid at coupon rate every year from the issue date.

6) Right of early redemption: None.

7) Forms of bonds: Book-entry securities.

8) Interest expense: Interest expense of $12,061 thousand and $12,544 thousand was recorded as finance costs for the three months ended March 31, 2026 and 2025, respectively.

g. Pursuant to Order No. Securities-TPEx-Bond-11200099051 of the Taipei Exchange, the Company issued fourth domestic unsecured cumulative subordinated corporate bonds on October 12, 2023. Key terms and conditions are as follows:

1) Issue amount: $5,500,000 thousand, which is divided into Note A of $2,500,000 thousand and Note B of $3,000,000 thousand by issue terms.

2) Principal amount and issue price: The face value is $1,000 thousand each and is issued at par.

3) Years to maturity: Note A is 10 years, and Note B is 15 years.

4) Coupon rate: Fixed rate of 3.70% for Note A and 3.85% for Note B.

5) Terms of interest payments: The interest payments are calculated and paid at coupon rate every year from the issue date.

6) Right of early redemption: If the Company's RBC ratio is greater than the minimum RBC ratio required for insurance companies, the Company may, with the approval of the authorities, redeem the Note B 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.

7) Forms of bonds: Book-entry securities.

8) Interest expense: Interest expense of $51,287 thousand and $51,287 thousand was recorded as finance costs for the three months ended March 31, 2026 and 2025, respectively.

h. Pursuant to Order No. Securities-TPEx-Bond-11300018721 of the Taipei Exchange, the Company issued its first domestic unsecured cumulative subordinated corporate bonds on April 24, 2024. Key terms and conditions are as follows:

1) Issue amount: $44,000,000 thousand, which is divided into Note A of $32,350,000 thousand and Note B of $11,650,000 thousand by issue terms.

2) Principal amount and issue price: The face value is $1,000 thousand each and is issued at par.

3) Years to maturity: Note A is 10 years, and Note B is 15 years.

4) Coupon rate: Fixed rate of 3.70% for Note A and 3.85% for Note B.

5) Terms of interest payments: The interest payments are calculated and paid at coupon rate every year from the issue date.

6) Right of early redemption: If the Company's RBC ratio is greater than the minimum RBC ratio required for insurance companies, the Company may, with the approval of the authorities, redeem the Note B 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.

7) Forms of bonds: Book-entry securities.

8) Interest expense: Interest expense of $405,733 thousand and $405,722 thousand was recorded as finance costs for the three months ended March 31, 2026 and 2025, respectively.

i. Pursuant to Order No. Securities-TPEx-Bond-11300025291 of the Taipei Exchange, the Company issued its second domestic USD-denominated unsecured cumulative subordinated corporate bonds on May 9, 2024. Key terms and conditions are as follows:

1) Issue amount: US$187,000 thousand.

2) Principal amount and issue price: The face value is US$100 thousand each and is issued at par.

3) Years to maturity: 10 years.

4) Coupon rate: Fixed rate of 5.80%.

5) Terms of interest payments: The interest payments are calculated and paid at coupon rate every year from the issue date.

6) Right of early redemption: None.

7) Forms of bonds: Book-entry securities.

8) Interest expense: Interest expense of $85,778 thousand and $89,215 thousand was recorded as finance costs for the three months ended March 31, 2026 and 2025, respectively.

j. On July 5, 2024, Cathaylife Singapore Pte. Ltd. issued overseas ten-year USD-denominated unsecured cumulative Tier 2 subordinated corporate bonds due in 2034. The Company acts as the guarantor. Key terms and conditions are as follows:

1) Issue amount: US$600,000 thousand.

2) Principal amount and issue price: The face value is US$200 thousand each and integral multiples of US$1,000 in excess; the issue price was 99.717.

3) Years to maturity: 10 years.

4) Coupon rate: Fixed rate of 5.95%.

5) Terms of interest payments: The interest payments are calculated and paid at the coupon rate semi-annually from the issue date.

6) Right of early redemption: None.

7) Forms of bonds: Book-entry securities.

8) Interest expense: Interest expense of $282,652 thousand and $293,588 thousand was recorded as finance costs for the three months ended March 31, 2026 and 2025, respectively.

k. On September 5, 2024, Cathaylife Singapore Pte. Ltd. issued overseas fifteen-year USD-denominated unsecured cumulative Tier 2 subordinated corporate bonds due in 2039. The Company acts as the guarantor. Key terms and conditions are as follows:

1) Issue amount: US$320,000 thousand.

2) Principal amount and issue price: The face value is US$200 thousand each and integral multiples of US$1,000 in excess; the issue price was 99.777.

3) Years to maturity: 15 years.

4) Coupon rate: Fixed rate of 5.30%.

5) Terms of interest payments: The interest payments are calculated and paid at the coupon rate semi-annually from the issue date.

6) Right of early redemption: If the Company'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.

7) Forms of bonds: Book-entry securities.

8) Interest expense: Interest expense of $135,655 thousand and $140,906 thousand was recorded as finance costs for the three months ended March 31, 2026 and 2025, respectively.

25. INSURANCE CONTRACT ASSETS AND LIABILITIES

a. Reconciliation of insurance contract assets and liabilities

The table below presents a reconciliation of the opening to closing balances of the liability for remaining coverage and the liability for incurred claims for insurance contracts issued.

For the three months ended March 31, 2026

	Liabilities for Remaining Coverage			Liabilities for Incurred Claims Measured Under the General Measurement Model and the Variable Fee Approach	Liabilities for Incurred Claims Measured Under the Premium Allocation Approach			
	Excluding Any Loss Component	Any Loss Component	Subtotal		Estimates of the Present Value of Future Cash Flows	Risk Adjustment for Non-financial Risk	Subtotal	Total
Beginning balance of insurance contract assets	$ (1,170,075)	$ -	$ (1,170,075)	$ 72,075	$ -	$ -	$ -	$ (1,098,000)
Beginning balance of insurance contract liabilities	7,119,637,990	3,526,050	7,123,164,040	38,605,125	1,234,792	26,847	1,261,639	7,163,030,804
Net balance as of January 1, 2026	7,118,467,915	3,526,050	7,121,993,965	38,677,200	1,234,792	26,847	1,261,639	7,161,932,804
Insurance revenue								
Contracts under the modified retrospective approach	(2,335,311)	-	(2,335,311)	-	-	-	-	(2,335,311)
Contracts under the fair value approach	(27,280,030)	-	(27,280,030)	-	-	-	-	(27,280,030)
All other contracts	(8,399,456)	-	(8,399,456)	-	-	-	-	(8,399,456)
Subtotal of insurance revenue	(38,014,797)	-	(38,014,797)	-	-	-	-	(38,014,797)
Insurance service expenses								
Incurred claims (excluding investment components) and other insurance service expenses	-	(44,760)	(44,760)	13,933,660	704,573	6,379	710,952	14,599,852
Changes that relate to past service - changes in fulfillment cash flows related to liabilities for incurred claims	-	-	-	9,652,316	435,425	(6,943)	428,482	10,080,798
Changes that relate to future service - losses on onerous groups of insurance contracts	-	115,669	115,669	-	-	-	-	115,669
Amortization of insurance acquisition cash flows	1,199,973	-	1,199,973	-	-	-	-	1,199,973
Subtotal of insurance service expenses	1,199,973	70,909	1,270,882	23,585,976	1,139,998	(564)	1,139,434	25,996,292
Insurance service result	(36,814,824)	70,909	(36,743,915)	23,585,976	1,139,998	(564)	1,139,434	(12,018,505)
Insurance finance income (expenses)								
Insurance finance expenses recognized in profit or loss - interest-related	51,095,299	29,044	51,124,343	73,602	-	-	-	51,197,945
Insurance finance income recognized in other comprehensive income	(136,212,814)	(18,341)	(136,231,155)	-	-	-	-	(136,231,155)
Subtotal of insurance finance (income) expenses	(85,117,515)	10,703	(85,106,812)	73,602	-	-	-	(85,033,210)
Exchange losses	26,492,640	28,705	26,521,345	36,700	-	-	-	26,558,045
Exchange differences on translation of the financial statements of foreign operations	101,048	189	101,237	2,903	-	-	-	104,140
Total amount recognized in the statement of comprehensive income	(95,338,651)	110,506	(95,228,145)	23,699,181	1,139,998	(564)	1,139,434	(70,389,530)
Investment components	(120,882,821)	-	(120,882,821)	120,882,821	-	-	-	-
Policy loans and premium loans	2,220,572	-	2,220,572	(2,220,572)	-	-	-	-
Others	-	-	-	(3,751,556)	(344,865)	-	(344,865)	(4,096,421)
Cash flows in the period								
Premiums received for insurance contracts issued	135,057,025	-	135,057,025	-	-	-	-	135,057,025
Claims and other insurance service expenses paid for insurance contracts issued	-	-	-	(141,746,417)	(737,792)	-	(737,792)	(142,484,209)
Insurance acquisition cash flows	(10,879,397)	-	(10,879,397)	-	-	-	-	(10,879,397)
Net policy loans received (paid)	-	-	-	2,219,447	-	-	-	2,219,447
Net premium loans received (paid)	-	-	-	91,443	-	-	-	91,443
Subtotal of cash flows in the period	124,177,628	-	124,177,628	(139,435,527)	(737,792)	-	(737,792)	(15,995,691)
Ending balance of insurance contract assets	(947,598)	-	(947,598)	84,373	-	-	-	(863,225)
Ending balance of insurance contract liabilities	7,029,592,241	3,636,556	7,033,228,797	37,767,174	1,292,133	26,283	1,318,416	7,072,314,387
Net balance as of March 31, 2026	$ 7,028,644,643	$ 3,636,556	$ 7,032,281,199	$ 37,851,547	$ 1,292,133	$ 26,283	$ 1,318,416	$ 7,071,451,162

For the three months ended March 31, 2025

	Liabilities for Remaining Coverage			Liabilities for Incurred Claims Measured Under the General Measurement Model and the Variable Fee Approach	Liabilities for Incurred Claims Measured Under the Premium Allocation Approach			
	Excluding Any Loss Component	Any Loss Component	Subtotal		Estimates of the Present Value of Future Cash Flows	Risk Adjustment for Non-financial Risk	Subtotal	Total
Beginning balance of insurance contract assets	$ (2,279,125)	$ -	$ (2,279,125)	$ 57,799	$ 466	$ 12	$ 478	$ (2,220,848)
Beginning balance of insurance contract liabilities	7,001,623,524	1,329,601	7,002,953,125	37,873,791	1,689,594	38,142	1,727,736	7,042,554,652
Net balance as of January 1, 2025	6,999,344,399	1,329,601	7,000,674,000	37,931,590	1,690,060	38,154	1,728,214	7,040,333,804
Insurance revenue								
Contracts under the modified retrospective approach	(2,102,679)	-	(2,102,679)	-	-	-	-	(2,102,679)
Contracts under the fair value approach	(27,919,788)	-	(27,919,788)	-	-	-	-	(27,919,788)
All other contracts	(4,736,905)	-	(4,736,905)	-	-	-	-	(4,736,905)
Subtotal of insurance revenue	(34,759,372)	-	(34,759,372)	-	-	-	-	(34,759,372)
Insurance service expenses								
Incurred claims (excluding investment components) and other insurance service expenses	-	(67,602)	(67,602)	13,782,453	1,770,678	3,588	1,774,266	15,489,117
Changes that relate to past service - changes in fulfillment cash flows related to liabilities for incurred claims	-	-	-	8,853,541	215,275	(3,716)	211,559	9,065,100
Changes that relate to future service - losses on onerous groups of insurance contracts	-	307,424	307,424	-	-	-	-	307,424
Amortization of insurance acquisition cash flows	945,588	-	945,588	-	-	-	-	945,588
Subtotal of insurance service expenses	945,588	239,822	1,185,410	22,635,994	1,985,953	(128)	1,985,825	25,807,229
Insurance service result	(33,813,784)	239,822	(33,573,962)	22,635,994	1,985,953	(128)	1,985,825	(8,952,143)
Insurance finance income (expenses)								
Insurance finance expenses recognized in profit or loss - interest-related	39,094,640	349	39,094,989	26,044	-	-	-	39,121,033
Insurance finance (income) expenses recognized in other comprehensive income	(16,861,891)	1,599	(16,860,292)	-	-	-	-	(16,860,292)
Subtotal of insurance finance expenses (income)	22,232,749	1,948	22,234,697	26,044	-	-	-	22,260,741
Exchange losses (gain)	17,871,888	-	17,871,888	(2,785)	229	8	237	17,869,340
Exchange differences on translation of the financial statements of foreign operations	2,716,318	16,904	2,733,222	8,970	10,095	252	10,347	2,752,539
Total amount recognized in the statement of comprehensive income	9,007,171	258,674	9,265,845	22,668,223	1,996,277	132	1,996,409	33,930,477
Investment components	(110,932,884)	-	(110,932,884)	110,932,875	9	-	9	-
Policy loans and premium loans	4,302,754	-	4,302,754	(4,302,754)	-	-	-	-
Others	-	-	-	(3,982,331)	(306,753)	-	(306,753)	(4,289,084)
Cash flows in the period								
Premiums received for insurance contracts issued	123,350,126	-	123,350,126	-	-	-	-	123,350,126
Claims and other insurance service expenses paid for insurance contracts issued	-	-	-	(129,621,408)	(1,637,976)	-	(1,637,976)	(131,259,384)
Insurance acquisition cash flows	(12,994,833)	-	(12,994,833)	-	-	-	-	(12,994,833)
Net policy loans received (paid)	-	-	-	3,728,991	-	-	-	3,728,991
Net premium loans received (paid)	-	-	-	460,498	-	-	-	460,498
Subtotal of cash flows in the period	110,355,293	-	110,355,293	(125,431,919)	(1,637,976)	-	(1,637,976)	(16,714,602)
Ending balance of insurance contract assets	(2,032,989)	-	(2,032,989)	52,950	259	7	266	(1,979,773)
Ending balance of insurance contract liabilities	7,014,109,722	1,588,275	7,015,697,997	37,762,734	1,741,358	38,279	1,779,637	7,055,240,368
Net balance as of March 31, 2025	$ 7,012,076,733	$ 1,588,275	$ 7,013,665,008	$ 37,815,684	$ 1,741,617	$ 38,286	$ 1,779,903	$ 7,053,260,595

b. Reconciliation of components of insurance contract assets and liabilities

The table below presents a reconciliation of the components of insurance contracts issued that are not measured under the premium allocation approach, from the opening to the closing balance.

For the three months ended March 31, 2026

	Estimates of the Present Value of Future Cash Flows	Risk Adjustment for Non-Financial Risk	Contractual Service Margin				Total
			Contracts Under the Modified Retrospective Approach	Contracts Under the Fair Value Approach	All Other Contracts	Subtotal	
Beginning balance of insurance contract assets	$ (4,124,484)	$ 534,898	$ -	$ 1,710,505	$ 781,081	$ 2,491,586	$ (1,098,000)
Beginning balance of insurance contract liabilities	6,585,819,924	62,606,296	76,300,034	241,380,564	195,206,453	512,887,051	7,161,313,271
Net balance as of January 1, 2026	6,581,695,440	63,141,194	76,300,034	243,091,069	195,987,534	515,378,637	7,160,215,271
Changes that relate to future service							
Changes in estimates that adjust the contractual service margin	4,557,421	(1,602,104)	(137,261)	(427,910)	(2,390,146)	(2,955,317)	-
Losses (reversals of losses) on groups of onerous contracts	(301,266)	263,746	-	-	-	-	(37,520)
Effect of contracts initially recognized in the period	(28,150,097)	914,275	-	-	27,275,865	27,275,865	40,043
Subtotal of changes that relate to future service	(23,893,942)	(424,083)	(137,261)	(427,910)	24,885,719	24,320,548	2,523
Changes that relate to current service							
Contractual service margin recognized in profit or loss to reflect the transfer of services	-	-	(1,254,943)	(3,828,675)	(3,548,431)	(8,632,049)	(8,632,049)
Changes in the risk adjustment for non-financial risk that does not relate to future or past service	-	(413,571)	-	-	-	-	(413,571)
Experience adjustments	(12,476,277)	-	-	-	-	-	(12,476,277)
Subtotal of changes that relate to current service	(12,476,277)	(413,571)	(1,254,943)	(3,828,675)	(3,548,431)	(8,632,049)	(21,521,897)
Changes related to past service							
Changes in fulfillment cash flows relating to incurred claims	9,854,666	(202,350)	-	-	-	-	9,652,316
Others	(23)	-	-	-	-	-	(23)
Subtotal of changes that relate to past service	9,854,643	(202,350)	-	-	-	-	9,652,293
Insurance service result	(26,515,576)	(1,040,004)	(1,392,204)	(4,256,585)	21,337,288	15,688,499	(11,867,081)
Insurance finance (income) expenses							
Insurance finance expenses recognized in profit or loss - interest-related	48,211,314	-	465,636	1,230,881	1,290,114	2,986,631	51,197,945
Insurance finance income recognized in other comprehensive income	(136,231,155)	-	-	-	-	-	(136,231,155)
Total of insurance finance (income) expenses	(88,019,841)	-	465,636	1,230,881	1,290,114	2,986,631	(85,033,210)
Exchange losses	24,397,275	155,861	393,603	281,404	1,329,902	2,004,909	26,558,045
Exchange differences on translation of the financial statements of foreign operations	39,228	8,540	-	41,567	14,805	56,372	104,140
Total amount recognized in the statement of comprehensive income	(90,098,914)	(875,603)	(532,965)	(2,702,733)	23,972,109	20,736,411	(70,238,106)
Others	(3,751,556)	-	-	-	-	-	(3,751,556)
Cash flows in the period							
Premiums received for insurance contracts issued	133,718,183	-	-	-	-	-	133,718,183
Claims and other insurance service expenses paid for insurance contracts issued	(141,746,417)	-	-	-	-	-	(141,746,417)
Insurance acquisition cash flows	(10,879,397)	-	-	-	-	-	(10,879,397)
Net policy loans received (paid)	2,219,447	-	-	-	-	-	2,219,447
Net premium loans received (paid)	91,443	-	-	-	-	-	91,443
Total of cash flows in the period	(16,596,741)	-	-	-	-	-	(16,596,741)
Ending balance of insurance contract assets	(4,159,353)	569,705	-	1,701,676	1,024,747	2,726,423	(863,225)
Ending balance of insurance contract liabilities	6,475,407,582	61,695,886	75,767,069	238,686,660	218,934,896	533,388,625	7,070,492,093
Net balance as of March 31, 2026	$ 6,471,248,229	$ 62,265,591	$ 75,767,069	$ 240,388,336	$ 219,959,643	$ 536,115,048	$ 7,069,628,868

For the three months ended March 31, 2025

	Estimates of the Present Value of Future Cash Flows	Risk Adjustment for Non-Financial Risk	Contractual Service Margin				Total
			Contracts Under the Modified Retrospective Approach	Contracts Under the Fair Value Approach	All Other Contracts	Subtotal	
Beginning balance of insurance contract assets	$ (4,507,367)	$ 478,826	$ -	$ 1,807,904	$ -	$ 1,807,904	$ (2,220,637)
Beginning balance of insurance contract liabilities	6,514,567,245	72,349,354	76,439,026	269,294,274	107,114,147	452,847,447	7,039,764,046
Net balance as of January 1, 2025	6,510,059,878	72,828,180	76,439,026	271,102,178	107,114,147	454,655,351	7,037,543,409
Changes that relate to future service							
Changes in estimates that adjust the contractual service margin	2,388,038	(285,023)	376,407	560,754	(3,040,176)	(2,103,015)	-
Losses (reversals of losses) on groups of onerous contracts	(39,409)	(96)	-	-	-	-	(39,505)
Effect of contracts initially recognized in the period	(27,455,104)	1,059,248	-	13,880	26,496,192	26,510,072	114,216
Subtotal of changes that relate to future service	(25,106,475)	774,129	376,407	574,634	23,456,016	24,407,057	74,711
Changes that relate to current service							
Contractual service margin recognized in profit or loss to reflect the transfer of services	-	-	(919,081)	(4,195,279)	(1,185,973)	(6,300,333)	(6,300,333)
Changes in the risk adjustment for non-financial risk that does not relate to future or past service	-	(642,094)	-	-	-	-	(642,094)
Experience adjustments	(10,785,454)	-	-	-	-	-	(10,785,454)
Subtotal of changes that relate to current service	(10,785,454)	(642,094)	(919,081)	(4,195,279)	(1,185,973)	(6,300,333)	(17,727,881)
Changes that relate to past service							
Changes in fulfillment cash flows relating to incurred claims	8,772,718	(11,735)	-	-	-	-	8,760,983
Others	(46)	-	-	-	-	-	(46)
Subtotal of changes that relate to past service	8,772,672	(11,735)	-	-	-	-	8,760,937
Insurance service result	(27,119,257)	120,300	(542,674)	(3,620,645)	22,270,043	18,106,724	(8,892,233)
Insurance finance (income) expenses							
Insurance finance expenses recognized in profit or loss - interest-related	36,640,223	-	447,254	1,308,376	725,180	2,480,810	39,121,033
Insurance finance income recognized in other comprehensive income	(16,860,293)	-	-	-	-	-	(16,860,293)
Total of insurance finance (income) expenses	19,779,930	-	447,254	1,308,376	725,180	2,480,810	22,260,740
Exchange losses	16,585,559	106,936	268,345	412,998	494,899	1,176,242	17,868,737
Exchange differences on translation of the financial statements of foreign operations	2,271,929	44,972	-	289,096	126,188	415,284	2,732,185
Total amount recognized in the statement of comprehensive income	11,518,161	272,208	172,925	(1,610,175)	23,616,310	22,179,060	33,969,429
Others	(3,982,331)	-	-	-	-	-	(3,982,331)
Cash flows in the period							
Premiums received for insurance contracts issued	121,952,084	-	-	-	-	-	121,952,084
Claims and other insurance service expenses paid for insurance contracts issued	(130,349,158)	-	-	-	-	-	(130,349,158)
Insurance acquisition cash flows	(12,994,833)	-	-	-	-	-	(12,994,833)
Net policy loans received (paid)	3,728,991	-	-	-	-	-	3,728,991
Net premium loans received (paid)	460,498	-	-	-	-	-	460,498
Total of cash flows in the period	(17,202,418)	-	-	-	-	-	(17,202,418)
Ending balance of insurance contract assets	(4,254,284)	484,596	-	1,677,570	112,732	1,790,302	(1,979,386)
Ending balance of insurance contract liabilities	6,504,647,574	72,615,792	76,611,951	267,814,433	130,617,725	475,044,109	7,052,307,475
Net balance as of March 31, 2025	$ 6,500,393,290	$ 73,100,388	$ 76,611,951	$ 269,492,003	$ 130,730,457	$ 476,834,411	$ 7,050,328,089

c. Effect of insurance contracts initially recognized that are not measured under the premium allocation approach:

The table below shows the impact on the consolidated balance sheet from the initial recognition of insurance contracts issued during the current period.

For the three months ended March 31, 2026

	Insurance Contracts Issued		
	Non-onerous Contracts	Onerous Contracts	Total
Estimates of the present value of future cash outflows			
Insurance acquisition cash flows	$ 11,323,611	$ 31,219	$ 11,354,830
Claims and other directly attributable expenses	88,360,761	266,239	88,627,000
	99,684,372	297,458	99,981,830
Estimates of the present value of future cash inflows	(127,870,802)	(261,125)	(128,131,927)
Risk adjustment for non-financial risk	910,565	3,710	914,275
Contractual service margin	27,275,865	-	27,275,865
Effect of contracts initially recognized in the period	$ -	$ 40,043	$ 40,043

For the three months ended March 31, 2025

	Insurance Contracts Issued		
	Non-onerous Contracts	Onerous Contracts	Total
Estimates of the present value of future cash outflows			
Insurance acquisition cash flows	$ 11,703,892	$ 102,992	$ 11,806,884
Claims and other directly attributable expenses	80,489,552	777,221	81,266,773
	92,193,444	880,213	93,073,657
Estimates of the present value of future cash inflows	(119,750,950)	(777,811)	(120,528,761)
Risk adjustment for non-financial risk	1,047,434	11,814	1,059,248
Contractual service margin	26,510,072	-	26,510,072
Effect of contracts initially recognized in the period	$ -	$ 114,216	$ 114,216

d. Underlying items and fair value of insurance contracts with direct participation features

The table below presents the composition of the underlying items corresponding to insurance contracts with direct participation features, and the fair value of those items.

	March 31, 2026	December 31, 2025	March 31, 2025
Non-separate account insurance products			
Financial assets at fair value through other comprehensive income			
Beneficiary certificates	$ 292	$ -	$ -
Overseas bonds	1,110,803	-	-
Financial assets at fair value through profit or loss			
Beneficiary certificates	-	290	336
Financial assets measured at amortized cost			
Overseas bonds	-	1,109,745	1,149,515
	1,111,095	1,110,035	1,149,851
Separate account insurance products			
Financial assets at fair value through profit or loss			
Beneficiary certificates	$ 321,961,149	$ 309,716,050	$ 277,098,238
Bank deposits	370,588	388,002	496,835
Interest receivables	6,019	6,116	7,200
Other receivables	5,030,707	3,462,549	2,953,212
	327,368,463	313,572,717	280,555,485
	$ 328,479,558	$ 314,682,752	$ 281,705,336

26. PROVISIONS

	For the Three Months Ended March 31	
	2026	2025
Beginning balance	$ 56,245	$ 56,245
Changes in the period	(56,245)	-
Ending balance	$ -	$ 56,245

27. OTHER LIABILITIES

	March 31, 2026	December 31, 2025	March 31, 2025
Reserve for foreign exchange valuation (a)	$ 123,945,812	$ 113,806,568	$ 38,624,246
Other reserves - others (b)	75,327,040	72,098,295	133,995,372
Unamortized unrealized foreign exchange valuation effects on financial assets measured at amortized cost (Note 10)	43,356,133	-	-
Service contract liabilities (c)	12,778,796	265,742	296,990
Guarantee deposits received	6,284,809	3,479,304	3,400,799
Refund liabilities	591,419	1,421,532	1,193,921
Advance receipts	339,681	315,385	442,640
Other liabilities - others	10,163,485	7,666,332	7,648,296
	$ 272,787,175	$ 199,053,158	$ 185,602,264

a. Reserve for foreign exchange valuation

1) The hedging strategy and risk exposure

With respect to the price risk arising from exchange rate fluctuations on the Company's foreign investments, the Company selects appropriate hedging instruments in response to changes in financial markets, taking into account its foreign exchange risk profile, the level of its reserve for foreign exchange valuation, and its risk-bearing capacity, and adopts a hedging strategy of dynamically adjusting hedge ratios.

The Company will continue to dynamically adjust its foreign exchange hedging strategy based on changes in its foreign exchange risk profile and financial market conditions, within its risk tolerance, so as to properly manage exchange rate risk and ensure solvency.

2) Reconciliation for reserve for foreign exchange valuation

For the three months ended March 31, 2026

Beginning balance	$ 113,806,568
Provisions for the period	
Provision for fixed reserve	5,606,777
Provision for fluctuation reserve	4,757,042
Other provisions (Note)	4,914
	10,368,733
Reversals for the period	
Reversal of fixed reserve	-
Reversal of fixed reserve	(229,489)
	(229,489)
Ending balance	$ 123,945,812

Note: The Company applied to and obtained approval from the Financial Supervisory Commission under Jin Guan Bao Shou No. 1140424940. Based on the difference between 30% of the self-assessed profit before tax for 2025 and the audited amount, an adjustment of $4,914 thousand was made in 2026.

For the three months ended March 31, 2025

Beginning balance	$ 27,514,387
Provision	
Compulsory reserve	1,468,384
Additional reserve	11,950,086
	13,418,470
Recovery	(2,308,611)
Ending balance	$ 38,624,246

3) Effects due to reserve for foreign exchange valuation

	For the Three Months Ended March 31, 2026		
Items	Inapplicable Amount (1)	Applicable Amount (2)	Effects (2)-(1)
Net profit attributable to owners of the Company	$ 25,468,178	$ 17,356,783	$ (8,111,395)
Earnings per share	4.01	2.73	(1.28)
Reserve for foreign exchange valuation	-	123,945,812	123,945,812
Equity attributable to owners of the Company	709,316,151	625,469,141	(83,847,010)

	For the Three Months Ended March 31, 2025		
Items	Inapplicable Amount (1)	Applicable Amount (2)	Effects (2)-(1)
Net profit attributable to owners of the Company	$ (10,366,342)	$ (19,254,228)	$ (8,887,886)
Earnings per share	(1.63)	(3.03)	(1.40)
Reserve for foreign exchange valuation	-	38,624,246	38,624,246
Equity attributable to owners of the Company	801,494,360	774,197,860	(27,296,500)

b. Other Reserves - Others mainly represent various reserves appropriated in accordance with the Regulations Governing the Preparation of Financial Reports by Insurance Enterprises, the Regulations Governing the Setting Aside of Various Reserves by Insurance Enterprises, and related interpretations.

c. Service contract liabilities

Asset management service fees collected from policyholders in connection with the sale of investment contracts are recognized as service contract liabilities when the fees received relate to services to be provided in future periods. The movements are reconciled as follows:

	For the Three Months Ended March 31	
	2026	2025
Beginning balance	$ 265,742	$ 302,294
Regulatory framework transition	12,486,607	-
Additions	963,607	-
Recognized revenue during the period	(937,160)	(11,290)
Foreign exchange	-	5,986
Ending balance	$ 12,778,796	$ 296,990

28. RETIREMENT BENEFIT PLANS

The pension expense of defined benefit plans was calculated based on the actuarially determined pension cost rate on December 31, 2025 and 2024, respectively, and recognized as follows:

	For the Three Months Ended March 31	
	2026	2025
Insurance acquisition cash flows		
Other directly attributable costs	$ -	$ 492
Other operating costs and other operating expenses	-	373
	(13,442)	347
General expenses	$ (13,442)	$ 1,212

29. INSURANCE REVENUE AND INSURANCE SERVICE EXPENSES

a. Insurance revenue

For the three months ended March 31, 2026

	Amounts Under the General Measurement Model			Amounts Under the Variable Fee Approach (Direct Business)	Amounts Under the Premium Allocation Approach			Insurance Revenue		
	Direct Business	Reinsurance Assumed	Total		Direct Business	Reinsurance Assumed	Total	Direct Business	Reinsurance Assumed	Total
Insurance revenue from contracts measured under the general measurement model and the variable fee approach										
Amounts relating to changes in liabilities for remaining coverage										
Expected incurred claims and insurance service expenses	$ 25,539,635	$ -	$ 25,539,635	$ 697,745	$	$	$	$ 26,237,380	$ -	$ 26,237,380
Recognition of contractual service margin in profit or loss	8,342,178	-	8,342,178	289,871				8,632,049	-	8,632,049
Changes in the risk adjustment for non-financial risk caused by the release from risk	512,644	-	512,644	28,724				541,368	-	541,368
Others	-	-	-	23				23	-	23
Allocation that relate to recovery of insurance acquisition cash flows	1,095,841	-	1,095,841	104,132				1,199,973	-	1,199,973
	35,490,298	-	35,490,298	1,120,495				36,610,793	-	36,610,793
Insurance revenue from contracts measured under the premium allocation approach					1,404,004	-	1,404,004	1,404,004	-	1,404,004
	$ 35,490,298	$ -	$ 35,490,298	$ 1,120,495	$ 1,404,004	$ -	$ 1,404,004	$ 38,014,797	$ -	$ 38,014,797

For the three months ended March 31, 2025

	Amounts Under the General Measurement Model			Amounts Under the Variable Fee Approach	Amounts Under the Premium Allocation Approach			Insurance Revenue		
	Direct Business	Reinsurance Assumed	Total	(Direct Business)	Direct Business	Reinsurance Assumed	Total	Direct Business	Reinsurance Assumed	Total
Insurance revenue from contracts measured under the general measurement model and the variable fee approach										
Amounts relating to changes in liabilities for remaining coverage										
Expected incurred claims and insurance service expenses	$ 24,602,006	$ -	$ 24,602,006	$ 672,105	$	$	$	$ 25,274,111	$ -	$ 25,274,111
Recognition of contractual service margin in profit or loss	6,091,266	-	6,091,266	209,067				6,300,333	-	6,300,333
Changes in the risk adjustment for non-financial risk caused by the release from risk	644,298	-	644,298	31,074				675,372	-	675,372
Others	-	-	-	46				46	-	46
Allocation that relate to recovery of insurance acquisition cash flows	870,418	-	870,418	75,170				945,588	-	945,588
	32,207,988	-	32,207,988	987,462				33,195,450	-	33,195,450
Insurance revenue from contracts measured under the premium allocation approach					1,563,922	-	1,563,922	1,563,922	-	1,563,922
	$ 32,207,988	$ -	$ 32,207,988	$ 987,462	$ 1,563,922	$ -	$ 1,563,922	$ 34,759,372	$ -	$ 34,759,372

b. Insurance service expenses

For the three months ended March 31, 2026

	Amounts Under the General Measurement Model			Amounts Under the Variable Fee Approach	Amounts Under the Premium Allocation Approach			Insurance Service Expenses		
	Direct Business	Reinsurance Assumed	Total	(Direct Business)	Direct Business	Reinsurance Assumed	Total	Direct Business	Reinsurance Assumed	Total
Incurred claims	$ 9,901,356	$ -	$ 9,901,356	$ 486,955	$ 366,091	$ -	$ 366,091	$ 10,754,402	$ -	$ 10,754,402
Incurred other insurance service expenses	3,431,634	-	3,431,634	68,955	197,198	-	197,198	3,697,787	-	3,697,787
Changes that relate to past service - changes in fulfillment cash flows relating to liabilities for incurred claims	9,470,119	-	9,470,119	182,197	428,482	-	428,482	10,080,798	-	10,080,798
Changes that relate to future service - losses and reversals of losses on onerous contracts	2,522	-	2,522	1	113,146	-	113,146	115,669	-	115,669
Insurance acquisition cash flows										
Amortization	1,095,841	-	1,095,841	104,132	-	-	-	1,199,973	-	1,199,973
Acquisition expenses	-	-	-	-	147,663	-	147,663	147,663	-	147,663
	$ 23,901,472	$ -	$ 23,901,472	$ 842,240	$ 1,252,580	$ -	$ 1,252,580	$ 25,996,292	$ -	$ 25,996,292

For the three months ended March 31, 2025

	Amounts Under the General Measurement Model			Amounts Under the Variable Fee Approach	Amounts Under the Premium Allocation Approach			Insurance Service Expenses		
	Direct Business	Reinsurance Assumed	Total	(Direct Business)	Direct Business	Reinsurance Assumed	Total	Direct Business	Reinsurance Assumed	Total
Incurred claims	$ 9,909,553	$ -	$ 9,909,553	$ 664,597	$ 578,605	$ 1,203	$ 579,808	$ 11,152,755	$ 1,203	$ 11,153,958
Incurred other insurance service expenses	3,869,284	-	3,869,284	78,501	198,846	17	198,863	4,146,631	17	4,146,648
Changes that relate to past service - changes in fulfillment cash flows relating to liabilities for incurred claims	8,660,324	-	8,660,324	100,658	304,086	32	304,118	9,065,068	32	9,065,100
Changes that relate to future service - losses and reversals of losses on onerous contracts	82,400	-	82,400	(7,689)	232,713	-	232,713	307,424	-	307,424
Insurance acquisition cash flows										
Amortization	870,418	-	870,418	75,170	-	-	-	945,588	-	945,588
Acquisition expenses	-	-	-	-	188,504	7	188,511	188,504	7	188,511
	$ 23,391,979	$ -	$ 23,391,979	$ 911,237	$ 1,502,754	$ 1,259	$ 1,504,013	$ 25,805,970	$ 1,259	$ 25,807,229

c. Contractual service margin expected to be recognized in profit or loss

The Company's expected period over which the contractual service margin of insurance contracts issued that are not measured under the premium allocation approach will be recognized in profit or loss is presented below:

March 31, 2026

	Less than 1 Year	1-3 Years	3-5 Years	Over 5 Years	Total
Insurance contracts issued	$ 33,143,372	$ 60,725,204	$ 54,637,439	$ 383,867,008	$ 532,373,023

March 31, 2025

	Less than 1 Year	1-3 Years	3-5 Years	Over 5 Years	Total
Insurance contracts issued	$ 24,308,061	$ 47,941,332	$ 46,163,956	$ 334,490,107	$ 452,903,456

30. INCOME OR EXPENSES FROM REINSURANCE CONTRACTS HELD

For the three months ended March 31, 2026

	Amounts Under the General Measurement Model	Amounts Under the Premium Allocation Approach	Total
Allocation of premiums paid			
Contracts not measured under the premium allocation approach			
Related to changes in remaining coverage			
Expected reinsurance recoveries of claims and other reinsurance-related expenses	$ (650,728)	$ -	$ (650,728)
Contractual service margin recognized in profit or loss for services received	(110,863)	-	(110,863)
Changes in the risk adjustment for non-financial risk	(3,223)	-	(3,223)
Contracts measured under the premium allocation approach	-	(26,994)	(26,994)
	(764,814)	(26,994)	(791,808)
Amounts recovered from reinsurers			
Claims and benefits recovered	464,037	14,462	478,499
Other reinsurance-related expenses incurred	(7)	-	(7)
Changes that relate to past service - adjustments to assets for incurred claims	21,388	(150)	21,238
Reversal of loss recovery on underlying onerous contracts	(370)	-	(370)
Effect of changes in the non-performance risk by the issuer of reinsurance contracts held	(2,914)	(1)	(2,915)
	482,134	14,311	496,445
Net expenses from reinsurance contracts held	$ (282,680)	$ (12,683)	$ (295,363)

For the three months ended March 31, 2025

	Amounts Under the General Measurement Model	Amounts Under the Premium Allocation Approach	Total
Allocation of premiums paid			
Contracts not measured under the premium allocation approach			
Related to changes in remaining coverage			
Expected reinsurance recoveries of claims and other reinsurance-related expenses	$ (610,251)	$ -	$ (610,251)
Contractual service margin recognized in profit or loss for services received	(66,924)	-	(66,924)
Changes in the risk adjustment for non-financial risk	(1,877)	-	(1,877)
Contracts measured under the premium allocation approach	-	(50,187)	(50,187)
	(679,052)	(50,187)	(729,239)
Amounts recovered from reinsurers			
Claims and benefits recovered	355,196	15,933	371,129
Other reinsurance-related expenses incurred	(3)	-	(3)
Changes that relate to past service - adjustments to assets for incurred claims	(28,716)	5,249	(23,467)
Reversal of loss recovery on underlying onerous contracts	1,009	-	1,009
Effect of changes in the non-performance risk by the issuer of reinsurance contracts held	158	169	327
	327,644	21,351	348,995
Net expenses from reinsurance contracts held	$ (351,408)	$ (28,836)	$ (380,244)

The Company's expected period over which the contractual service margin of reinsurance contracts held that are not measured under the premium allocation approach will be recognized in profit or loss is presented below:

March 31, 2026

	Less than 1 Year	1-3 Years	3-5 Years	Over 5 Years	Total
Reinsurance contracts held	$ 284,594	$ 632,198	$ 632,477	$ 7,791,541	$ 9,340,810

March 31, 2025

	Less than 1 Year	1-3 Years	3-5 Years	Over 5 Years	Total
Reinsurance contracts held	$ 176,735	$ 416,855	$ 427,627	$ 5,209,666	$ 6,230,883

31. INSURANCE FINANCE INCOME OR EXPENSES AND INVESTMENT INCOME OR LOSS

The following table summarizes the components of insurance finance income or expenses and their relationship to investment returns on the related assets:

For the three months ended March 31, 2026

	Insurance Company	Others	Total
Investment returns recognized in profit or loss			
Interest income	$ 59,859,379	$ 617,667	$ 60,477,046
Loss on financial assets and liabilities at fair value through profit or loss	(28,181,293)	-	(28,181,293)
Loss (gain) on derecognition of financial assets measured at amortized cost	(532,033)	-	(532,033)
Realized gain on financial assets at fair value through other comprehensive income	4,695,227	-	4,695,227
Share of profit or loss of associates and joint ventures accounted for using the equity method	1,963,285	(788,340)	1,174,945
Foreign exchange gain	18,192,499	3,661	18,196,160
Net changes in foreign exchange valuation reserve	(10,139,244)	-	(10,139,244)
Gains on investment property	2,840,587	477,202	3,317,789
Expected credit losses on investments	(450,999)	2,213	(448,786)
Net income on assets of insurance products in separate accounts	14,754,962	-	14,754,962
Other net investment losses (income)	(410,716)	-	(410,716)
	62,591,654	312,403	62,904,057
Investment returns recognized in other comprehensive income	(17,789,781)	1,152,072	(16,637,709)
Total investment returns	$ 44,801,873	$ 1,464,475	$ 46,266,348
Insurance finance income (expenses)			
Interest accretion	$ (42,409,576)	$ -	$ (42,409,576)
Effect of changes in interest rates or other financial assumptions	134,831,142	-	134,831,142
Fair value of underlying items for contracts measured under the variable fee approach	(7,388,356)	-	(7,388,356)
	$ 85,033,210	$ -	$ 85,033,210
Amount recognized in profit or loss	$ (51,197,945)	$ -	$ (51,197,945)
Amount recognized in other comprehensive income	$ 136,231,155	$ -	$ 136,231,155

(Continued)

	Insurance Company	Others	Total
Finance income (expenses) from reinsurance contracts held			
Interest accretion	$ 76,299	$ -	$ 76,299
Effect of changes in interest rates or other financial assumptions	(295,573)	-	(295,573)
	$ (219,274)	$ -	$ (219,274)
Amount recognized in profit or loss	$ 76,299	$ -	$ 76,299
Amount recognized in other comprehensive income	$ (295,573)	$ -	$ (295,573)
Net effect of investment returns and insurance finance income (expenses)			
Amount recognized in profit or loss	$ 11,470,008	$ 312,403	$ 11,782,411
Amount recognized in other comprehensive income	118,145,801	1,152,072	119,297,873
	$ 129,615,809	$ 1,464,475	$ 131,080,284

(Concluded)

For the three months ended March 31, 2025

	Insurance Company	Others	Total
Investment returns recognized in profit or loss			
Interest income	$ 51,272,386	$ 392,444	$ 51,664,830
Loss on financial assets and liabilities at fair value through profit or loss	(62,424,923)	-	(62,424,923)
Loss (gain) on derecognition of financial assets measured at amortized cost	1,725,919	-	1,725,919
Realized gain on financial assets at fair value through other comprehensive income	736,138	-	736,138
Share of profit or loss of associates and joint ventures accounted for using the equity method	1,677,292	(722,729)	954,563
Foreign exchange gain	45,692,856	(45,265)	45,647,591
Net changes in foreign exchange valuation reserve	(11,109,859)	-	(11,109,859)
Gains on investment property	3,188,001	279,632	3,467,633
Expected credit losses on investments	(457,726)	(3,604)	(461,330)
Impairment loss and reversal of impairment loss on other investments	-	2,906	2,906

(Continued)

	Insurance Company	Others	Total
Net loss on assets of insurance products in separate accounts	$ (4,695,173)	$ -	$ (4,695,173)
Other net investment losses (income)	37,020	-	37,020
	25,641,931	(96,616)	25,545,315
Investment returns recognized in other comprehensive income	2,481,255	(1,295,622)	1,185,633
Total investment returns	$ 28,123,186	$ (1,392,238)	$ 26,730,948
Insurance finance income (expenses)			
Interest accretion	$ (40,713,030)	$ -	$ (40,713,030)
Effect of changes in interest rates or other financial assumptions	16,284,155	-	16,284,155
Fair value of underlying items for contracts measured under the variable fee approach	1,941,697	-	1,941,697
	$ (22,487,178)	$ -	$ (22,487,178)
Amount recognized in profit or loss	$ (39,121,033)	$ -	$ (39,121,033)
Amount recognized in other comprehensive income	$ 16,633,855	$ -	$ 16,633,855
Finance income (expenses) from reinsurance contracts held			
Interest accretion	$ 68,511	$ -	$ 68,511
Effect of changes in interest rates or other financial assumptions	(115,306)	-	(115,306)
	$ (46,795)	$ -	$ (46,795)
Amount recognized in profit or loss	$ 68,511	$ -	$ 68,511
Amount recognized in other comprehensive income	$ (115,306)	$ -	$ (115,306)
Net effect of investment returns and insurance finance income (expenses)			
Amount recognized in profit or loss	$ (13,410,591)	$ (96,616)	$ (13,507,207)
Amount recognized in other comprehensive income	18,999,804	(1,295,622)	17,704,182
	$ 5,589,213	$ (1,392,238)	$ 4,196,975

(Concluded)

The Company chooses to disaggregate insurance finance income or expenses between profit or loss and other comprehensive income. Accordingly, for groups of insurance contracts measured under the modified retrospective approach or the fair value approach at the transition date, the reconciliation of the opening to closing balance of the cumulative amount recognized in other comprehensive income for financial assets measured at fair value through other comprehensive income is presented below:

	For the Three Months Ended March 31	
	2026	**2025**
Beginning balance	$(217,472,686)	$ (9,307,419)
Unrealized (loss) gain on financial assets at fair value through other comprehensive income	(11,512,420)	2,175,291
Reclassification of cumulative gain (loss) on disposal of debt instruments at fair value through other comprehensive income to profit or loss	(2,754,866)	(379,471)
Reclassification of cumulative gain (loss) on disposal of equity instruments at fair value through other comprehensive income to retained earnings	(14,584,789)	110,375
Income tax related to this item	9,324,411	(1,239,739)
Ending balance	$(237,000,350)	$ (8,640,963)

32. EQUITY

a. Share capital

	March 31, 2026	December 31, 2025	March 31, 2025
Number of shares authorized (in thousands)	10,000,000	10,000,000	10,000,000
Shares authorized	$ 100,000,000	$ 100,000,000	$ 100,000,000
Number of shares issued and fully paid (in thousands)	6,351,527	6,351,527	6,351,527
Shares issued	$ 63,515,274	$ 63,515,274	$ 63,515,274

Fully paid ordinary shares, which have a par value of $10, carry one vote per share and the right to dividends.

b. Capital surplus

	March 31, 2026	December 31, 2025	March 31, 2025
Additional paid-in capital	$ 89,550,000	$ 89,550,000	$ 89,550,000
Differences between share price and book value from acquisition or disposal of subsidiaries	29,142	29,142	29,142
Changes in amount of associates and joint ventures accounted for using the equity method	1,726,257	1,712,689	1,726,704
Share-based payments granted by the parent company to the Company’s employees	622,273	622,273	622,273
	$ 91,927,672	$ 91,914,104	$ 91,928,119

The capital surplus arising from shares issued in excess of par and donations may be used to offset a deficit; in addition, when the Company has no deficit, such capital surplus may be distributed as cash dividends or transferred to share capital (limited to a certain percentage of the Company's capital surplus). According to Jin Guan Bao Tsai No. 10202501991 issued by the FSC on February 8, 2013, if a life insurance enterprise intends to distribute its capital surplus by cash to its shareholders in proportion to the number of shares being held by each of them in accordance with Article 241 of the Company Act, it should be approved by the FSC before the shareholders' meeting.

The capital surplus arising from investments accounted for using the equity method and share-based payments granted by the parent company to the Company's employees may only be used to offset a deficit.

c. Retained earnings and dividends policy

Under the dividends policy as set forth in No. 37 of the Company's Article of Incorporation, where 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 legal reserve of the remaining profit, setting aside a special reserve in accordance with the laws and regulations, the payment of preferred dividends also takes precedence in accordance with the dividends policy of the preferred share, and then any remaining profit 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. For the policies on the distribution of compensation of employees and remuneration of directors and supervisors after the amendment, refer to compensation of employees and remuneration of directors and supervisors in Note 34 d.

In order for the Company to continue to expand its scale and increase profitability in line with its long-term financial strategy, future demand for capital and meet the dividend needs of ordinary shareholders, the Company adopted a dividend policy in framing a proposal for the distribution of annual earnings for the purpose of sustainable development, whereby share dividends, if declared, shall not be less than 50% of the total ordinary share dividends declared for the year. However, the Company may adjust dividend policy moderately based on the capital needs of business and investment, the approval of dividend appropriation or major regulation amendments, etc.

Appropriation of earnings to the legal reserve shall be made until the legal reserve equals the Company's paid-in capital. The legal reserve may be used to offset deficit. If the Company has no deficit and the legal reserve has exceeded 25% of the Company's paid-in capital, the excess may be transferred to capital or distributed in cash. Pursuant to Jin Guan Bao Tsai No. 10202501991, if a life insurance enterprise intends to distribute, in accordance with Article 241 of the Company Act, its legal reserve from the appropriation under Article 145-1 of the Insurance Act by cash to its shareholders in proportion to the number of shares being held by each of them, it should be approved by the FSC before shareholders' meeting.

According to Jin Guan Bao Tsai No. 10202501992, a life insurance enterprise intending to distribute cash dividends from earnings (not including dividends for preference share liabilities) should notify the FSC and then the FSC approves the distribution of earnings based on its financial position.

According to Jin Guan Bao Tsai No. 11404924813, an insurance enterprise that adjusts the interest rate or mortality rate used for calculating policy reserves pursuant to Jin Guan Bao Tsai No. 11404924811 shall appropriate 30% of its pre-tax income for 2025 to the foreign exchange valuation reserve.

d. Special reserves

	March 31, 2026	December 31, 2025	March 31, 2025
Special reserve for catastrophic events and fluctuation of risks (1)	$ 15,803,031	$ 15,803,031	$ 14,967,734
Policy value difference reserve (2)	95,865,109	-	-
Special reserve for the foreign exchange valuation reserve (3)	58,134,164	58,134,164	41,227,349
Special reserve appropriated at the first-time adoption of IFRS Accounting Standards (4)	47,327,860	47,327,860	47,327,860
Special reserve for investment properties at fair value model in subsequent measurement (5)	150,432,066	150,432,066	149,796,291
Special reserve for gains or losses on disposal of immature debt instruments (6)	90,921,229	90,921,229	96,230,591
Others (7)	184,499,083	184,499,083	141,849,628
	$ 642,982,542	$ 547,117,433	$ 491,399,453

1) Special reserve for catastrophic events and fluctuation of risks

In accordance with the rules submitted to the authorities and relevant regulations, the Company reserves special reserve for catastrophic events and special reserve for fluctuation of risks for retained insurance policies with policy periods shorter than one year and injury insurance policies with policy periods longer than one year as follows:

a) Special reserve for catastrophic events

All types of insurance should follow the reserve rates for catastrophic events set by the authorities. Upon occurrence of the catastrophic events, actual claims on retained business in excess of $30,000 thousand can be withdrawn from the special reserve. If the reserve has been set aside for over 15 years, the Company could plan the recovering process of the reserve through assessment by certified actuarial professionals and submit the plan to the authorities for reference. The post-tax amount of the recovery determined in accordance with IAS 12 “Income Taxes” can be recorded in the special capital reserve for catastrophic events under equity.

b) Special reserve for fluctuation of risks

When the actual claim payment less the offsetting amount from special reserve for catastrophic events is less than the anticipated claim amount, 15% of this difference should be provided in special reserve for fluctuation of risks.

When the actual claim payment less the offsetting amount from special reserve for catastrophic events is greater than the anticipated claim amount, the exceeded amount can be used to write down the special reserve for fluctuation of risks. If the total amount of special reserves for fluctuation of risks is not enough to be written down, special reserve for fluctuation of risks for other types of insurance can be used, and the type of insurance and total amount written-down should be reported to the authority. When accumulative amount of special reserve for fluctuation of risks exceeds 30% of retained earned premium at that year, the exceeded amount will be recovered. To promote the sustainable development of insurance industry, the authorities may designate or restrict the use of the abovementioned recovered amount. The post-tax amount of write-down or recovery determined in accordance with the IAS 12 “Income Taxes” can be recorded in the special capital reserve for fluctuation of risks under equity.

For the abovementioned special reserves, the annual provision should be recorded in special reserve under equity, net of tax in accordance with IAS 12 “Income Taxes”.

From 2012 to 2014, in according to the Regulations Governing the Setting Aside of Various Reserves by Insurance Enterprises, the company should recognize the amount equals to initial amount of reserve for foreign exchange valuation transferred from liabilities as special reserve in three years, starting from the implementation.

According to the revised Regulations Governing the Setting Aside of Various Reserve by Insurance Enterprise, issued on April 25, 2025, the provision for special reserve for catastrophic events and for fluctuation of risks is recognized at the end of the year and should not be distributed as dividends or be used for any other purposes. The related account balances are summarized as follows:

	March 31, 2026		
	Insurance Contracts	**Investment Contracts with Discretionary Participation Features**	**Total**
Life insurance	$ 82,317	$ -	$ 82,317
Injury insurance	5,362,187	-	5,362,187
Health insurance	6,809,566	-	6,809,566
Group insurance	3,548,961	-	3,548,961
	$ 15,803,031	$ -	$ 15,803,031

	December 31, 2025		
	Insurance Contracts	**Investment Contracts with Discretionary Participation Features**	**Total**
Life insurance	$ 82,317	$ -	$ 82,317
Injury insurance	5,362,187	-	5,362,187
Health insurance	6,809,566	-	6,809,566
Group insurance	3,548,961	-	3,548,961
	$ 15,803,031	$ -	$ 15,803,031

	March 31, 2025		
	Insurance Contracts	**Investment Contracts with Discretionary Participation Features**	**Total**
Life insurance	$ 84,346	$ -	$ 84,346
Injury insurance	5,161,645	-	5,161,645
Health insurance	6,326,163	-	6,326,163
Group insurance	3,395,580	-	3,395,580
	$ 14,967,734	$ -	$ 14,967,734

2) Special reserve for policy value difference reserve

Life insurance enterprises shall, upon first-time adoption of IFRS 17 “Insurance Contracts” and at the end of each reporting period, compare for each group of contracts the policy reserves recognized after measuring the liability for remaining coverage under the General Measurement Model and the Variable Fee Approach with the corresponding policy value reserves net of policy loans. Where the former is less than the latter, a policy value difference reserve shall be provided at 30% in the manner prescribed by the competent authority, and the after-tax amount calculated at the nominal tax rate of 20% shall be appropriated to a special surplus reserve within the amount of distributable earnings on the date of first-time adoption and at the end of each reporting period.

3) Special reserve for foreign exchange valuation reserve

Pursuant to Point 7 of the Directions Governing the Foreign Exchange Valuation Reserve of Life Insurance Enterprises, where there is after-tax profit for the year, 10% of the sum of the current year’s after-tax net income and the amounts included in current year’s unappropriated earnings other than the current year’s after-tax net income shall be appropriated as a special reserve - fixed reserve for foreign exchange risk. The after-tax amount of the fixed reserve appropriated for the year in accordance with Point 6 of the same Directions may be deducted from the amount required to be appropriated to the special reserve - fixed reserve for foreign exchange risk. When the balance of the special reserve - fixed reserve for foreign exchange risk has reached twice the after-tax cumulative upper limit of the fixed reserve, no further appropriation to the special reserve - fixed reserve for foreign exchange risk is required for the year.

Pursuant to Point 8 of the Directions Governing the Foreign Exchange Valuation Reserve of Life Insurance Enterprises, a special reserve - enhanced reserve for foreign exchange risk shall be appropriated annually. The calculation is based on the average of the monthly balances of total overseas investments for the year, after deducting the liabilities of non-investment-type life insurance products denominated in foreign currencies and unhedged equity and fund investments not measured at fair value through profit or loss, multiplied by the difference in the hedging ratio for the year, and further multiplied by the designated hedging cost rate. The remaining after-tax amount of the fixed reserve appropriated for the year under Point 6, after deduction pursuant to Point 7, may be used as a deduction from the amount required to be appropriated to the special reserve - enhanced reserve for foreign exchange risk. The amount of any cash capital increase voluntarily undertaken during the year, other than those required by laws or regulations or by the competent authority, may also be deducted from the amount required to be appropriated to this special reserve. If the unappropriated earnings for the year are insufficient to appropriate to the special reserve - enhanced reserve for foreign exchange risk, the shortfall shall be made up in subsequent years. This special reserve may only be reversed for the purpose of capitalization of earnings and shall not be used for cash dividend distribution unless approved by the competent authority.

4) Special reserves appropriated at the first-time adoption of IFRS Accounting Standards

At the first-time adoption of IFRS Accounting Standards, the Company chose to use fair values as the deemed costs of investment properties and in accordance with regulations, and the increments on property revaluation should be offset by other negative effects at the first-time adoption of 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. According to 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. 11004920441.

In accordance with Jin Guan Bao Tsai No. 10102515281, special reserves under liabilities due to the first-time adoption of IFRS Accounting Standards are allowed to recover 80% in five years and transferred to special reserve under equity. The limitation of the recoverable amount is $10 billion per year.

5) Special reserve for investment properties at fair value model in subsequent measurement

   In accordance with Jin Guan Bao Tsai No. 11304903961, the Company set aside a special reserve based on the net after-tax effect for the first-time adoption of fair value model in subsequent measurements and the accumulated net after-tax gain on subsequent fair value measurements.

   The aforementioned special reserve can only be used to compensate the deficit of insurance liabilities of the insurance contract in accordance with IFRS 17 "Insurance Contracts," the fair value assessment of insurance contract liabilities in the life insurance industry and other assessment methods specified by the FSC.

   When the Company disposes of the investment properties, if the special reserve under the aforementioned regulations is used to replenish the insurance contract liabilities, the percentage of the original special reserve may be reversed with the approval of the FSC. The earnings appropriation regarding the reversal of special reserve should be arranged in accordance with Jin Guan Bao Tsai No. 10202501992.

6) Special reserve from gains or losses on disposal of immature debt instruments

   According to Jin Guan Bao Tsai No. 11204939731 starting from January 1, 2019, a life insurance enterprise should make a special reserve from gains or losses after a tax of 20% on disposals of the following immature debt instruments, which should be amortized and released to distributable earnings in the remaining maturity periods of the disposed debt instruments or in 10 years for those whose remaining maturity periods cannot be determined:

   a) Financial assets not measured at fair value

   b) Financial assets measured at FVTOCI

   c) Financial assets measured at FVTPL using overlay approach

   In the calculation of immature debt instruments, beneficiary certificates, short-term notes, preferred shares (classified as equity instrument), and the positions belonging to the segregated assets for participating insurance or interest-sensitive commodities may be excluded.

7) Other special reserve mainly included the amount of $34,764,311 thousand transferred from insurance liabilities in accordance with Jin Guan Bao Tsai No. 10402029590.

e. Other equity

1) Exchange differences on translation of the financial statements of foreign operations

	For the Three Months Ended March 31	
	2026	2025
Beginning balance	$ (9,674,688)	$ (7,683,958)
Recognized for the period		
Exchanged differences on translation of the financial statements of foreign operations	767,006	1,748,757
Share of associates and joint ventures accounted for using the equity method	24,652	454,289
Tax effects	(6,162)	(79,761)
Other comprehensive income recognized for the period	785,496	2,123,285
Ending balance	$ (8,889,192)	$ (5,560,673)

2) Unrealized loss on financial assets at FVTOCI

	For the Three Months Ended March 31	
	2026	2025
Beginning balance	$ 1,234,617	$ (9,420,523)
Effects of redesignation of financial assets	(224,707,526)	-
Balance after redesignation of financial assets	(223,472,909)	(9,420,523)
Recognized for the period	(12,652,157)	1,977,114
Share of associates and joint ventures accounted for using the equity method	(341,471)	104,671
Reclassification adjustment		
Disposal of investments in debt instruments	(3,109,055)	(367,759)
Tax effects	10,617,237	(1,201,478)
Other comprehensive income recognized for the period	(5,485,446)	512,548
Changes in associates and joint ventures accounted for using the equity method	(5,878)	(10,888)
Cumulative unrealized (loss) income of equity instruments transferred to retained earnings due to disposal	(16,570,900)	117,857
Ending balance	$(245,535,133)	$ (8,801,006)

3) Loss on hedging instruments

	For the Three Months Ended March 31	
	2026	2025
Beginning balance	$ (1,596,964)	$ (354,267)
Recognized for the period	(315,752)	(458,244)
Reclassification adjustment		
Hedged item that affects profit or loss	328,670	333,862
Exchange rate changes	(2,939)	(2,611)
Tax effects	(22,549)	25,594
Other comprehensive loss recognized for the period	(12,570)	(101,399)
Ending balance	$ (1,609,534)	$ (455,666)

4) Remeasurement of defined benefit plans

	For the Three Months Ended March 31	
	2026	2025
Beginning balance	$ 4,959,752	$ 4,132,850
Share of associates and joint ventures accounted for using the equity method	4,789	(300)
Tax effects	(958)	60
Other comprehensive income (loss) recognized for the period	3,831	(240)
Ending balance	$ 4,963,583	$ 4,132,610

5) Property revaluation surplus

	For the Three Months Ended March 31	
	2026	2025
Beginning and ending balance	$ 402,058	$ 402,058

6) Insurance finance income or expenses

	For the Three Months Ended March 31	
	2026	2025
Beginning balance	$(198,290,162)	$ (7,779,490)
Effects of redesignation of financial assets	(82,000)	-
Balance after redesignation of financial assets	(198,372,162)	(7,779,490)
Recognized for the period	136,231,155	16,295,496
Share of associates accounted for using the equity method	(575,444)	-
Tax effects	(27,117,634)	(3,198,887)
Other comprehensive income recognized for the period	108,538,077	13,096,609
Ending balance	$ (89,834,085)	$ 5,317,119

7) Finance income or expenses from reinsurance contracts held

	For the Three Months Ended March 31	
	2026	2025
Beginning balance	$ 479,024	$ (8,596)
Recognized for the period	(295,573)	(115,306)
Tax effects	59,123	23,068
Other comprehensive loss recognized for the period	(236,450)	(92,238)
Ending balance	$ 242,574	$ (100,834)

f. Non-controlling interests

	For the Three Months Ended March 31	
	2026	2025
Beginning balance	$ 1,298,168	$ 7,114,791
Net profit attributed to non-controlling interests		
Net profit for the period	12,481	657,628
Other comprehensive income (loss) recognized for the period		
Exchange differences on translation of the financial statements of foreign operations	-	105,165
Gain (loss) on hedging instruments	998	(974)
Unrealized loss on financial assets at fair value through other comprehensive income	-	(854,415)
Insurance finance income	-	338,358
Others	11,000	-
Ending balance	$ 1,322,647	$ 7,360,553

33. EARNINGS (LOSS) PER SHARE

	For the Three Months Ended March 31	
	2026	2025
Basic earnings (loss) per share	$ 2.73	$ (3.03)

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

Net Profit (Loss) for the Period

	For the Three Months Ended March 31	
	2026	2025
Earnings used in the net profit (loss) used in the computation of basic earnings (loss) per share computation of basic earnings per share from continuing operations	$ 17,356,783	$ (19,254,228)

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

	For the Three Months Ended March 31	
	2026	**2025**
Weighted average number of ordinary shares used in the computation of basic earnings (loss) per share	6,351,527	6,351,527

If reserve for foreign exchange valuation was not applicable, earnings (loss) per share would be $4.01 and $(1.63) for the three months ended March 31, 2026 and 2025, respectively.

34. NET PROFIT (LOSS) FOR THE PERIOD FROM CONTINUING OPERATIONS

a. Interest income

	For the Three Months Ended March 31	
	2026	**2025**
Financial assets at FVTOCI	$ 157,591,743	$ 161,594,691
Financial assets measured at amortized cost	25,051,503	41,775,918
Loans	1,606,768	1,412,791
Others	2,169,925	2,441,978
	$ 60,477,046	$ 51,664,830

b. (Expected credit loss) reversal of expected credit loss

	For the Three Months Ended March 31	
	2026	**2025**
Operating revenues - (expected credit loss) reversal of expected credit loss from investments		
Interest receivables	$ (428,745)	$ (415,032)
Loans	(209,054)	(58,843)
Financial assets measured at amortized cost	95,809	(24,052)
Debt instrument investments at FVTOCI	94,294	36,597
Other financial assets	(1,090)	-
	(448,786)	(461,330)
Operating expenses - (expected credit loss) reversal of expected credit loss from non-investments		
Receivables	(1,165)	(5,552)
	(1,165)	(5,552)
	$ (449,951)	$ (466,882)

c. Employee benefits expense

	For the Three Months Ended March 31							
	2026				2025			
	Attributable to Insurance Acquisition Cash Flows	Attributable to Other Directly Attributable Costs	Attributable to Other Operating Costs and Other Operating Expenses	Total	Attributable to Insurance Acquisition Cash Flows	Attributable to Other Directly Attributable Costs	Attributable to Other Operating Costs and Other Operating Expenses	Total
Short-term benefits								
Salaries	$ 6,337,969	$ 2,106,987	$ 2,730,989	$ 11,175,945	$ 5,848,458	$ 2,013,566	$ 2,757,416	$ 10,619,440
Labor and health insurance expenses	581,390	56,510	174,225	812,125	494,975	48,581	257,851	801,407
Post-employment benefits								
Defined contribution plans	277,045	16,248	55,945	349,238	275,277	18,171	46,156	339,604
Defined benefit plans (Note 28)	-	-	(13,442)	(13,442)	492	373	347	1,212
Remuneration of directors	-	-	6,101	6,101	-	-	6,649	6,649
Other employee benefits	5,286	2,470	114,296	122,052	5,284	2,290	176,821	184,395
	$ 7,201,690	$ 2,182,215	$ 3,068,114	$ 12,452,019	$ 6,624,486	$ 2,082,981	$ 3,245,240	$ 11,952,707

For the three months ended March 31, 2026 and 2025, the total numbers of the Group's employees were 32,167 and 34,705, respectively, including 12 and 21, non-executive directors, respectively.

d. Compensation of employees and remuneration of directors and supervisors

According to the Company's Articles of Incorporation, 0.01% to 0.1% of profit of the current year is distributable as compensation of employees and no more than 0.1% of profit of the current year is distributable as remuneration of directors and supervisors. However, the Company has to first cover accumulated losses, if any. Compensation of employees shall be paid in cash or in shares and resolved by the board of directors in their meeting. The distribution is subject to the attendance of more than two-thirds of the members of the board of directors and the resolution of more than half of the directors present. The resolution shall be reported to the shareholders' meeting.

In compliance with the Company's Articles of Incorporation, the Company accrued compensation of employees and remuneration of directors and supervisors for the three months ended March 31, 2026 and 2025, respectively, as follows:

	For the Three Months Ended March 31	
	2026	2025
Compensation of employees	$ 2,087	$ 1,962
Remuneration of directors and supervisors	1,350	1,350

If there is a change in the amounts after the annual consolidated financial statements are authorized for issue, the differences will be recorded as a change in accounting estimate and adjusted in the next year.

The compensation of employees and remuneration of directors and supervisors for the years ended 2025 and 2024, which were resolved by the board of directors on March 11, 2026 and March 6, 2025, respectively, are as follows:

	For the Year Ended December 31	
	2025	2024
Compensation of employees	$ 5,076	$ 7,416
Remuneration of directors and supervisors	5,400	5,400

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

e. Depreciation and amortization

	For the Three Months Ended March 31	
	2026	2025
Property and equipment	$ 441,558	$ 426,180
Right-of-use assets	101,227	151,369
Intangible assets	494,792	497,241
	$ 1,037,577	$ 1,074,790
An analysis of depreciation by function		
Attributable to insurance acquisition cash flows	$ 85,389	$ 104,858
Attributable to other directly attributable costs	136,686	164,674
Attributable to other operating costs and other operating expenses	320,710	308,017
	$ 542,785	$ 577,549
An analysis of amortization by function		
Attributable to insurance acquisition cash flows	$ 18,480	$ 22,100
Attributable to other directly attributable costs	11,900	12,722
Attributable to other operating costs and other operating expenses	464,412	462,419
	$ 494,792	$ 497,241

f. Non-operating income and expenses

	For the Three Months Ended March 31	
	2026	2025
Loss on disposal of property and equipment	$ (138)	$ (151)
Others	339,514	559,180
	$ 339,376	$ 559,029

35. INCOME TAXES

a. Income tax recognized in profit or loss

Major components of income tax expense are as follows:

	For the Three Months Ended March 31	
	2026	2025
Current tax		
In respect of the current period	$ (342,105)	$ 2,377,882
Adjustments for prior years	(4,359)	(228)
Deferred tax		
In respect of the current period	(3,422,032)	(9,537,836)
Adjustments for prior years	-	-
Other		
Additional income tax under Alternative Minimum Tax Act	-	(330,903)
Tax effect under integrated income tax system	-	(16,950)
Income tax expense recognized in profit or loss	$ (3,768,496)	$ (7,508,035)

b. Income tax recognized directly in equity

	For the Three Months Ended March 31	
	2026	2025
Current tax		
Derecognition of equity instruments at FVTOCI	$ (123,594)	$ 8,700
Deferred tax		
Derecognition of equity instruments at FVTOCI	123,594	(8,700)
Total income tax recognized directly in equity	$ -	$ -

c. Income tax recognized in other comprehensive (loss) income

	For the Three Months Ended March 31	
	2026	2025
Deferred tax		
Recognized in other comprehensive loss		
Exchange differences on translation of the financial statements of foreign operations	$ (6,162)	$ (79,761)
Loss on hedging instruments	(21,473)	25,594
Unrealized gain or loss on equity instruments at FVTOCI	1,278,211	189,997
Unrealized gain or loss on debt instruments at FVTOCI	9,264,122	(1,366,381)
Share of other comprehensive income (loss) of associates and joint ventures accounted for using the equity method	187,959	(25,034)
Insurance finance expenses	(27,232,723)	(3,198,887)
Reinsurance finance income	59,123	23,068
Total income tax recognized in other comprehensive loss	$ (16,470,943)	$ (4,431,404)

d. Income tax assessments

The tax returns through 2019 have been assessed by the tax authorities. The Company disagreed with the tax authorities' assessment of its 2015, 2016, 2017, 2018 and 2019 tax returns and applied for an administrative remedy.

e. Pillar Two income taxes

Some of the Company's subsidiaries are registered in countries where legislation for the Pillar Two income tax act has been enacted and has come into effect as of January 1, 2024. These registered countries include Vietnam. Additionally, for the subsidiaries registered in Jersey Island and Singapore, local legislation has been substantively enacted, and it is expected to take effect on January 1, 2025. The effective Pillar II Income Tax Act does not have a significant impact on the Group, and the Group will continue to monitor the potential impact of the Pillar II Income Tax Act on its future financial performance.

36. TRANSACTIONS WITH RELATED PARTIES

Balances, transactions, revenues and expenses between the Company and its subsidiaries, which are related parties of the Company, have been eliminated on consolidation and are not disclosed in this note. Besides information disclosed elsewhere in the other notes, details of transactions between the Group and other related parties are disclosed as follows:

a. Related party name and category

Related Party Name	Related Party Category
Cathay Financial Holdings	The Company's parent company
Cathay Securities Investment Consulting	Subsidiary
Cathay Life (Vietnam)	Subsidiary
Lin Yuan (Shanghai) Real Estate Co., Ltd.	Subsidiary
Cathay Woolgate Exchange Holding 1 Limited	Subsidiary
Cathay Woolgate Exchange Holding 2 Limited	Subsidiary
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

(Continued)

Related Party Name	Related Party Category
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 Lujiazui Life	Joint venture (subsidiary before October 2025)
Symphox Information Co., Ltd.	Joint venture
Greater Changhua NW Holdings Ltd.	Joint venture
Greater Changhua Offshore Wind Farm NW Ltd.	Subsidiary of joint venture
Seaward Card Co., Ltd.	Subsidiary of joint venture
PSS Co., Ltd.	Associate
Lin Yuan Property Management Co., Ltd.	Associate
Conning Holdings Limited	Subsidiary of associate
Global Evolution Holding ApS	Subsidiary of associate
Yua-Yung Marketing (Taiwan) Co., Ltd.	Subsidiary of associate
Hong-Sui Co., Ltd.	Subsidiary of associate
Cathay United Bank Co., Ltd.	Fellow subsidiary
Cathay Century Insurance Co., Ltd.	Fellow subsidiary
Cathay Securities Corporation	Fellow subsidiary
Cathay Securities Investment Trust Co., Ltd.	Fellow subsidiary
Cathay Insurance (Vietnam) Co., Ltd.	Subsidiary of fellow subsidiary
Indovina Bank Limited	Subsidiary of fellow subsidiary
Cathay Futures Co., Ltd.	Subsidiary of fellow subsidiary
ThinkPower Information Co., Ltd.	Other related party
Private Equity Fund managed by Cathay Private Equity	Other related party
Ally Logistic Property Co., Ltd.	Other related party
Cathay Real Estate Development Co., Ltd.	Other related party
Cathay Healthcare Management Co., Ltd.	Other related party
Cathay Medical Care Corp.	Other related party
Cathay Hospitality Management Co., Ltd.	Other related party
Cathay Food & Beverage Group Co., Ltd.	Other related party
San Ching Engineering Co., Ltd.	Other related party
Cathay Hospitality Consulting Co., Ltd.	Other related party
Cymlin Co., Ltd.	Other related party
Daiwa - Cathay Capital Markets Co., Ltd.	Other related party
CDIB & PARTNERS Investment Holding Corporation	Other related party
Srisawad Corporation Public Company Limited	Other related party
Cymder Co., Ltd.	Other related party before June 2025
Yi Ru Capital Co., Ltd.	Other related party before December 2025

(Concluded)

a. Significant transactions with related parties:

1) Property transactions

Property transactions between the Group and related parties are in the nature of undertaking contracted projects, trade, lease transactions and software appliance. The terms of such transactions are based on market surveys, the contracted terms of both parties and public bidding.

a) Significant transactions from undertaking contracted projects with related parties are listed below:

	For the Three Months Ended March 31			
	2026		2025	
Name	Items	Amount	Items	Amount
Associate				
Lin Yuan Property Management Co., Ltd.	Tainan Shopping Center, etc.	$ 23,444	Songjiang Changchun Building, etc.	$ 1,566
Other related party				
San Ching Engineering Co., Ltd.	Huan Yu Building, etc.	1,169,041	Taoyuan Sanmin Section, etc.	1,020,742
Ally Logistic Property Co., Ltd.	Meishi Section, Yangmei District, etc.	880,071	Taoyuan Daxi Ruixing Section, etc.	273,152
		2,049,112		1,293,894
		$ 2,072,556		$ 1,295,460

As of March 31, 2026, December 31, 2025 and March 31, 2025, the total amounts of contracted projects for real estate between the Group and Lin Yuan Property Management Co., Ltd. were $72,881 thousand, $65,086 thousand and $59,717 thousand, respectively.

As of March 31, 2026, December 31, 2025 and March 31, 2025, the total amounts of contracted projects for real estate between the Group and San Ching Engineering Co., Ltd. were $29,170,301 thousand, $29,170,301 thousand and $23,426,457 thousand, respectively.

As of March 31, 2026, December 31, 2025 and March 31, 2025, the total amounts of contracted projects for real estate between the Group and Ally Logistic Property Co., Ltd. were $7,366,562 thousand, $7,366,562 thousand and $2,409,524 thousand, respectively.

b) Real-estate rental (the Group as lessor)

	Rental Income	
	For the Three Months Ended March 31	
Name	2026	2025
Parent company		
Cathay Financial Holdings	$ 50,694	$ 49,727
Joint venture		
Symphox Information Co., Ltd.	7,958	7,847
Associate and its subsidiary		
Yua-Yung Marketing (Taiwan) Co., Ltd.	18,728	16,582
Hong-Sui Co., Ltd.	12,635	8,755
Lin Yuan Property Management Co., Ltd.	9,873	7,880
	41,236	33,217

(Continued)

Name	Rental Income For the Three Months Ended March 31 2026	2025
Fellow subsidiary		
Cathay United Bank Co., Ltd.	$ 181,878	$ 172,824
Cathay Century Insurance Co., Ltd.	34,526	33,470
Cathay Securities Corporation	22,656	21,168
Cathay Securities Investment Trust Co., Ltd.	18,227	15,899
	257,287	243,361
Other related party		
Ally Logistic Property Co., Ltd.	328,437	258,243
Cathay Hospitality Management Co., Ltd.	64,984	70,181
Cathay Hospitality Consulting Co., Ltd.	51,656	108,585
Cathay Medical Care Corp.	38,618	50,826
Cathay Healthcare Management Co., Ltd.	28,545	27,583
Cathay Real Estate Development Co., Ltd.	4,581	4,466
Cymder Co., Ltd.	-	3,211
	516,821	523,095
	$ 873,996	$ 857,247

(Concluded)

Name	Guarantee Deposits Received March 31, 2026	December 31, 2025	March 31, 2025
Parent company			
Cathay Financial Holdings	$ 47,584	$ 47,584	$ 46,826
Joint venture			
Symphox Information Co., Ltd.	7,863	7,813	7,723
Associate and its subsidiary			
Yua-Yung Marketing (Taiwan) Co., Ltd.	15,938	15,938	13,670
Lin Yuan Property Management Co., Ltd.	10,812	10,812	8,093
Hong-Sui Co., Ltd.	12,174	12,174	7,332
PSS Co., Ltd.	3,482	3,482	3,482
	42,406	42,406	32,577
Fellow subsidiary			
Cathay United Bank Co., Ltd.	226,349	221,036	221,036
Cathay Securities Investment Trust Co., Ltd.	58,436	17,556	14,674
Cathay Century Insurance Co., Ltd.	38,541	38,733	38,040
Cathay Securities Corporation	23,148	23,243	21,955
	346,474	300,568	295,705
Other related party			
Ally Logistic Property Co., Ltd.	312,591	312,282	275,407
Cathay Hospitality Management Co., Ltd.	197,175	196,021	195,328
Cathay Hospitality Consulting Co., Ltd.	190,635	190,585	188,707

(Continued)

Name	Guarantee Deposits Received March 31, 2026	December 31, 2025	March 31, 2025
Cathay Medical Care Corp.	$ 69,582	$ 67,906	$ 62,134
Cathay Healthcare Management Co., Ltd.	30,923	30,923	30,103
Cathay Food & Beverage Group Co., Ltd.	8,517	8,517	228
Cathay Real Estate Development Co., Ltd.	4,153	4,153	4,039
Cymlin Co., Ltd.	-	-	4,081
	813,576	810,387	760,027
	$ 1,257,903	$ 1,208,758	$ 1,142,858

(Concluded)

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. Lease liabilities

Name	March 31, 2026	December 31, 2025	March 31, 2025
Fellow subsidiary			
Cathay United Bank Co., Ltd.	$ -	$ 7,658	$ 30,416
Other related party			
Cathay Real Estate Development Co., Ltd.	26,848	28,699	-
Yi Ru Capital Co., Ltd.	-	-	5,016
	26,848	28,699	5,016
	$ 26,848	$ 36,357	$ 35,432

ii. Guarantee deposits paid

Name	March 31, 2026	December 31, 2025	March 31, 2025
Fellow subsidiary			
Cathay United Bank Co., Ltd.	$ 8,150	$ 7,789	$ 7,555
Other related party			
Cathay Real Estate Development Co., Ltd.	3,103	3,103	2,072
	$ 11,253	$ 10,892	$ 9,627

d) Acquisition of equipment from related parties - computer equipment and software

Name	For the Three Months Ended March 31	
	2026	2025
Other related party		
ThinkPower Information Co., Ltd.	$ 5,875	$ 5,280

2) Shares transactions

Acquisition of shares issued by related parties

Name	Nature of Transaction	March 31, 2026	December 31, 2025	March 31, 2025
Associate				
CMG International One Co., Ltd.	Ordinary shares	$ -	$ 765,000	$ -
CMG International Two Co., Ltd.	Ordinary shares	-	1,035,000	-
		$ -	$ 1,800,000	$ -

Balance of shares issued by the related parties

Name	Nature of Transaction	March 31, 2026	December 31, 2025	March 31, 2025
Other related party				
Srisawad Corporation Public Company Limited	Ordinary shares	$ 1,638,993	$ 1,929,300	$ 1,805,286
CDIB & PARTNERS Investment Holding Corporation	Ordinary shares	1,118,340	1,189,080	1,153,440
Cathay Real Estate Development Co., Ltd.	Ordinary shares	963,451	997,556	1,185,652
Daiwa - Cathay Capital Markets Co., Ltd.	Ordinary shares	166,700	160,100	159,000
		$ 3,887,484	$ 4,276,036	$ 4,303,378

Refer to Note 13, Table 1 and Table 4 for the balance of investment in associates.

3) Cash in banks

Name	Nature of Transaction	March 31, 2026	December 31, 2025	March 31, 2025
Fellow subsidiary				
Cathay United Bank Co., Ltd.	Time deposit	$ 2,466,344	$ 2,134,338	$ 2,167,878
	Demand deposit	105,534,214	75,519,320	45,412,902
	Checking deposit	484,481	572,543	337,367
	Security deposit	-	158,128	1,697,442
		108,485,039	78,384,329	49,615,589
Subsidiary of fellow subsidiary				
Indovina Bank Limited	Time deposit	4,071,513	3,522,621	4,460,506
	Demand deposit	160,840	49,104	182,407
		4,232,353	3,571,725	4,642,913
		$ 112,717,392	$ 81,956,054	$ 54,258,502

For the three months ended March 31, 2026 and 2025, the interest income earned from above bank deposits in Cathay United Bank Co., Ltd. amounted to $135,457 thousand and $99,459 thousand, respectively.

For the three months ended March 31, 2026 and 2025, the interest income earned from above bank deposits in Indovina Bank Limited amounted to $59,617 thousand and $74,960 thousand, respectively.

4) Loans

March 31, 2026

Type	Account Volume or Name	Highest Balance in the Year Ended December 31, 2025	Ending Balance	Loan Classification		Collaterals	Differences in Terms of Transaction Compared with Those for Unrelated Parties
				Normal Loans	Nonperforming Loans		
Consumer loans	26	$ 41,684	$ 41,429	V	$ -	Real estate	None
Self-used housing mortgage loans	108	735,049	731,213	V	-	Real estate	None
Others	52	246,008	243,996	V	-	Real estate	None

March 31, 2025

Type	Account Volume or Name	Highest Balance in the Year Ended December 31, 2024	Ending Balance	Loan Classification		Collaterals	Differences in Terms of Transaction Compared with Those for Unrelated Parties
				Normal Loans	Nonperforming Loans		
Consumer loans	27	$ 44,495	$ 43,161	V	$ -	Real estate	None
Self-used housing mortgage loans	98	595,371	583,940	V	-	Real estate	None
Others	39	150,774	150,343	V	-	Real estate	None

For the three months ended March 31, 2026 and 2025, the interest income earned from above loans to other related party amounted to $5,584 thousand and $3,871 thousand, respectively.

5) Balance of funds managed by related parties

Name	Item	March 31, 2026	December 31, 2025	March 31, 2025
Other related party				
Private Equity Fund managed by Cathay Private Equity	Market value	$ 1,796,418	$ 1,886,579	$ 2,332,794
	Cost	$ 1,672,252	$ 1,771,649	$ 1,647,434

6) Balance of discretionary management investments

Name	March 31, 2026	December 31, 2025	March 31, 2025
Fellow subsidiary			
Cathay Securities Investment Trust Co., Ltd.	$ 688,085,193	$ 319,981,744	$ 275,111,543
Subsidiary of associate			
Conning Holdings Limited	1,465,344,101	1,492,635,980	1,528,181,401
Global Evolution Holding ApS	23,245,431	23,206,572	22,951,180
	1,488,589,532	1,515,842,552	1,551,132,581
	$ 2,176,674,725	$ 1,835,824,296	$ 1,826,244,124

7) Other receivables

Name	March 31, 2026	December 31, 2025	March 31, 2025
Parent company			
Cathay Financial Holdings (Note)	$ -	$ -	$ 14,772,770
Joint ventures and its subsidiary			
Greater Changhua NW Holdings Ltd.	40,153,157	38,484,992	18,069,193
Greater Changhua Offshore Wind Farm NW Ltd.	62,958	62,335	-
	40,216,115	38,547,327	18,069,193
Fellow subsidiary and its subsidiary			
Indovina Bank Limited	310,601	269,508	353,674
Cathay Century Insurance Co., Ltd.	107,453	81,489	79,851
Cathay United Bank Co., Ltd.	53,457	69,552	74,819
Cathay Securities Investment Trust Co., Ltd.	42,186	34,913	29,409
Cathay Insurance (Vietnam) Co., Ltd.	3,600	2,926	6,042
Ally Logistic Property Co., Ltd.	3,354	-	-
	520,651	458,388	543,795
	$ 40,736,766	$ 39,005,715	$ 33,385,758

Note: Income tax refundable under the integrated income tax system.

8) Guarantee deposits paid (for future transactions)

Name	March 31, 2026	December 31, 2025	March 31, 2025
Subsidiary of fellow subsidiary			
Cathay Futures Co., Ltd.	$ 1,714,480	$ 39,713	$ 2,321,819

9) Guarantee deposits received and collateral

Name	March 31, 2026	December 31, 2025	March 31, 2025
Associate			
Lin Yuan Property Management Co., Ltd.	$ 5,000	$ 5,000	$ 5,000
Other related party			
San Ching Engineering Co., Ltd.	2,783,451	2,659,313	2,889,399
Ally Logistic Property Co., Ltd.	2,513,104	2,576,599	2,576,599
	5,296,555	5,235,912	5,465,998
	$ 5,301,555	$ 5,240,912	$ 5,470,998

10) Other payables

Name	March 31, 2026	December 31, 2025	March 31, 2025
Parent company			
Cathay Financial Holdings (Note)	$ 1,309,752	$ 998,764	$ 381,674
Associate and its subsidiary			
Conning Holdings Limited	307,349	297,076	312,579
Lin Yuan Property Management Co., Ltd.	77,370	4,350	77,812
Global Evolution Holding ApS	23,268	22,712	43,702
	407,987	324,138	434,093
Joint venture			
Symphox Information Co., Ltd.	25,004	11,576	23,160
Fellow subsidiary			
Cathay United Bank Co., Ltd.	1,587,783	177,465	179,869
Cathay Securities Investment Trust Co., Ltd.	63,346	29,404	28,026
Cathay Century Insurance Co., Ltd.	-	3,905	140,803
	1,651,129	210,774	348,698
	$ 3,393,872	$ 1,545,252	$ 1,187,625

Note: The payables are comprised of remuneration of directors and supervisors, accrued interests of bonds payables calculated under the integrated income tax system.

11) Insurance contract liabilities

	March 31, 2026	December 31, 2025	March 31, 2025
Fellow subsidiary			
Cathay United Bank Co., Ltd.	$ 1,969,145	$ 1,248,636	$ 1,038,594

12) Bonds payable

Name	March 31, 2026	December 31, 2025	March 31, 2025
Parent company			
Cathay Financial Holdings	$ 35,000,000	$ 35,000,000	$ 35,000,000

13) Premium amounts of insurance contracts issued

Name	For the Three Months Ended March 31	
	2026	2025
Parent company		
Cathay Financial Holdings	$ 3,144	$ 1,937
Fellow subsidiary		
Cathay United Bank Co., Ltd.	49,951	42,696
Cathay Century Insurance Co., Ltd.	5,905	8,800
Cathay Securities Corporation	5,193	5,347
	61,049	56,843
Other related party		
Cathay Medical Care Corp.	9,051	4,632
Other	51,141	26,796
	60,192	31,428
	$ 124,385	$ 90,208

14) Insurance service expenses, other operating costs, and other operating expenses

Name	For the Three Months Ended March 31	
	2026	2025
Parent company		
Cathay Financial Holdings	$ -	$ 5,605
Joint venture and its subsidiary		
Symphox Information Co., Ltd.	65,296	59,769
Seaward Card Co., Ltd.	29,957	23,685
	95,253	83,454
Subsidiary of associate		
Lin Yuan Property Management Co., Ltd.	349,694	306,526
Conning Holdings Limited	307,349	314,550
Global Evolution Holding ApS	23,268	21,936
	680,311	643,012

(Continued)

Name	For the Three Months Ended March 31	
	2026	2025
Fellow subsidiary		
Cathay United Bank Co., Ltd.	$ 3,921,400	$ 3,573,027
Cathay Securities Investment Trust Co., Ltd.	157,615	97,311
Cathay Century Insurance Co., Ltd.	131,538	145,157
	4,210,553	3,815,495
Other related party		
ThinkPower Information Co., Ltd.	7,852	1,831
San Ching Engineering Co., Ltd.	3,295	975
	11,147	2,806
	$ 4,997,264	$ 4,550,372

(Concluded)

15) Finance costs

Name	For the Three Months Ended March 31	
	2026	2025
Parent company		
Cathay Financial Holdings	$ 310,685	$ 310,685

The finance costs were incurred by the bonds payable issued by the Company.

16) Operating income and non-operating income

Name	For the Three Months Ended March 31	
	2026	2025
Fellow subsidiary and its subsidiary		
Cathay Century Insurance Co., Ltd.	$ 237,480	$ 212,060
Cathay Securities Corporation	141,830	2,845
Cathay United Bank Co., Ltd.	51,145	27,941
Cathay Securities Investment Trust Co., Ltd.	15,255	13,412
Cathay Insurance (Vietnam) Co., Ltd.	3,256	2,928
	448,966	259,186
Other related party		
Ally Logistic Property Co., Ltd.	3,532	-
	$ 452,498	$ 259,186

The non-operating income was mainly generated from the Group’s integrated promotion activities.

17) Others

As of March 31, 2026, December 31, 2025 and March 31, 2025, the nominal amounts of the derivative instruments transacted with Cathay United Bank Co., Ltd. are summarized as follows (in thousands of each currency):

	March 31, 2026	December 31, 2025	March 31, 2025
Sell SWAP	US$ 1,604,000	US$ 2,064,000	US$ 1,530,000
Buy Forward	US$ -	US$ 100,000	US$ -
Sell Forward	US$ 100,000	US$ 100,000	US$ 3,070,000

c. Remuneration of key management personnel

	For the Three Months Ended March 31	
	2026	2025
Short-term employee benefits	$ 17,489	$ 35,817
Post-employment benefits	563	716
	$ 18,052	$ 36,533

Key management personnel include the chairman, directors, president, managing senior executive vice president and senior executive vice president.

37. SEPARATE ACCOUNT INSURANCE PRODUCTS ASSETS

	March 31, 2026	December 31, 2025	March 31, 2025
Separate account insurance product assets			
Financial assets at FVTPL	$ 853,653,893	$ 828,885,964	$ 775,923,235
Other receivables	12,693,263	9,146,603	8,534,769
Cash in bank	493,751	524,852	596,865
	$ 866,840,907	$ 838,557,419	$ 785,054,869

	For the Three Months Ended March 31	
	2026	2025
Net income (loss) on assets on insurance products in separate accounts		
Foreign exchange gain	$ 14,300,536	$ 9,829,353
Gains (loss) on financial assets at FVTPL	429,252	(14,540,000)
Interest income	25,174	15,474
	$ 14,754,962	$ (4,695,173)

For the three months ended March 31, 2026 and 2025, the rebates earned from counterparties due to the business of separate account insurance products amounted to $186,280 thousand and $176,503 thousand, respectively, which were recorded under fee income.

38. THE ALLOCATION OF REVENUE AND EXPENSES ARISING FROM BUSINESS TRANSACTIONS, PROMOTION ACTIVITIES AND INFORMATION SHARING BETWEEN PARENT COMPANY AND OTHER SUBSIDIARIES

To elaborate the benefits of economic scale, Cathay Financial Holdings and its subsidiaries cooperate to launch promotion activities, and the related expenses are allocated to each subsidiary directly by the nature of business or on other reasonable basis.

39. PLEDGED ASSETS

a. The Company

The Company provided cash, demand deposits, time deposits and government bonds as collateral for the renting of real estate, as guarantee to the courts for litigations and equity margin deposit. Moreover, pursuant to Article 141 of the Insurance Act, the Company deposited 15% of its capital in the Central Bank as the insurance operation guarantee deposits. Pledged assets are summarized based on the net carrying amounts as follows:

	March 31, 2026	December 31, 2025	March 31, 2025
Guarantee deposits paid - government bonds	$ 9,679,729	$ 10,083,319	$ 10,025,642
Guarantee deposits paid - time deposits	4,499,344	25,497,173	22,459,718
Guarantee deposits paid - demand deposits	182,511	182,511	182,511
Guarantee deposits paid - others	22,542	22,542	22,276
	$ 14,384,126	$ 35,785,545	$ 32,690,147

b. Cathay Lujiazui Life

According to the requirement by the National Financial Regulatory Administration, the guaranteed deposit is 20% of the registered capital. Details are as follows (in thousands of CNY):

	March 31, 2025
Guarantee deposits paid - time deposits	CNY 600,000

c. Cathay Life (Vietnam)

According to the requirement by the Ministry of Finance of Vietnam, the guaranteed deposit is 2% of the legal capital. Details are as follows (in thousands of VND):

	March 31, 2026	December 31, 2025	March 31, 2025
Guarantee deposits paid - time deposits	VND 15,000,000	VND 15,000,000	VND 15,000,000

d. Cathay Power

The following assets have been provided as collateral for loans and guarantees:

Item of Asset	March 31, 2026	December 31, 2025	March 31, 2025	Use of Guarantee
Other equipments	$ 8,898,566	$ 9,060,784	$ 8,796,007	Pledge for borrowings
Time deposits	148,729	196,360	178,832	Performance securities
Demand deposits	76,741	353,339	511,880	Reserve accounts
	$ 9,124,036	$ 9,610,483	$ 9,486,719	

e. Cathay Wind Power

The following assets have been provided as collateral for loans:

Item of Asset	March 31, 2026	December 31, 2025	March 31, 2025	Use of Guarantee
Investments accounted for using the equity method	$ 12,239,243	$ 12,203,743	$ 3,756,819	Pledge for borrowings
Demand deposits	658,882	1,052,783	53,013	Reserve accounts
	$ 12,898,125	$ 13,256,526	$ 3,809,832	

40. SIGNIFICANT COMMITMENTS AND CONTINGENCIES

a. The Company has its own formal control and response policies to manage legal claims. Once the losses can be reasonably estimated based on professional advices, the Company will recognize the losses and adjust negative impacts on financial figures resulting from the claims.

b. As of March 31, 2026, the remaining capital commitments for the contracted private equity fund of the Company were in the amount of NT$51,700 thousand, US$3,270,994 thousand and EUR499,077 thousand.

c. As of March 31, 2026, December 31, 2025 and March 31, 2025, the Company has entered into irrevocable corporate finance and consumer lending loans with the amounts as follows:

	March 31, 2026	December 31, 2025	March 31, 2025
NTD	$ 8,887,464	$ 9,657,728	$ 8,613,503

d. 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. Furthermore, a tripartite agreement has been signed between the Company, Cathay Wind Power Holdings and the beneficiaries. Cathay Wind Power Holdings shall have the right to require the Company to fulfill its capital injection obligations.

41. FINANCIAL INSTRUMENTS

a. Valuation technique and assumptions used in determining the fair value

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, accounts receivable and accounts payable approximate their fair value due to their short maturities.

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 value of equity instruments without an active market (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 P/B ratio of similar entities).

4) Fair value of debt instruments without an active market is determined based on the counterparty prices or valuation method. The valuation method uses discounted cash flow method as a basis, and the assumptions such as the interest rate and discount rate are primarily based on relevant information of similar instrument (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 values of derivatives which are not options and without an active market is determined based on the counterparty prices or discounted cash flow analysis using interest rate yield curve for the contract period. Fair value of option-based derivatives 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 their credit value adjustment by multiplying three factors, specifically 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 their debit value adjustment by multiplying three factors, specifically 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 experience 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 at Taipei Exchange.

b. Financial instruments not measured at fair value

Except for the accounts whose carrying amounts approximate their fair values, including cash and cash equivalents, receivables, loans, guarantee deposits paid, payables, bonds payable, lease liabilities and guarantee deposits received, the fair values of the financial instruments which are not measured at fair value are listed in the following table:

March 31, 2026

	Carrying Amount	Fair Values			
		Level 1	Level 2	Level 3	Total
Financial assets					
Financial assets measured at amortized cost (Note)	$ 2,696,715,378	$ 50,787,052	$ 2,004,096,632	$ -	$ 2,054,883,684
Other financial assets	5,998,554	-	5,982,167	-	5,982,167

December 31, 2025

	Carrying Amount	Fair Values			
		Level 1	Level 2	Level 3	Total
Financial assets					
Financial assets measured at amortized cost (Note)	$ 4,120,759,652	$ 21,261,619	$ 3,293,377,660	$ -	$ 3,314,639,279
Other financial assets	1,499,643	-	1,499,637	-	1,499,637

March 31, 2025

	Carrying Amount	Fair Values			
		Level 1	Level 2	Level 3	Total
Financial assets					
Financial assets measured at amortized cost (Note)	$ 4,412,991,878	$ 49,123,872	$ 3,443,270,688	$ -	$ 3,492,394,560

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.

c. Fair value of financial instruments that are measured at fair value on a recurring basis

1) Fair value hierarchy

Items	March 31, 2026				December 31, 2025				March 31, 2025			
	Total	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3
Non-derivative instruments												
Assets												
Financial assets at FVTPL												
Stocks	$ 11,977	$ -	$ -	$ 11,977	$ 451,705,647	$ 449,258,979	$ -	$ 2,446,668	$ 444,958,206	$ 441,951,237	$ 82,623	$ 2,924,346
Bonds	212,642,208	-	212,642,208	-	238,987,895	-	228,039,149	10,948,746	254,022,203	2,135,265	241,517,632	10,369,306
Others	272,802,976	55,796,885	17,911,598	199,094,493	881,839,309	670,450,967	17,872,604	193,515,738	892,587,130	661,161,630	37,779,739	193,645,761
Financial assets at FVTOCI												
Stocks	621,569,087	616,960,165	-	4,608,922	149,785,713	147,756,220	-	2,029,493	174,682,906	171,652,364	-	3,030,542
Bonds (Note)	2,053,044,784	35,250,503	2,006,934,935	10,859,346	751,744,760	72,154,559	679,590,201	-	609,708,133	44,478,824	565,229,309	-
Others	623,654,438	623,654,438	-	-	-	-	-	-	-	-	-	-
Derivative instruments												
Assets												
Financial assets at FVTPL	11,573,403	-	11,573,403	-	14,117,276	-	14,117,276	-	2,628,171	442	2,627,729	-
Financial assets for hedging	277,344	277,344	-	-	36,010	28,289	7,721	-	16,924	16,924	-	-
Liabilities												
Financial liabilities at FVTPL	604,715,591	539,695,968	65,019,623	-	584,829,831	524,970,001	59,859,830	-	557,778,170	503,380,991	54,397,179	-
Financial liabilities for hedging	2,252,671	-	2,252,671	-	919,871	166,925	752,946	-	3,024,385	439,641	2,584,744	-

Note: Including those serving as refundable deposits.

Transfers between Level 1 and Level 2:

For the three months ended March 31, 2026 and 2025, there were no transfers between Level 1 and Level 2 for assets or liabilities measured at fair value on a recurring basis.

2) Reconciliation of Level 3 fair value measurements of financial instruments:

	For the Three Months Ended March 31, 2026	
	Financial Assets at FVTPL	Financial Assets at FVTOCI
Beginning balance	$ 206,911,152	$ 2,029,493
Effects of redesignation of financial assets	(13,378,126)	13,378,126
Balance after redesignation of financial assets	193,533,026	15,407,619
Recognized in profit or loss		
Gain on financial assets and liabilities at FVTPL	6,198,636	-
Recognized in other comprehensive income		
Exchange differences on translation of the financial statements of foreign operations	-	172,778
Loss on equity instruments at FVTOCI	-	(140,928)
Purchases	3,701,848	270,399
Disposals	(4,327,040)	(241,600)
Ending balance	$ 199,106,470	$ 15,468,268

	For the Three Months Ended March 31, 2025	
	Financial Assets at FVTPL	Financial Assets at FVTOCI
Beginning balance	$ 201,333,145	$ 2,083,245
Recognized in profit or loss		
Gain on financial assets and liabilities at FVTPL	3,334,993	-
Recognized in other comprehensive income		
Exchange differences on translation of the financial statements of foreign operations	99,513	-
Gain on equity instruments at FVTOCI	-	947,297
Purchases	7,733,355	-
Disposals	(5,561,593)	-
Ending balance	$ 206,939,413	$ 3,030,542

Regarding the above amounts recognized in profit or loss for the three months ended March 31, 2026 and 2025, unrealized gains of $4,012,706 thousand and losses of $185,765 thousand were related to financial assets 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 are as follows:

	March 31, 2026			
Items	**Valuation Techniques**	**Significant Unobservable Inputs**	**Rate 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 and 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	(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, 2025			
Items	**Valuation Techniques**	**Significant Unobservable Inputs**	**Rate 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 and 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	(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

	March 31, 2025			
Items	**Valuation Techniques**	**Significant Unobservable Inputs**	**Rate 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

(Continued)

Items	Valuation Techniques	Significant Unobservable Inputs	Rate Interval (Weighted-average)	Relationship Between Inputs and Fair Value
		March 31, 2025		
	Income approach	Discount for lack of liquidity and 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	35%-100%	The higher the dividend payout ratio, the higher the fair value estimates

(Concluded)

4) Valuation process for Level 3 fair value measurement

The Group' risk management department is responsible for validating the fair value measurements of financial assets and ensuring that the results of the valuation are in line with market conditions, based on independent and reliable inputs which are consistent with other information, and represent exercisable prices. To ensure the fair value measurement is reasonable, the department analyzes the movements in the values of assets and liabilities which are required to be remeasured or reassessed at each reporting date according to the Group's accounting policies.

d. Categories of financial instruments

	March 31, 2026	December 31, 2025	March 31, 2025
Financial assets			
Financial assets at FVTPL	$ 497,030,564	$ 1,586,650,127	$ 1,594,195,710
Financial assets at FVTOCI	3,288,588,580	889,340,149	776,219,140
Measured at amortized cost			
Cash and cash equivalents (Note 1)	249,167,869	280,941,493	224,145,235
Receivables (Note 2)	111,745,052	105,880,746	81,434,300
Financial assets measured at amortized cost	2,679,082,529	4,079,499,577	4,374,839,746
Other financial assets	5,998,554	1,499,643	-
Loans	271,878,341	258,270,941	236,740,261
Guarantee deposits paid	32,874,788	54,876,651	61,175,194
Financial assets for hedging	277,344	36,010	16,924
Financial liabilities			
Financial liabilities at FVTPL	604,715,591	584,829,831	557,778,170
Financial liabilities at amortized cost			
Payables (Note 2)	18,853,247	16,340,287	26,648,419
Bonds payable	194,277,614	193,603,582	195,756,157
Other financial liabilities	40,202,964	39,209,760	30,351,870
Guarantee deposits received	6,284,809	3,479,304	3,400,799
Short-term debt	1,434,796	1,484,601	-
Financial liabilities for hedging	2,252,671	919,871	3,024,385

Note 1: Cash on hand was excluded.

Note 2: Income tax receivables and income tax payables under the integrated tax system were excluded.

e. Financial risk management objectives and policies

The Company's 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 exchange rate, product price, interest rate, credit spread and stock price, may decrease the Group's income or value of investment portfolio.

The Group 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, the Group adopts the one-week VaR at 99% confidence levels to measure market risk.

b) Sensitivity analysis

Foreign Currency Risk Sensitivity Analysis Table

For the Three Months Ended March 31, 2026

Variable (+/-)	Change in Profit or Loss	Change in Equity	Changes in the Reserve for Foreign Exchange Valuation
Appreciation of USD/NTD by 1%	$ -	$ 9,201,412	$ 499,610
Appreciation of CNY/USD by 1%	-	195,883	4,463
Appreciation of HKD/USD by 1%	-	28,253	1,082
Appreciation of EUR/USD by 1%	-	410,282	3,845
Appreciation of GBP/USD by 1%	-	282,987	(683)

Interest Rate Risk Sensitivity Analysis Table

For the Three Months Ended March 31, 2026

Variable (+/-)	Change in Profit or Loss	Change in Equity
Upward parallel shift of the yield curve (USD) by 1 bp	$ (144,217)	$ (2,530,065)
Upward parallel shift of the yield curve (CNY) by 1 bp	-	(3,753)
Upward parallel shift of the yield curve (EUR) by 1 bp	(866)	(36,812)
Upward parallel shift of the yield curve (GBP) by 1 bp	(414)	(18,922)
Upward parallel shift of the yield curve (NTD) by 1 bp	(22,813)	(86,711)

Equity Price Risk Sensitivity Analysis Table

For the Three Months Ended March 31, 2026

Variable (+/-)	Change in Profit or Loss	Change in Equity
Equity price risk sensitivity	$ 1,050,063	$ 6,744,650

Foreign Currency Risk Sensitivity Analysis Table

For the Three Months Ended March 31, 2025

Variable (+/-)	Change in Profit or Loss	Change in Equity	Changes in the Reserve for Foreign Exchange Valuation
Appreciation of USD/NTD by 1%	$ 5,103,695	$ 10,499,840	$ 7,655,542
Appreciation of CNY/USD by 1%	(39,267)	294,165	(58,901)
Appreciation of HKD/USD by 1%	2,347	77,597	3,520
Appreciation of EUR/USD by 1%	11,985	461,438	17,978
Appreciation of GBP/USD by 1%	(3,947)	263,437	(5,921)

Interest Rate Risk Sensitivity Analysis Table

For the Three Months Ended March 31, 2025

Variable (+/-)	Change in Profit or Loss	Change in Equity
Upward parallel shift of the yield curve (USD) by 1 bp	$ -	$ (1,376,190)
Upward parallel shift of the yield curve (CNY) by 1 bp	-	(2,597)
Upward parallel shift of the yield curve (EUR) by 1 bp	-	(5,380)
Upward parallel shift of the yield curve (GBP) by 1 bp	-	(4,408)
Upward parallel shift of the yield curve (NTD) by 1 bp	-	(62,304)

Equity Price Risk Sensitivity Analysis Table

For the Three Months Ended March 31, 2025

Variable (+/-)	Change in Profit or Loss	Change in Equity
Equity price risk sensitivity	$ 228,305	$ 8,320,488

Note 1: Impact of credit spread changes and tax effect were not included.

Note 2: Effects of hedging and hedge accounting were considered.

Note 3: The reserve for foreign exchange valuation has been considered in the change in profit or loss due to foreign currency risk. If the change in the reserve for foreign exchange valuation presented in the table above is positive, it represents a provision for the reserve. Starting from May 2025, under the current foreign exchange valuation reserves framework, the provision and reversal rate is 100%.(Before May 2025, the provision and reversal rate was 60%.)

Note 4: Starting from January 1, 2026, foreign currency rate risk sensitivity takes into account debt instruments measured at amortized cost for which the foreign currency risk component has not been designated in a hedging relationship. The resulting exchange differences are amortized and recognized on a quarterly basis using the straight-line method over the expected remaining duration of each individual debt instrument investment. However, the actual amortization amount may vary depending on movements in exchange rates.

Note 5: Change in equity was not included in the impact on the change in profit or loss.

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 the Company may suffer financial losses on debt instruments (excluding funds) 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 the Company 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 the Company 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 of credit risk

i. Regional distribution of maximum risk exposure for the Company's financial assets:

	March 31, 2026							
Financial Assets	**Taiwan**	**Asia**	**Europe**	**North America**	**Latin America**	**Central and Eastern Europe and Africa**	**Oceania and Others**	**Total**
Cash and cash equivalents	$ 176,043,587	$ 1,435,327	$ 1,349,699	$ 51,079,630	$ -	$ -	$ 9,976,015	$ 239,884,258
Financial assets at FVTPL	39,710,583	6,261,895	100,297,872	86,527,636	3,760,174	1,572,601	399,323	238,530,084
Financial assets at FVTOCI	86,951,256	283,462,100	347,674,162	981,614,796	125,512,278	87,682,621	109,226,610	2,022,123,823
Financial assets measured at amortized cost	78,062,443	329,827,643	325,075,976	1,451,659,723	159,577,396	247,202,913	49,322,267	2,640,728,361
Other Financial assets	5,998,554	-	-	-	-	-	-	5,998,554
	$ 386,766,423	$ 620,986,965	$ 774,397,709	$ 2,570,881,785	$ 288,849,848	$ 336,458,135	$ 168,924,215	$ 5,147,265,080
Proportion	7.5%	12.1%	15.0%	50.0%	5.6%	6.5%	3.3%	100%

	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
Hedged financial assets	-	2,671	5,050	-	-	-	-	7,721
Financial assets measured 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
	$ 351,471,722	$ 633,336,179	$ 804,197,709	$ 2,684,889,065	$ 325,378,086	$ 338,126,054	$ 165,173,647	$ 5,302,572,462
Proportion	6.6%	11.9%	15.2%	50.7%	6.1%	6.4%	3.1%	100%

	March 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	$ 132,865,751	$ 6,150,138	$ 222,306	$ 51,183,427	$ -	$ -	$ 17,960,222	$ 208,381,844
Financial assets at FVTPL	50,608,544	6,447,825	103,512,615	92,510,678	3,772,767	2,597,165	141,907	259,591,501
Financial assets at FVTOCI	25,529,787	82,080,071	50,302,501	288,352,310	36,578,600	32,157,830	6,965,044	521,966,143
Financial assets measured at amortized cost	114,884,195	572,499,241	650,698,861	2,223,957,685	299,583,509	314,877,141	132,996,324	4,309,496,956
	$ 323,888,277	$ 667,177,275	$ 804,736,283	$ 2,656,004,100	$ 339,934,876	$ 349,632,136	$ 158,063,497	$ 5,299,436,444
Proportion	6.1%	12.6%	15.2%	50.1%	6.4%	6.6%	3.0%	100%

Note: Taiwan is presented separately. Others refer to supranational organizations, such as European Investment Bank, Asian Development Bank, and International Finance Corporation (IFC).

ii. Regional distribution of maximum risk exposure for the Company's secured loans:

Location of Collateral	Northern and Eastern Areas	Central Area	Southern Area	Overseas	Total
	March 31, 2026				
Secured loans	$ 184,443,803	$ 39,948,277	$ 47,320,061	$ 160,892	$ 271,873,033
Non-accrual receivables	352,308	29,753	40,136	-	422,197
	$ 184,796,111	$ 39,978,030	$ 47,360,197	$ 160,892	$ 272,295,230
Proportion	67.9%	14.7%	17.3%	0.1%	100%

Location of Collateral	Northern and Eastern Areas	Central Area	Southern Area	Overseas	Total
	December 31, 2025				
Secured loans	$ 171,823,671	$ 39,346,937	$ 46,956,732	$ 170,628	$ 258,297,968
Non-accrual receivables	354,056	31,263	42,717	-	428,036
	$ 172,177,727	$ 39,378,200	$ 46,999,449	$ 170,628	$ 258,726,004
Proportion	66.5%	15.2%	18.2%	0.1%	100%

Location of Collateral	Northern and Eastern Areas	Central Area	Southern Area	Overseas	Total
	March 31, 2025				
Secured loans	$ 151,453,773	$ 37,486,744	$ 46,786,181	$ 218,930	$ 235,945,628
Non-accrual receivables	348,269	32,830	47,928	1,421,992	1,851,019
	$ 151,802,042	$ 37,519,574	$ 46,834,109	$ 1,640,922	$ 237,796,647
Proportion	63.8%	15.8%	19.7%	0.7%	100%

iii. Categories for credit risk quality

The Company 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 the Company evaluates the potential losses and determines it as impaired.

iv. Determination on the credit risk that has increased significantly since initial recognition

i) The Company 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, the Company 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, 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.

v. The definition of default and credit-impaired financial assets

The Company'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:

- The issuers or borrowers have entered into bankruptcy or are probable to enter into bankruptcy or financial reorganization.
- The issuers or borrowers fail to pay interest or principal according to the issue terms and conditions.
- The collateral of the borrowers had been provisionally seized or enforced.
- The borrowers claim for a change of credit conditions due to financial difficulties.

iii) The abovementioned definitions of default on a financial asset and a credit-impaired financial asset are applicable to all financial assets held by the Company, and are aligned with those of relevant financial assets for internal credit risk management. The definitions are also applicable to related impairment assessment model.

vi. 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, the Company 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, the Company 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 the Company 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 (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

The Company takes forward-looking information into consideration while measuring expected credit losses of financial assets.

vii. Gross carrying amounts of maximum credit risk exposure and categories for credit quality

i) Financial assets of the Company

	March 31, 2026					
	Stage 1 12-month Expected Credit Losses	Stage 2 Lifetime Expected Credit Losses	Stage 3 Lifetime Expected Credit Losses	Stage 3 Purchased or Originated Credit-impaired Financial Assets	Loss Allowance	Gross Carrying Amount
Investment grade						
Debt instruments at FVTOCI	$ 2,616,269,369	$ -	$ -	$ -	$ -	$ 2,616,269,369
Financial assets measured at amortized cost	2,640,259,369	-	-	-	(877,188)	2,639,382,181
Other financial assets	6,000,000	-	-	-	(1,446)	5,998,554
Non-investment grade						
Debt instruments at FVTOCI	4,051,294	-	17,569,375	-	-	21,620,669
Financial assets measured at amortized cost	419,545	994,694	-	-	(68,059)	1,346,180

	December 31, 2025					
	Stage 1 12-month Expected Credit Losses	Stage 2 Lifetime Expected Credit Losses	Stage 3 Lifetime Expected Credit Losses	Stage 3 Purchased or Originated Credit-impaired Financial Assets	Loss Allowance	Gross Carrying Amount
Investment grade						
Debt instruments at FVTOCI	$ 725,085,692	$ -	$ -	$ -	$ -	$ 725,085,692
Financial assets measured 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 measured at amortized cost	13,616,629	1,214,020	19,110,807	-	(2,106,494)	31,834,962

	March 31, 2025					
	Stage 1 12-month Expected Credit Losses	Stage 2 Lifetime Expected Credit Losses	Stage 3 Lifetime Expected Credit Losses	Stage 3 Purchased or Originated Credit-impaired Financial Assets	Loss Allowance	Gross Carrying Amount
Investment grade						
Debt instruments at FVTOCI	$ 511,740,426	$ -	$ -	$ -	$ -	$ 511,740,426
Financial assets measured at amortized cost	4,285,563,877	-	-	-	(1,625,401)	4,283,938,476
Non-investment grade						
Debt instruments at FVTOCI	5,550,122	1,132,083	3,543,512	-	-	10,225,717
Financial assets measured at amortized cost	7,296,214	8,201	20,204,914	-	(1,950,849)	25,558,480

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 overdue receivables of the Company

	March 31, 2026						
	Stage 1	Stage 2	Stage 3				
	12-month Expected Credit Losses	Lifetime Expected Credit Losses	Lifetime Expected Credit Losses	Purchased or Originated Credit-impaired Financial Assets	Loss Allowance	Difference from Impairment Charged in Accordance with Guidelines for Handling Assessment of Assets	Gross Carrying Amount
Secured loans and overdue receivables	$ 269,162,097	$ 182,917	$ 2,950,216	$ -	$ (303,361)	$ (3,657,519)	$ 268,334,350

	December 31, 2025						
	Stage 1	Stage 2	Stage 3				
	12-month Expected Credit Losses	Lifetime Expected Credit Losses	Lifetime Expected Credit Losses	Purchased or Originated Credit-impaired Financial Assets	Loss Allowance	Difference from Impairment Charged in Accordance with Guidelines for Handling Assessment of Assets	Gross Carrying Amount
Secured loans and overdue receivables	$ 255,523,986	$ 211,302	$ 2,990,716	$ -	$ (476,219)	$ (3,275,548)	$ 254,974,237

	March 31, 2025						
	Stage 1	Stage 2	Stage 3				
	12-month Expected Credit Losses	Lifetime Expected Credit Losses	Lifetime Expected Credit Losses	Purchased or Originated Credit-impaired Financial Assets	Loss Allowance	Difference from Impairment Charged in Accordance with Guidelines for Handling Assessment of Assets	Gross Carrying Amount
Secured loans and overdue receivables	$ 232,958,597	$ 270,995	$ 4,567,055	$ -	$ (1,254,784)	$ (2,876,276)	$ 233,665,587

viii. Reconciliation for loss allowance is summarized below:

i) Debt instruments at FVTOCI of the Company

		Lifetime Expected Credit Losses			
	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, 2026	$ 218,884	$ 277,745	$ 987,829	$ -	$ 1,484,458
Effects of the redesignation of financial assets	635,706	(201,920)	1,951,211	-	2,384,997
Balance after redesignation of financial assets	854,590	75,825	2,939,040	-	3,869,455
Changes due to financial instruments recognized as at January 1					
Transferred to 12-month expected credit losses	75,825	(75,825)	-	-	-
New financial assets originated or purchased	192,249	-	-	-	192,249
Financial assets that have been derecognized during the period	(25,518)	-	-	-	(25,518)
Changes in models/risk parameters	(134,199)	-	(129,749)	-	(263,948)
Foreign exchange and other movements	13,971	-	49,259	-	63,230
March 31, 2026	$ 976,918	$ -	$ 2,858,550	$ -	$ 3,835,468

		Lifetime Expected Credit Losses			
	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 at January 1					
Transferred to 12-month expected credit losses	13,699	(13,699)	-	-	-
New financial assets originated or purchased	12,230	-	-	-	12,230
Financial assets that have been derecognized during the period	(16,169)	-	-	-	(16,169)
Changes in models/risk parameters	5,516	15,535	(61,147)	-	(40,096)
Foreign exchange and other movements	2,274	2,656	26,076	-	31,006
March 31, 2025	$ 182,307	$ 228,906	$ 950,811	$ -	$ 1,362,024

ii) Financial assets measured at amortized cost of the Company

		Lifetime Expected Credit Losses			
	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, 2026	$ 1,540,200	$ 117,076	$ 1,951,211	$ -	$ 3,608,487
Effects of the redesignation of financial assets	(695,055)	74,183	(1,951,211)	-	(2,572,083)
Balance after redesignation of financial assets	845,145	191,259	-	-	1,036,404
New financial assets originated or purchased	24,825	-	-	-	24,825
Financial assets that have been derecognized during the period	(177,136)	-	-	-	(177,136)
Changes in models/risk parameters	170,867	(127,159)	-	-	43,708
Foreign exchange and other movements	14,203	3,243	-	-	17,446
March 31, 2026	$ 877,904	$ 67,343	$ -	$ -	$ 945,247

		Lifetime Expected Credit Losses			
	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	$ 1,544,817	$ 864	$ 1,979,485	$ -	$ 3,525,166
New financial assets originated or purchased	9,684	-	-	-	9,684
Financial assets that have been derecognized during the period	(416,646)	(15)	-	-	(416,661)
Changes in models/risk parameters	488,499	64	(74,280)	-	414,283
Foreign exchange and other movements	19,553	11	24,214	-	43,778
March 31, 2025	$ 1,645,907	$ 924	$ 1,929,419	$ -	$ 3,576,250

iii) Other financial assets of the Company

		Lifetime Expected Credit Losses			
	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, 2026	$ 357	$ -	$ -	$ -	$ 357
New financial assets originated or purchased	1,089	-	-	-	1,089
March 31, 2026	$ 1,446	$ -	$ -	$ -	$ 1,446

iv) Secured loans and non-accrual receivables of the Company

		Lifetime Expected Credit Losses					
	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	Difference from Impairment Charged in Accordance with Guidelines for Handling Assessment of Assets	Total
January 1, 2026	$ 59,595	$ 3,464	$ 413,160	$ -	$ 476,219	$ 3,275,548	$ 3,751,767
Changes due to financial instruments recognized as at January 1							
Transferred to lifetime expected credit losses	(3)	3	-	-	-	-	-
Transferred to credit-impaired financial assets	(18)	(10)	28	-	-	-	-
Transferred to 12-month expected credit losses	563	(29)	(534)	-	-	-	-
New financial assets originated or purchased	1,767	-	662	-	2,429	-	2,429
Difference from impairment charged in accordance with Guidelines for Handling Assessment of Assets	-	-	-	-	-	381,971	381,971
Changes in models/risk parameters	(34,160)	(197)	(140,930)	-	(175,287)	-	(175,287)
March 31, 2026	$ 27,744	$ 3,231	$ 272,386	$ -	$ 303,361	$ 3,657,519	$ 3,960,880

	12-month Expected Credit Losses	Lifetime Expected Credit Losses: Collectively Assessed	Lifetime Expected Credit Losses: Not Purchased or Originated Credit-impaired Financial Assets	Lifetime Expected Credit Losses: Purchased or Originated Credit-impaired Financial Assets	Total of Impairment Charged in Accordance with IFRS 9	Difference from Impairment Charged in Accordance with Guidelines for Handling Assessment of Assets	Total
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 at January 1							
Transferred to lifetime expected credit losses	(7)	7	-	-	-	-	-
Transferred to credit-impaired financial assets	(12)	(20)	32	-	-	-	-
Transferred to 12-month expected credit losses	575	(47)	(528)	-	-	-	-
New financial assets originated or purchased	2,048	-	2,988	-	5,036	-	5,036
Financial assets that have been derecognized during the period	(465)	-	-	-	(465)	-	(465)
Difference from impairment charged in accordance with Guidelines for Handling Assessment of Assets	-	-	-	-	-	54,877	54,877
Changes in models/risk parameters	1,737	(107)	6,690	-	8,320	-	8,320
March 31, 2025	$ 54,926	$ 4,490	$ 1,195,368	$ -	$ 1,254,784	$ 2,876,276	$ 4,131,060

There were no significant changes in loss allowance due to significant changes in the gross carrying amounts of the financial instruments.

ix. 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	Aging of Receivables Recognized: 1-3 Months	Aging of Receivables Recognized: 3-6 Months	Aging of Receivables Recognized: Over 6 Months	Total
March 31, 2026					
Gross carrying amount (Note)	$ 13,131,728	$ 76,030	$ 523	$ 306	$ 13,208,587
Loss rate	0%	2%	10%	50%	-
Lifetime expected credit losses	-	1,521	52	153	1,726

Note: Notes receivable of $518,307 thousand and other receivables of $12,690,280 thousand were included.

	Aging of Receivables Recognized: Not Yet Due/within 1 Month	Aging of Receivables Recognized: 1-3 Months	Aging of Receivables Recognized: 3-6 Months	Aging of Receivables Recognized: Over 6 Months	Total
December 31, 2025					
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
March 31, 2025					
Gross carrying amount (Note)	$ 14,402,092	$ 62,391	$ 391	$ -	$ 14,464,874
Loss rate	0%	2%	10%	50%	-
Lifetime expected credit losses	-	1,248	39	-	1,287

Note: Notes receivable of $8,622 thousand and other receivables of $14,456,252 thousand were included.

The loss allowance was reconciled as follows:

	For the Three Months Ended March 31	
	2026	2025
Beginning balance	$ 1,586	$ 1,334
Provision for the current period	140	(47)
Ending balance	$ 1,726	$ 1,287

3) Liquidity risk analysis

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 the Company 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 the Company sells or offsets its positions during a market disorder or a lack of sufficient market depth.

b) Liquidity risk management

The Company assesses the characteristics of business, monitors short-term cash flows, and constructs the completed mechanism of liquidity risk management. Furthermore, the Company manages market liquidity risk cautiously by considering market trading volumes and adequacy of holding positions symmetrically.

The Company 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 the Company makes an emergency operating procedure to deal with significant liquidity risks.

The analysis of cash outflows to the Group 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.

	March 31, 2026				
	Less than 6 Months	Due in 6-12 Months	Due in 1-2 Years	Due in 2-5 Years	Over 5 Years
Non-derivative financial liabilities					
Payables	$ 18,355,245	$ 498,002	$ -	$ -	$ -
Short-term debt	1,434,796	-	-	-	-
Other financial liabilities	2,057,774	2,224,809	3,543,962	10,413,125	34,515,115
Bonds payable (Note 1)	1,573,839	36,860,801	6,548,555	15,880,663	182,636,035
Lease liabilities (Note 2)	187,832	622,393	794,324	2,094,934	31,402,204
Derivative financial liabilities					
SWAP	28,241,006	28,575,106	10,995,600	-	-
Forward	8,435,116	2,151,850	-	-	1,331,280

	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
Non-derivative financial liabilities					
Payables	$ 15,702,141	$ 1,565,921	$ -	$ -	$ -
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
Derivative financial liabilities					
SWAP	8,663,320	38,847,818	9,152,800	-	-
Forward	15,641,333	4,315,570	138,400	-	1,190,360

	March 31, 2025				
	Less than 6 Months	Due in 6-12 Months	Due in 1-2 Years	Due in 2-5 Years	Over 5 Years
Non-derivative financial liabilities					
Payables	$ 25,461,036	$ 1,187,383	$ -	$ -	$ -
Other financial liabilities	3,242,303	21,406,221	1,408,813	3,709,174	5,178,725
Bonds payable (Note 1)	2,483,446	1,893,382	7,895,007	17,313,638	224,055,926
Lease liabilities (Note 2)	208,768	664,403	868,124	2,221,806	32,084,680
Derivative financial liabilities					
SWAP	25,458,192	12,435,760	-	-	-
Forward	31,185,601	5,485,190	2,368,200	-	1,643,800

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 interval (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 66 years.

f. Hedge accounting disclosures

<u>Cash flow hedges</u>

The future cash flows of the bond investments and borrowings held by the Group may fluctuate due to the changes in market interest rates and thus lead to risks. Accordingly, the Group held interest rate derivatives to hedge risks arising from the changes in interest rates. Information of hedge accounting is as follows:

1) Hedging instruments

March 31, 2026

Hedging Instrument	Nominal Amount of the Hedging Instrument	Carrying Amount of the Hedging Instrument - Assets	Carrying Amount of the Hedging Instrument - Liabilities	Line Items in Balance Sheet Where the Hedging Instrument Is Included	Changes in Fair Value Used for Calculating Hedge Ineffectiveness for the Current Period
IRS	$ 825,505	$ 38,548	$ -	Financial assets for hedging	$ 10,259
IRS	25,528,201	238,796	-	Financial assets for hedging	405,722

December 31, 2025

Hedging Instrument	Nominal Amount of the Hedging Instrument	Carrying Amount of the Hedging Instrument - Assets	Carrying Amount of the Hedging Instrument - Liabilities	Line Items in Balance Sheet Where the Hedging Instrument Is Included	Changes in Fair Value Used for Calculating Hedge Ineffectiveness for the Current Period
IRS	$ 830,223	$ 28,289	$ -	Financial assets for hedging	$ 21,874
IRS	25,527,896	-	166,925	Financial liabilities for hedging	(143,701)

March 31, 2025

Hedging Instrument	Nominal Amount of the Hedging Instrument	Carrying Amount of the Hedging Instrument - Assets	Carrying Amount of the Hedging Instrument - Liabilities	Line Items in Balance Sheet Where the Hedging Instrument Is Included	Changes in Fair Value Used for Calculating Hedge Ineffectiveness for the Current Period
IRS	$ 808,711	$ 16,924	$ -	Financial assets for hedging	$ 10,509
IRS	32,813,045	-	439,641	Financial liabilities for hedging	(416,417)

2) 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>March 31, 2026</u>					
IRS					
Nominal principal	$ -	$ -	$ -	$ -	$ 26,353,706
Average fixed rate	-	-	-	-	2.23%

	Period Till Maturity				
	1 Month	1-3 Months	3 Months - 1 Year	1-5 Years	Over 5 Years
December 31, 2025					
IRS					
Nominal principal	$ -	$ -	$ -	$ -	$ 26,358,119
Average fixed rate	-	-	-	-	2.23%

	Period Till Maturity				
	1 Month	1-3 Months	3 Months - 1 Year	1-5 Years	Over 5 Years
March 31, 2025					
IRS					
Nominal principal	$ -	$ -	$ 20,813,052	$ -	$ 12,808,704
Average fixed rate	-	-	1.75%	-	2.23%

3) Hedged items

	For the Three Months Ended March 31, 2026							
	Changes in Fair Value Used for Calculating Hedge Ineffectiveness for the Period	Cash Flow Hedge Reserve	Balance of Cash Flow Hedge Reserve Generated from the Hedging Relationships Where Hedge Accounting Is No Longer Applicable	Changes 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 Items Affected in Profit or Loss Because of the Reclassification
Floating-rate borrowings	$ (415,981)	$ 277,344	N/A	$ 375,931	$ -	-	$ 40,049	-
Discontinued hedge	-	-	$ (235,067)	-	-	-	1,582	Finance costs

	For the Three Months Ended March 31, 2025							
	Changes in Fair Value Used for Calculating Hedge Ineffectiveness for the Period	Cash Flow Hedge Reserve	Balance of Cash Flow Hedge Reserve Generated from the Hedging Relationships Where Hedge Accounting Is No Longer Applicable	Changes 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 Items Affected in Profit or Loss Because of the Reclassification
Floating-rate borrowings	$ 405,908	$ (422,717)	N/A	$ (405,908)	$ -	-	$ -	-
Discontinued hedge	20,662	-	$ (235,068)	29,286	(23,599)	Finance costs	1,860	Finance costs
Expected Investment	(49,949)	-	N/A	-	-	Finance costs	-	-

4) Reconciliation of equity component that applied hedge accounting and related other comprehensive income is summarized below:

	For the Three Months Ended March 31	
	2026	2025
Beginning balance	$ (288,067)	$ (225,374)
Gross amount recognized in other comprehensive income		
Changes in the values of the hedging instruments recognized in other comprehensive income (loss)	399,298	(375,648)
Changes in the values of the hedging instruments of non-controlling interests recognized in other comprehensive income (loss)	998	(974)
Amount reclassified from cash flow hedge reserve to profit or loss	41,631	1,860
Exchange rate changes	(2,939)	(2,611)
Tax effects	(107,291)	75,475
Ending balance	$ 43,630	$ (527,272)

Fair value hedges

The book value of the foreign currency denominated assets held by the Group may fluctuate due to the changes in market exchange rates and thus lead to risk. Accordingly, the Group held derivative instruments related to exchange rates to hedge risks arising from changes in exchange rates. Information of hedge accounting is as follows:

1) Hedging instruments

	March 31, 2026				
		Carrying Amount of the Hedging Instrument			
Hedging Instrument	Nominal Amount of the Hedging Instrument	Assets	Liabilities	Line Items in Balance Sheet Where the Hedging Instrument Is Included	Changes in Fair Value Used for Calculating Hedge Ineffectiveness for Current Year
Forward	$ 44,433,720	$ -	$ 2,252,671	Financial liabilities for hedging	$ (791,320)

	December 31, 2025				
		Carrying Amount of the Hedging Instrument			
Hedging Instrument	Nominal Amount of the Hedging Instrument	Assets	Liabilities	Line Items in Balance Sheet Where the Hedging Instrument Is Included	Changes in Fair Value Used for Calculating Hedge Ineffectiveness for Current Year
		$ 7,721	$ -	Financial assets for hedging	
Forward	$44,433,720	-	752,946	Financial liabilities for hedging	$ 3,548,209

	March 31, 2025				
		Carrying Amount of the Hedging Instrument			
Hedging Instrument	Nominal Amount of the Hedging Instrument	Assets	Liabilities	Line Items in Balance Sheet Where the Hedging Instrument Is Included	Changes in Fair Value Used for Calculating Hedge Ineffectiveness for Current Year
Forward	$ 55,705,620	$ -	$ 2,584,744	Financial liabilities for hedging	$ (588,395)

2) 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
March 31, 2026					
Forward					
Nominal principal	$ -	$ -	$ 37,450,200	$ -	$ 6,983,520
Exchange rate (USD/TWD)	-	-	31.2085	-	26.7485

	Period Till Maturity				
	1 Month	1-3 Months	3 Months - 1 Year	1-5 Years	Over 5 Years
December 31, 2025					
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
March 31, 2025					
Forward					
Nominal principal	$ -	$ -	$ 11,271,900	$ 37,450,200	$ 6,983,520
Exchange rate (USD/TWD)	-	-	28.1654	31.2085	26.7845

3) Hedged items

	For the Three Months Ended March 31, 2026							
	Book Value of Hedged Items		Cumulative Adjustment for Changes in Fair Value of Hedged Items Included in Book Value of Hedged Items		Line Item in Statement of Financial Position That Includes Hedged Items	Changes in Fair Value Used for Calculating Hedge Ineffectiveness for the Period	Ineffectiveness Recognized in Profit or Loss	Line Item in Profit or Loss That Includes Hedge Ineffectiveness
	Assets	Liabilities	Assets	Liabilities				
Overseas bonds	$ 44,433,720	$ -	$ 791,320	$ -	Financial assets at amortized cost	$ 791,320	$ -	-

	For the Three Months Ended March 31, 2025							
	Book Value of Hedged Items		Cumulative Adjustment for Changes in Fair Value of Hedged Items Included in Book Value of Hedged Items		Line Item in Statement of Financial Position That Includes Hedged Items	Changes in Fair Value Used for Calculating Hedge Ineffectiveness for the Period	Ineffectiveness Recognized in Profit or Loss	Line Item in Profit or Loss That Includes Hedge Ineffectiveness
	Assets	Liabilities	Assets	Liabilities				
Overseas bonds	$ 55,705,620	$ -	$ 588,395	$ -	Financial assets at amortized cost	$ 588,395	$ -	$ -

4) Reconciliation of equity component that applied hedge accounting and related other comprehensive income were summarized below:

	For the Three Months Ended March 31	
	2026	2025
Foreign currency basis - related period		
Beginning balance	$ (1,309,229)	$ (128,933)
Gross amount recognized in other comprehensive income		
Changes in the values of the hedging instruments recognized in other comprehensive loss	(716,126)	(82,596)
Amount reclassified to profit or loss	287,039	332,002
Tax effects	85,818	(49,881)
Ending balance	$ (1,652,498)	$ 70,592

g. Offsetting of financial assets and financial liabilities

The Group engages 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:

March 31, 2026

Financial Assets Bound by Offsetting or Master Netting Arrangements or Similar Agreement						
				Relevant Amount That Has Not Been Offset on Balance Sheet (d)		
Item	Gross Amount of Recognized Financial Assets (a)	Gross Amount of Offset Financial Liabilities Recognized on Balance Sheet (b)	Net Financial Assets Recognized on Balance Sheet (c)=(a)-(b)	Financial Instruments	Cash Collateral Received	Net Amount (e)=(c)-(d)
Derivative financial instruments	$ 11,573,403	$ -	$ 11,573,403	$ 9,048,961	$ 3,175,904	$ (651,462)

Financial Liabilities Bound by Offsetting or Master Netting Arrangements or Similar Agreement						
				Relevant Amount That Has Not Been Offset on Balance Sheet (d)		
Item	Gross Amount of Recognized Financial Liabilities (a)	Gross Amount of Offset Financial Assets Recognized on Balance Sheet (b)	Net Financial Liabilities Recognized on Balance Sheet (c)=(a)-(b)	Financial Instruments	Cash Collateral Paid	Net Amount (e)=(c)-(d)
Derivative financial instruments	$ 67,272,294	$ -	$ 67,272,294	$ 9,048,961	$ 8,647,271	$ 49,576,062

December 31, 2025

Financial Assets Bound by Offsetting or Master Netting Arrangements or Similar Agreement						
				Relevant Amount That Has Not Been Offset on Balance Sheet (d)		
Item	Gross Amount of Recognized Financial Assets (a)	Gross Amount of Offset Financial Liabilities Recognized on Balance Sheet (b)	Net Financial Assets Recognized on Balance Sheet (c)=(a)-(b)	Financial Instruments	Cash Collateral Received	Net Amount (e)=(c)-(d)
Derivative financial instruments	$ 14,153,286	$ -	$ 14,153,286	$ 13,956,747	$ 434,284	$ (237,745)

Financial Liabilities Bound by Offsetting or Master Netting Arrangements or Similar Agreement						
				Relevant Amount That Has Not Been Offset on Balance Sheet (d)		
Item	Gross Amount of Recognized Financial Liabilities (a)	Gross Amount of Offset Financial Assets Recognized on Balance Sheet (b)	Net Financial Liabilities Recognized on Balance Sheet (c)=(a)-(b)	Financial Instruments	Cash Collateral Paid	Net Amount (e)=(c)-(d)
Derivative financial instruments	$ 60,779,701	$ -	$ 60,779,701	$ 13,956,747	$ 15,040,950	$ 31,782,004

March 31, 2025

Financial Assets Bound by Offsetting or Master Netting Arrangements or Similar Agreement						
				Relevant Amount That Has Not Been Offset on Balance Sheet (d)		
Item	Gross Amount of Recognized Financial Assets (a)	Gross Amount of Offset Financial Liabilities Recognized on Balance Sheet (b)	Net Financial Assets Recognized on Balance Sheet (c)=(a)-(b)	Financial Instruments	Cash Collateral Received	Net Amount (e)=(c)-(d)
Derivative financial instruments	$ 2,627,729	$ -	$ 2,627,729	$ 2,497,503	$ 182,999	$ (52,773)

Financial Liabilities Bound by Offsetting or Master Netting Arrangements or Similar Agreement						
				Relevant Amount That Has Not Been Offset on Balance Sheet (d)		
Item	Gross Amount of Recognized Financial Liabilities (a)	Gross Amount of Offset Financial Assets Recognized on Balance Sheet (b)	Net Financial Liabilities Recognized on Balance Sheet (c)=(a)-(b)	Financial Instruments	Cash Collateral Paid	Net Amount (e)=(c)-(d)
Derivative financial instruments	$ 56,981,923	$ -	$ 56,981,923	$ 2,497,503	$ 16,311,538	$ 38,172,882

h. Other financial liabilities

Item	March 31, 2026	December 31, 2025	March 31, 2025
Secured borrowings			
Bank loans	$ 39,917,964	$ 37,501,356	$ 30,306,870
Unsecured borrowings			
Bank loans	285,000	1,708,404	45,000
	$ 40,202,964	$ 39,209,760	$ 30,351,870
Borrowing rate	2.10%-3.91%	2.05%-3.91%	2.02%-3.91%

The amount of capitalized borrowing costs was $6,301 thousand as of March 31, 2026, and the rate for the amount of borrowing costs that meet the capitalized conditions was determined to be 2.10% to 2.63%.

The secured borrowings of Cathay Wind Power, Cathay Power and its subsidiaries were secured by NTD demand deposits, other equipment and investments accounted for using the equity method. Refer to Note 39.

Cathay Wind Power entered into a bank loan with First Commercial Bank, CTBC bank, HSBC bank, DBS bank and other financial institutions. According to the loan agreement, when Cathay Wind Power makes new drawdowns, the debt ratio should not exceed 300% and debt service coverage ratios should be higher than 1.25 times after starting operation.

42. RISK MANAGEMENT AND INSURANCE RISK INFORMATION

a. Risk management objectives, policies, procedures and methods

1) Objectives of risk management

The Company'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.

2) Framework, organizational structure and responsibilities of risk management

a) 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 the Company as well as operational strategies and operations management.

iii. The board of directors should review 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.

b) 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 the results of implementing 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 the review of the risk limit development process.

v. The committee should arrange the risk category, risk limit allocation and risk taking according to the changes in environment.

vi. The committee should enhance cross-department interaction and communication.

c) 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 the Company.

ii. The chief risk officer should be able to access any business information which may have an impact on risk overview of the Company.

iii. The chief risk officer should be in charge of overall risk management of the Company.

iv. The chief risk officer should participate in the Company's important decision-making process and, as appropriate, provide opinions from a risk management perspective.

d) Risk management department

i. The department is responsible for operational affairs such as monitoring, measuring and evaluating daily risks, which should be performed independently to business units.

ii. The department should perform the following functions with regard to different business activities:

i) Propose and execute the risk management policies set by the board of directors.

ii) Propose the risk limits based on risk appetite.

iii) Summarize the risk information provided by each department, negotiate and communicate with each department to facilitate the execution of the policies and the risk limits.

iv) Regularly present risk management reports.

v) Regularly review the risk limits and usage status of each business unit and deal with the violation of the business units authorized by the board of directors.

vi) Assist to execute stress testing.

vii) Execute back testing if necessary.

viii) Other risk management related issues.

e) 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:

i) Identify and measure risks and report risk exposures and potential impacts on time.

ii) 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.

iii) Assist to develop the risk model and ensure that risk measurement, application of the model and the parameter settings are reasonable and consistent.

iv) Ensure that internal control procedures are executed effectively to comply with applicable rules and the risk management policies.

v) Assist to collect data related to operational risk.

vi) Manager of a business unit is responsible for daily risk management and risk reporting of the unit, if necessary, and takes necessary actions to mitigate such risks.

vii) Manager of a business unit should supervise the unit to summit risk management information regularly to the risk management department.

f) 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 the Company.

g) Subsidiary

Each subsidiary's risk management department or related unit should develop risk management policies based on the nature of its business and needs, periodically submit risk management reports to the Company's risk management unit for consolidation, and report to the Company's risk management committee for future reference.

3) Range and nature of risk assessment or risk reporting

The Company's risk management procedures include risk identification, risk measurement, risk management mechanisms, and risk management reporting. The Company 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 risk, personal data risk, emerging risk, ESG risk, reputation risk, and group risk. The Company also develops methods of assessment and evaluation, monitors its risks and regularly provides the risk management reports.

a) Market risk

Market risk is the risk that changes in financial market prices may adversely affect the Company. The Company adopts measurement indicators for market risk based on VaR and reviews regularly. In addition, the Company performs back testing to ensure the accuracy of the market risk model regularly. Furthermore, the Company 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, the Company determines the ceiling of foreign exchange risk, implements warning system and monitors foreign exchange risk regularly.

b) Credit risk

Credit risk is the risk of loss arising from a counterparty's or debtor's failure to fulfill contractual obligations, resulting in adverse impacts on the Company. The Company applies credit rating, credit concentration and VaR of credit as measurement indicators which are reviewed regularly. Furthermore, the Company applies scenario analysis and stress testing to evaluate the possible impacts on asset portfolio due to significant domestic and/or international events regularly.

c) Country risk

Country risk is the risk that the Company may incur losses on its 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 economic, domestic, and geopolitical changes. The Company 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. The Company reviews and adjusts the indicator on a regular basis.

d) Liquidity risk

Liquidity risk is comprised of funding liquidity risk and market liquidity risk. Funding liquidity risk is the risk that the Company is not capable of performing matured commitment because it fails to realize assets or obtain sufficient funds. The Company 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 to maintain appropriate liquidity of assets. Market liquidity risk is the risk of significant changes in fair values when the Company sells or offsets its positions during a market disorder or a lack of sufficient market depth. The Company 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.

e) 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. The Company 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 the Company's operation and ability to provide customer services while minimizing the losses under a major crisis, the Company has established business continuity management system, emergency handling mechanism and information system damage responses.

f) Insurance risk

The Company assumes certain risks which is transferred from policyholders after the collection of premiums from policyholders, and the Company 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.

g) Asset and liability matching risk

This risk resulted from the differences between the changes in values of assets and those of liabilities. The Company measures the risk with capital costs, duration, cash flow management and scenario analysis.

h) Capital adequacy

The Company regards capital adequacy ratio and net worth ratio as management indicators for capital adequacy. The capital adequacy ratio is the total capital of the Company divided by its risk-based capital, as regulated under the Insurance Act and the Regulations Governing Capital Adequacy of Insurance Companies. The net worth ratio is the Company's equity divided by the total assets excluding the total assets recorded in assets of segregated account insurance products. Both the capital adequacy ratio and the equity ratio shall be calculated based on the standalone financial statements.

i) Risk of information security

The risk of information security refers to the damage resulted from confidentiality, completeness and availability of information asset, or damage caused by stealing, tampering, damaging, losing or leaking information asset. The Company has a security management policy to reduce the impact of information security incidents and report to the Board regularly on the overall implementation of information security and the trend of information security risks.

j) Risk of personal data

The risk of personal data refers to the damage caused by stealing, tampering, damaging, losing or leaking personal data. The Company has a personal data management policy to reduce the impact of personal data damages.

k) Emerging risks

Emerging risks refer to risks that are not currently revealed but may arise as a result of the changes of the environment, usually due to changes in politics, regulations, markets or the natural environment. The Company 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.

l) ESG risks

ESG risks include environmental (issues such as climate and nature), social and corporate governance risks. Climate and nature risk is part of the environmental risks of ESG risks and refers to the potential negative impact of climate changes and environmental changes, including transformation risk (a wide range of risks resulting from the trend of a low-carbon economy or emphasis on environmental sustainability, including policy, legal, technology and market change risks) and physical risk (the risk of financial losses due to immediacy extreme weather events, long-term climate pattern change or degradation of natural systems). The Company has established relevant risk indicators, implements management mechanisms such as risk monitoring, scenario analysis, and stress testing, and regularly prepares risk management reports.

m) Reputation risks

Reputation risks refer to risks caused by misconduct or negative reports from the media, leading to the damage to brands and shareholders' equity and potentially having adverse effects on the Company's reputation. The Company has reputation risk management policies, assesses the risk, takes relevant measures, and implements procedures such as stakeholder communication as a response.

n) Group risks

Group risk refers to the risk that the financial condition of the entire group or any member within the group may be adversely affected by events occurring at the group level, events affecting a specific group member, or events arising from the external environment. The Company has established group risk management guidelines to identify other group members, manage risks arising from significant interrelationships, and oversee the implementation of risk management by its subsidiaries.

4) The process of assuming, measuring, monitoring and controlling risks and the underwriting policies to determine the proper risk classification and premium levels

a) The process of assuming, measuring, monitoring and controlling insurance risks

i. Stipulate the Company'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 division of Cathay Financial Holdings. When an exceptional insurance risk event occurs, the related departments should propose corresponding solutions to the risk management committee of the Company.

b) 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. The Company has set up an underwriting team to deal with controversial cases with regard to new contracts and to interpret relevant underwriting standards.

iii. The Company has set up insurance contract approval procedures for high-value policies to enhance risk management over high-value policies and avoid adverse selection and moral hazard.

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

a) 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 the Company's credit rating or solvency.

v. Claim risk: The risk arising from improper operations or negligence in the process of handling claims by insurance enterprises.

vi. Reserve-related risk: This risk occurs when the Company does not have sufficient reserves to fulfill its obligations owing to underestimation of its liabilities.

b) The scope of management of insurance risk

i. Develop a risk control framework of the Company's insurance risk to empower related development to execute risk management.

ii. Establish the Company'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 the Company'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 strategy.

vi. Other insurance risk management issues.

6) The method to limit or transfer insurance risk exposure and to avoid inappropriate concentration risk

The Company limits or transfers insurance risk exposure and avoids inappropriate concentration risk mainly through the reinsurance management plan which is developed considering the Company'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, the Company has established reinsurer selection standards.

7) Asset/liability management

a) The Company 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 the Company faces.

b) 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 the Company. and risk management division of Cathay Financial Holdings.

c) When an exceptional situation occurs, the related departments should propose reactions to the asset/liability management committee, the risk management committee of the Company and the risk management division of Cathay Financial Holdings.

8) The procedures to manage, monitor and control a special event for which the Company is committed to assuming additional liabilities or funding addition capital

Pursuant to the applicable laws and regulations, the Company's capital adequacy ratio and net worth ratio should be higher than a certain number. In order to enhance the Company's capital management and to maintain a proper capital adequacy ratio and net worth ratio, the Company has established a set of capital adequacy management standards as follows:

a) Capital adequacy management

i. Regularly provide capital adequacy management reports and analysis to the finance department of Cathay Financial Holdings.

ii. Regularly provide the analysis report to the risk management committee.

iii. Conduct simulation analyses on significant fund utilization, changes in the financial environment, and amendments to applicable laws and regulations, to assess their impact on capital adequacy, as reflected in capital adequacy ratio and net worth ratio.

iv. Regularly review capital adequacy ratio, net worth ratio and related control standards and, in coordination with the risk management unit, conducts own risk and solvency assessment to ensure a solid capital adequacy management.

v. During the transitional period, the Company regularly reports to the Board of Directors on the actual implementation status of the transitional insurance product strategy, earnings retention plan, and capital strengthening measures plan as approved by the competent authority.

b) Exception management process

When capital adequacy ratio or net worth ratio exceeds the internal risk control criteria or other exceptions occur, the Company is required to notify the risk management department and the finance department and the risk management division of Cathay Financial Holdings, and submits the analysis report and actions.

9) Policies for hedge or mitigation of risk and monitoring procedures on continuous effectiveness of hedging instruments

a) The Company enters into derivative transactions to reduce market risk and credit risk of its asset positions, including stock index options, index futures, individual 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 the Company's investments. In addition, bond forward contracts are used as hedging instruments for expected investments to manage the risk of future bond purchase prices being affected by interest rate fluctuations and are accounted for in accordance with hedge accounting. The effective portion of the hedge is measured at FVTOCI, while the ineffective portion is measured at FVTPL.

b) Hedging instruments against risks and implementation are developed preliminarily in consideration of the risk-taking abilities. The Company 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.

c) The Company assesses and reviews the effectiveness and correlation of the hedge instruments and hedged items regularly. The assessment report is issued and forwarded to the board of directors or to 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.

10) The policies and procedures against the concentration of credit and investment risks

Considering the credit risk factors, the Company 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, the Company shall not grant loans or make investment in general. However, if the Company has to undertake the business under certain circumstances, the Company 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".

b. Information on insurance risk

1) Sensitivity of insurance risk

The sensitivity testing of insurance risk is performed by applying stress tests to key actuarial assumptions, including mortality, morbidity, expense rates, and lapse rates, to assess the impact on profit or loss before tax and equity. However, considering the relevant risk management mechanisms in place and that no significant changes in actuarial assumptions occurred during the interim reporting period, the Group did not separately quantify a sensitivity analysis for the interim period. Instead, the Group fully discloses the insurance risk sensitivity analysis in the annual financial statements in conjunction with the annual update of actuarial assumptions. This approach is considered sufficient to reflect the material impact of insurance risk on the Group's financial position and is consistent with the principles of relevance and cost-effectiveness in financial reporting.

2) Concentration of insurance risks

The table below presents the Company's analysis of concentration of insurance risk by line of business.

	March 31, 2026	December 31, 2025	March 31, 2025
Portfolios of insurance contracts issued			
Traditional life insurance and others	$ 6,203,162,888	$ 6,302,712,307	$ 6,156,665,111
Health insurance	548,967,290	553,452,994	476,860,779
Annuity insurance	4,890,591	5,077,208	5,470,029
Investment-linked insurance	305,880,868	292,606,471	258,508,609
Group insurance	1,717,339	1,614,852	1,773,464
	$ 7,064,618,976	$ 7,155,463,832	$ 6,899,277,992

3) Claim development trend

a) The Company

i. Direct business development trend

Accident Year	Development Year							Incurred Claims Liabilities
	1	2	3	4	5	6	7	
2019Q2-2020Q1	$ 37,105,908	$ 45,824,970	$ 46,901,246	$ 47,182,476	$ 47,435,931	$ 47,571,194	$ 47,618,920	$ -
2020Q2-2021Q1	38,407,395	48,248,138	49,423,699	49,755,477	49,980,675	50,089,413	50,146,542	57,243
2021Q2-2022Q1	36,416,644	46,447,155	47,700,380	48,216,806	48,385,496	48,545,655	48,562,445	177,303
2022Q2-2023Q1	40,636,183	51,791,172	53,112,539	53,485,681	53,861,691	53,892,072	53,910,671	425,840
2023Q2-2024Q1	44,196,935	56,305,021	57,743,276	58,371,369	58,503,422	58,537,003	58,557,592	815,945
2024Q2-2025Q1	46,021,103	58,933,153	60,677,037	60,949,017	61,150,841	61,233,806	61,255,634	2,327,126
2025Q2-2026Q1	48,363,434	60,905,753	62,420,553	62,803,192	63,065,160	63,216,124	63,287,215	14,953,629

Total	$ 18,757,086
Impact of the risk adjustment for non-financial risk	636,413
Other incurred claims liabilities	19,560,987
Total incurred claims liabilities for direct business	$ 38,954,486

ii. Retained business development trend

Accident Year	Development Year							Incurred Claims Liabilities
	1	2	3	4	5	6	7	
2019Q2-2020Q1	$ 37,105,908	$ 45,824,970	$ 46,901,246	$ 47,182,476	$ 47,435,931	$ 47,571,194	$ 47,618,920	$ -
2020Q2-2021Q1	38,407,395	48,248,138	49,423,699	49,755,477	49,980,675	50,089,413	50,146,542	57,243
2021Q2-2022Q1	36,416,644	46,447,155	47,700,380	48,216,806	48,385,496	48,545,655	48,562,445	177,303
2022Q2-2023Q1	40,636,183	51,791,172	53,112,539	53,485,681	53,861,691	53,892,072	53,910,671	425,840
2023Q2-2024Q1	44,196,935	56,305,021	57,743,276	58,371,369	58,503,422	58,537,003	58,557,592	815,945
2024Q2-2025Q1	46,021,103	58,933,153	60,677,037	60,949,017	61,150,841	61,233,806	61,255,634	2,327,126
2025Q2-2026Q1	48,363,434	60,905,753	62,420,553	62,803,192	63,065,160	63,216,124	63,287,215	14,953,629

Total	$ 18,757,086
Less: Ceded reinsurance share of claims not yet reported and unpaid	(342,489)
Impact of the risk adjustment for non-financial risk	627,444
Other incurred claims liabilities	17,771,820
Total incurred claims liabilities for retained business	$ 36,813,861

Note: Retained business equals direct business plus assumed reinsurance business less ceded reinsurance business.

The Company recognizes claims paid and reported claims, and, after considering related expenses, provides for incurred but not reported claims. In addition, reported but unpaid claims are provided for on a case-by-case basis, with consideration given to the effect of risk adjustment for non-financial risk. The aggregate of these amounts constitutes the liability for incurred claims. The recognition of such liabilities involves significant uncertainty, estimation, and judgment, and is therefore highly complex. Any changes in estimates or judgments are accounted for as changes in accounting estimates, with the resulting effects recognized in profit or loss for the current period. Certain claims may be reported to the Company with a delay. Furthermore, the estimation of the expected settlement amounts for IBNR claims involves extensive reliance on historical claims experience and subjective judgment. Accordingly, it cannot be assured that the claims provisions estimated as of the balance sheet date will ultimately equal the final settlement amounts of the claims. The carrying amount of the liability for incurred claims is estimated based on currently available information; however, the ultimate outcome may differ from the original estimates due to subsequent developments in the claims.

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 and 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.

b) Cathay Life (Vietnam)

i. Direct business development trend

Accident Year	Development Year				
	1	2	3	4	5
2021Q2-2022Q1	$ 45,291	$ 53,246	$ 53,249	$ 53,372	$ 53,372
2022Q2-2023Q1	73,966	85,767	85,779	85,779	85,779
2023Q2-2024Q1	79,373	92,194	92,801	92,862	92,862
2024Q2-2025Q1	85,110	98,573	98,938	99,004	99,004
2025Q2-2026Q1	90,252	105,209	105,599	105,669	105,669

ii. Retained business development trend

Accident Year	Development Year				
	1	2	3	4	5
2021Q2-2022Q1	$ 45,291	$ 53,246	$ 53,249	$ 53,372	$ 53,372
2022Q2-2023Q1	73,966	85,767	85,779	85,779	85,779
2023Q2-2024Q1	79,373	92,194	92,801	92,862	92,862
2024Q2-2025Q1	85,110	98,573	98,938	99,004	99,004
2025Q2-2026Q1	90,252	105,209	105,599	105,669	105,669

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.

Cathay Life (Vietnam) provides loss reserve for claims filed but not paid and claims not yet filed, claims reserves are established after considering the impact of the risk adjustment for non-financial risk. 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.

c. Credit risk, liquidity risk, and market risk for insurance contracts

1) 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, the Company chooses the reinsurance counterparty, reviews its credit rating periodically, monitors and controls the risk of reinsurance transactions properly in accordance with the Company's Reinsurance Risk Management Plan and Evaluation Standards for Reinsurers.

The credit ratings of the Company's reinsurers are above a certain level, complying with the Company'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.

2) Liquidity risk

The table below presents the maturity analysis of groups of insurance contract liabilities. It is prepared based on the undiscounted estimated future cash flows, and excludes amounts related to the liability for remaining coverage of insurance contracts that are measured under the premium allocation approach.

March 31, 2026

Cash Outflows	Less than 1 Year	1-2 Years	2-3 Years	3-4 Years	4-5 Years	Over 5 Years	Total
Insurance contract liabilities	$ 157,346,943	$ 97,603,933	$ 126,711,017	$ 154,280,301	$ 195,910,937	$ 19,459,525,869	$ 20,191,379,000

December 31, 2025

Cash Outflows	Less than 1 Year	1-2 Years	2-3 Years	3-4 Years	4-5 Years	Over 5 Years	Total
Insurance contract liabilities	$ 177,205,381	$ 103,409,770	$ 122,518,302	$ 148,290,031	$ 194,012,727	$ 19,214,989,663	$ 19,960,425,874

March 31, 2025

Cash Outflows	Less than 1 Year	1-2 Years	2-3 Years	3-4 Years	4-5 Years	Over 5 Years	Total
Insurance contract liabilities	$ 155,288,281	$ 118,756,863	$ 129,659,028	$ 149,360,984	$ 174,620,783	$ 18,900,682,483	$ 19,628,368,422

3) Market risk

The Group's operating activities expose it primarily to financial risks arising from fluctuations in foreign exchange rates, interest rates, and equity prices, which may cause changes in the fulfillment cash flows of insurance contracts and reinsurance contracts.

a) The table below presents a summary of the sensitivity analysis when the New Taiwan dollar (the functional currency) changes against each relevant foreign currency.

		For the Three Months Ended March 31, 2026							
		Change in Profit or Loss				Change in Equity			
Risk Factor	Variable (+/-)	Insurance Contracts Issued	Reinsurance Contracts Held	Financial Instruments	Total	Insurance Contracts Issued	Reinsurance Contracts Held	Financial Instruments	Total
Foreign currency risk	Appreciation of USD/NTD by 1%	$ (13,359,937)	$ (1,364)	$ 11,939,124	$ (1,422,177)	$ -	$ -	$ 7,320,883	$ 7,320,883
	Appreciation of CNY/NTD by 1%	(65,007)	3,410	66,060	4,463	-	-	195,883	195,883
Interest rate risk	Upward parallel shift of all currency yield curves by 1 bp	(113,265)	(45)	(168,672)	(281,982)	5,396,568	(11,277)	(2,775,610)	2,609,681

		For the Three Months Ended March 31, 2025							
		Change in Profit or Loss				Change in Equity			
Risk Factor	Variable (+/-)	Insurance Contracts Issued	Reinsurance Contracts Held	Financial Instruments	Total	Insurance Contracts Issued	Reinsurance Contracts Held	Financial Instruments	Total
Foreign currency risk	Appreciation of USD/NTD by 1%	$ (13,023,884)	$ (2,429)	$ 24,618,048	$ 11,591,735	$ -	$ -	$ 8,518,913	$ 8,518,913
	Appreciation of CNY/NTD by 1%	(70,967)	3,644	(30,845)	(98,168)	-	-	294,165	294,165
Interest rate risk	Upward parallel shift of all currency yield curves by 1 bp	(90,829)	(45)	-	(90,874)	5,606,769	10,859	(1,458,844)	4,158,784

Note 1: A sensitivity analysis is performed on foreign currency items denominated in the respective currencies mentioned above.

Note 2: The effects of changes in credit spreads and income tax are not taken into consideration.

Note 3: The effects of hedging and hedge accounting have been taken into account.

Note 4: The effects of provision for or reversal of foreign exchange reserve were not considered in valuation of the change in profit or loss from foreign currency risk. Starting from May 2025, the Company adopted the new foreign exchange valuation reserve mechanism, with both provision and reversal rate set at 100%. At present, the balance of the foreign exchange reserve is sufficient to withstand historically extreme appreciation of the New Taiwan Dollar; therefore, exchange rate fluctuations have no impact on profit or loss.

Note 5: Effective January 1, 2026, the impact on profit or loss from exchange rate risk sensitivity takes into account debt instruments measured at amortized cost for which the foreign currency risk component has not been designated in a hedging relationship. The resulting exchange differences are amortized on a straight-line basis over the expected remaining holding period of each individual debt instrument and recognized in foreign exchange gains or losses. However, the actual amortization amount may vary depending on exchange rate movements.

Note 6: Changes in equity were not included in the impact on the changes in profit or loss.

Note 7: Data of subsidiaries was not disclosed, as the Company assessed that there would be no material impact should the disclosures for the subsidiaries be included.

b) Equity price risk

The Group’s equity price exposure arising from insurance contracts issued mainly relates to insurance contracts with direct participation features in which benefits are linked to the fair value of underlying items. However, as the majority of these exposures are attributable to segregated accounts, equity price risk does not have a material financial impact on the Group.

43. SEGMENT INFORMATION

The Group’s life insurance business is operated in accordance with the Insurance Act. In accordance with IFRS 8, since the Group only provides insurance policy products and the business decision makers allocate the resources to the Group as a whole, the Group is considered as a single operating segment.

44. CAPITAL MANAGEMENT

a. Management objectives

In order to ensure capital structure and stimulate business growth, the Company manages its capital adequacy in accordance with Regulations Governing Capital Adequacy of Insurance Companies and management policies established by the Company and maintains adequate capital to effectively absorb different types of risk.

b. Management policies

In order for sufficient capital to assume all types of risks, the Company applies capital adequacy ratio and the net worth ratio as the management indicator for capital adequacy. The Company calculates capital adequacy ratio and net worth ratio periodically and aperiodically to monitor the status of short and mid-term capital adequacy and the calculation would serve as reference for business objectives and asset allocation.

In accordance with Regulations Governing Capital Adequacy of Insurance Companies and Explanation of the calculation methodology for eligible capital and risk-based capital of Insurance Companies (hereinafter referred to as the "Calculation Methodology"), the components of owned capital and risk-based capital are as follows:

1) Owned capital

Owned capital is divided into Tier 1 unlimited capital, Tier 1 limited capital and Tier 2 capital, which includes:

a) Items covered by Article 2 of Regulations Governing Capital Adequacy of Insurance Companies. The amount shall be deducted in accordance with the statutory adjustment items specified in the Calculation Methodology.

b) The limits on the inclusion of Tier 1 restricted capital net amount and Tier 2 capital net amount in eligible capital, the eligibility requirements for capital instruments of each capital category, and the deduction items shall be handled in accordance with the provisions of the Calculation Methodology.

2) Risk-based capital

Risk-based capital refers to the adverse change in eligible capital calculated based on unexpected changes in specific risks, events, or other factors affecting insurance enterprises. The scope of its calculation includes insurance risk, market risk, credit risk, operational risk, and other risks.

Calculation of risk-based capital referred to in the preceding paragraph shall be conducted in accordance with the provisions of the Calculation Methodology.

c. Management procedures

1) Periodical calculation

To implement management of RBC, the Company regularly reviews its capital adequacy ratio and equity ratio, and, in coordination with the risk management unit, conducts Own Risk and Solvency Assessment (ORSA). During the transitional period, the Company also periodically reports to the Board of Directors the actual implementation status of the transitional insurance product strategy plan, earnings retention plan, and capital strengthening measures plan approved by the competent authority.

2) Aperiodic calculation

Conduct simulation analyses on significant fund utilization, changes in the financial environment, and amendments to applicable laws and regulations, to assess their impact on capital adequacy, as reflected in capital adequacy ratio and net worth ratio.

d. Current status of capital adequacy ratio

The Company's RBC ratio, which is calculated in accordance with Regulations Governing Capital Adequacy of Insurance Companies, is above 200% during the past three years, and the net worth ratios are above 3% as of the end of semi-period of 2025 and the end of 2025, which complies with the regulations.

Starting from 2026, the Company has applied to the competent authority for the adoption of optional transitional measures in accordance with the "Directions Governing Optional Transitional Measures for Eligible Capital and Risk-Based Capital of Insurance Enterprises," and has completed the required procedures, including audit by the certified public accountant and submission to the Board of Directors.

45. OTHERS

a. Significant assets and liabilities denominated in foreign currencies

The significant financial assets and liabilities denominated in foreign currencies of the entities in the Group aggregated by the foreign currencies other than functional currency and the related exchange rates between the foreign currencies and the respective functional currencies were as follows:

	March 31, 2026		
	Foreign Currency	**Exchange Rate**	**New Taiwan Dollars**
Financial assets			
Monetary items			
USD	$ 159,146,111	31.980000	$ 5,089,492,633
AUD	6,786,564	21.959067	149,026,609
Non-monetary items			
USD	8,303,684	31.980000	265,551,809
Investments accounted for using the equity method			
CNY	1,957,341	4.629300	9,061,117
PHP	37,089,135	0.526500	19,527,429
EUR	693,656	36.689100	25,449,627
Financial liabilities			
Monetary items			
USD	2,539,476	31.980000	81,212,445

	December 31, 2025		
	Foreign Currency	Exchange Rate	New Taiwan Dollars
Financial assets			
Monetary items			
USD	$ 158,550,678	31.438000	$ 4,984,516,211
AUD	6,248,272	21.027306	131,384,325
Non-monetary items			
USD	8,428,784	31.438000	264,984,116
Investments accounted for using the equity method			
CNY	2,139,524	4.498200	9,624,009
PHP	36,459,808	0.533500	19,451,308
EUR	680,792	36.898800	25,120,391
Financial liabilities			
Monetary items			
USD	1,898,059	31.438000	59,671,181

	March 31, 2025		
	Foreign Currency	Exchange Rate	New Taiwan Dollars
Financial assets			
Monetary items			
USD	$ 154,290,079	33.182000	$ 5,119,653,388
AUD	5,771,502	20.801796	120,057,605
Non-monetary items			
USD	8,804,744	33.182000	292,159,010
Investments accounted for using the equity method			
CNY	462,132	4.575800	2,114,624
PHP	34,747,704	0.579500	20,136,295
EUR	683,496	35.942700	24,566,708
Financial liabilities			
Monetary items			
USD	2,110,594	33.182000	70,033,733

Note: Impacts of foreign currencies other than functional currencies of subsidiaries are immaterial; therefore, information of subsidiaries is not disclosed.

b. Total amount of assets and liabilities expected to recover or settle within/over 12 months

Items	March 31, 2026 Recovery/ Settlement within 12 Months	Recovery/ Settlement over 12 Months	Total
Cash and cash equivalents	$ 249,192,318	$ -	$ 249,192,318
Receivables	111,730,298	14,754	111,745,052
Current tax assets	181,559	-	181,559
Investments			
Financial assets at FVTPL	28,124,295	468,906,269	497,030,564
Financial assets at FVTOCI	73,762,586	3,214,825,994	3,288,588,580
Financial assets measured at amortized cost	22,417,800	2,656,664,729	2,679,082,529
Financial assets for hedging	-	277,344	277,344
Investments accounted for using the equity method	-	78,800,021	78,800,021
Other financial assets	-	5,998,554	5,998,554
Investment property	-	563,325,048	563,325,048
Investment property under construction	-	24,206,844	24,206,844
Prepayments for buildings and land - investments	-	1,105,865	1,105,865
Loans	2,351,610	269,526,731	271,878,341
Total investments	126,656,291	7,283,637,399	7,410,293,690
Insurance contract assets	327,180	536,045	863,225
Reinsurance contract held assets	777,163	30,993,520	31,770,683
Property and equipment	-	41,275,377	41,275,377
Right-of-use assets	-	1,169,497	1,169,497
Intangible assets	-	20,539,714	20,539,714
Deferred tax assets	-	114,153,303	114,153,303
Other assets	14,343,319	55,765,791	70,109,110
Separate account insurance product assets	13,187,014	853,653,893	866,840,907
Total assets	$ 516,395,142	$ 8,401,739,293	$ 8,918,134,435
Payables	$ 30,401,291	$ -	$ 30,401,291
Current tax liabilities	548,040	-	548,040
Short-term debt	1,434,796	-	1,434,796
Financial liabilities at FVTPL	57,311,481	547,404,110	604,715,591
Financial liabilities for hedging	1,190,919	1,061,752	2,252,671
Bonds payable	35,000,000	159,277,614	194,277,614
Other financial liabilities	2,052,848	38,150,116	40,202,964
Insurance contract liabilities	161,666,463	6,910,647,924	7,072,314,387
Reinsurance contract held liabilities	380,870	8,379,890	8,760,760
Lease liabilities	750,473	14,829,701	15,580,174
Deferred tax liabilities	-	48,067,184	48,067,184
Other liabilities	73	272,787,102	272,787,175
Total liabilities	$ 290,737,254	$ 8,000,605,393	$ 8,291,342,647

Items	December 31, 2025 Recovery/ Settlement within 12 Months	Recovery/ Settlement over 12 Months	Total
Cash and cash equivalents	$ 280,967,668	$ -	$ 280,967,668
Receivables	100,556,117	5,324,629	105,880,746
Current tax assets	137,040	-	137,040
Investments			
Financial assets at FVTPL	59,956,275	1,526,693,852	1,586,650,127
Financial assets at FVTOCI	13,103,880	876,236,269	889,340,149
Financial assets measured at amortized cost	52,145,029	4,027,354,548	4,079,499,577
Financial assets for hedging	-	36,010	36,010
Investments accounted for using the equity method	-	78,671,438	78,671,438
Other financial assets	-	1,499,643	1,499,643
Investment property	-	563,226,573	563,226,573
Investment property under construction		20,899,061	20,899,061
Prepayments for buildings and land - investments		977,717	977,717
Loans	2,527,876	255,743,065	258,270,941
Total investments	127,733,060	7,351,338,176	7,479,071,236
Insurance contract assets	327,158	770,842	1,098,000
Reinsurance contract held assets	771,912	31,630,023	32,401,935
Property and equipment	-	41,078,154	41,078,154
Right-of-use assets	-	1,159,815	1,159,815
Intangible assets	-	20,976,738	20,976,738
Deferred tax assets	-	119,121,249	119,121,249
Other assets	35,323,804	38,335,599	73,659,403
Separate account insurance product assets	12,798,490	825,758,929	838,557,419
Total assets	$ 558,615,249	$ 8,435,494,154	$ 8,994,109,403
Payables	$ 17,268,062	$ -	$ 17,268,062
Current tax liabilities	411,720	-	411,720
Short-term debt	1,484,601	-	1,484,601
Financial liabilities at FVTPL	54,493,682	530,336,149	584,829,831
Financial liabilities for hedging	63,637	856,234	919,871
Bonds payable	35,000,000	158,603,582	193,603,582
Other financial liabilities	2,283,289	36,926,471	39,209,760
Insurance contract liabilities	175,596,705	6,987,434,099	7,163,030,804
Reinsurance contract held liabilities	528,878	8,655,852	9,184,730
Provisions	-	56,245	56,245
Lease liabilities	827,506	14,930,716	15,758,222
Deferred tax liabilities	-	79,277,025	79,277,025
Other liabilities	50	199,053,108	199,053,158
Total liabilities	$ 287,958,130	$ 8,016,129,481	$ 8,304,087,611

Items	March 31, 2025 Recovery/ Settlement within 12 Months	Recovery/ Settlement over 12 Months	Total
Cash and cash equivalents	$ 224,171,542	$ -	$ 224,171,542
Receivables	91,679,753	4,527,317	96,207,070
Current tax assets	11,089	-	11,089
Investments			
Financial assets at FVTPL	46,323,651	1,547,872,059	1,594,195,710
Financial assets at FVTOCI	14,645,593	761,573,547	776,219,140
Financial assets measured at amortized cost	40,180,443	4,334,659,303	4,374,839,746
Financial assets for hedging	-	16,924	16,924
Investments accounted for using the equity method	-	60,847,492	60,847,492
Investment property	-	546,641,226	546,641,226
Investment property under construction	-	17,223,606	17,223,606
Prepayments for buildings and land - investments	-	847,180	847,180
Loans	2,605,227	234,135,034	236,740,261
Total investments	103,754,914	7,503,816,371	7,607,571,285
Insurance contract assets	376,039	1,603,734	1,979,773
Reinsurance contract held assets	903,276	30,473,390	31,376,666
Property and equipment	-	41,361,009	41,361,009
Right-of-use assets	-	1,554,651	1,554,651
Intangible assets	-	22,357,745	22,357,745
Deferred tax assets	-	74,052,315	74,052,315
Other assets	12,549,829	65,760,950	78,310,779
Separate account insurance product assets	8,124,269	775,933,436	784,057,705
Total assets	$ 441,570,711	$ 8,521,440,918	$ 8,963,011,629
Payables	$ 26,648,419	$ -	$ 26,648,419
Current tax liabilities	435,064	-	435,064
Financial liabilities at FVTPL	54,397,179	503,380,991	557,778,170
Financial liabilities for hedging	1,946,556	1,077,829	3,024,385
Bonds payable	-	195,756,157	195,756,157
Other financial liabilities	24,042,882	6,308,988	30,351,870
Insurance contract liabilities	151,314,204	6,903,926,164	7,055,240,368
Reinsurance contract held liabilities	560,147	8,068,339	8,628,486
Provisions	-	56,245	56,245
Lease liabilities	831,782	15,134,116	15,965,898
Deferred tax liabilities	-	101,965,890	101,965,890
Other liabilities	3,904	185,598,360	185,602,264
Total liabilities	$ 260,180,137	$ 7,921,273,079	$ 8,181,453,216

c. Information on discretionary investments

1) As of March 31, 2026, December 31, 2025 and March 31, 2025, the Company entrusted securities investment trust companies to provide discretionary investment services on its behalf, and the related investments are as follows:

Items	March 31, 2026	December 31, 2025	March 31, 2025
Domestic stocks	$ 471,597,536	$ 182,504,720	$ 170,685,005
Overseas stocks	113,778,904	21,736,781	40,538,233
Notes and bonds purchased under resale agreements	2,939,900	1,010,000	6,701,000
Cash in banks	67,527,605	84,660,038	27,689,198
Beneficiary certificates	2,485,109	2,409,944	2,181,516
Futures and options	-	48	51
Corporate bonds	29,756,139	27,660,213	27,316,540
	$ 688,085,193	$ 319,981,744	$ 275,111,543

The carrying amounts of the financial assets operated discretionarily by securities investment trust enterprises are equal to their fair values.

2) As of March 31, 2026, December 31, 2025 and March 31, 2025, the discretionary investment limits are as follows (in thousands of each currency):

	March 31, 2026	December 31, 2025	March 31, 2025
Monetary items			
NTD	$ 509,350,000	$ 81,498,000	$ 115,948,000
USD	5,209,749	1,255,500	1,105,500

d. Structured entities

1) Consolidated structured entities

The consolidated structured entities in the Group's consolidated financial statements are the real estate investment and management organizations. As of March 31, 2026, December 31, 2025 and March 31, 2025, the Group provided loans amounting to GBP331,300 thousand, as financial support to the entities for operation and investment needs.

2) Unconsolidated structured entities

a) The Group holds interests in structured entities which are not consolidated in the Group's consolidated financial statements and the Group does not provide financial support or other support to these structured entities. The maximum exposure to these structured entities is the carrying amount of the related assets held by the Group. The information of these unconsolidated structured entities is disclosed as follows:

Types of Structured Entity	Nature and Purpose	Interests Owned
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
Securitization vehicle	Investment in securitization vehicle to receive returns	Investment in asset-backed securities issued by the entities

b) As of March 31, 2026, December 31, 2025 and March 31, 2025, the carrying amounts of the Group's assets related to its interests in unconsolidated structured entities are disclosed as follows:

	March 31, 2026	
	Private Equity Funds	Securitization Vehicle
Financial assets at FVTPL	$ 199,094,493	$ 6,542,356
Financial assets at FVTOCI	-	155,310,269
Financial assets measured at amortized cost	-	113,644,179
	$ 199,094,493	$ 275,496,804

	December 31, 2025	
	Private Equity Funds	Securitization Vehicle
Financial assets at FVTPL	$ 193,515,737	$ 15,210,617
Financial assets at FVTOCI	-	95,328,888
Financial assets measured at amortized cost	-	165,782,348
	$ 193,515,737	$ 276,321,853

	March 31, 2025	
	Private Equity Funds	Securitization Vehicle
Financial assets at FVTPL	$ 193,645,761	$ 18,479,800
Financial assets at FVTOCI	-	61,234,150
Financial assets measured at amortized cost	-	183,565,850
	$ 193,645,761	$ 263,279,800

46. SIGNIFICANT SUBSEQUENT EVENTS AFTER THE REPORTING PERIOD

a. Cathaylife Singapore Pte. Ltd. completed the pricing of US$500 million 15-year unsecured cumulative subordinated ordinary corporate bonds on April 23, 2026, and issued the bonds on April 29, 2026. The Company acts as the guarantor of the issuance.

b. The Company resolved at its Board meeting on April 28, 2026 to participate in a CNY 1 billion cash capital increase of Cathay Lujiazui Life Insurance in proportion to its shareholding (with total capital contributions of CNY 2 billion by both shareholders). The investment will be carried out after obtaining approvals from the Insurance Bureau of the Financial Supervisory Commission and the Investment Commission of the Ministry of Economic Affairs.

47. SEPARATELY DISCLOSED ITEMS

a. Information about significant transactions:

No.	Description	Explanation
1	Acquisition of individual real estate at price over $100 million or 20% of the paid-in capital.	N/A
2	Disposal of individual real estate at price over $100 million or 20% of the paid-in capital.	N/A
3	Engage in core business transactions with related parties amounting over $100 million or 20% of the paid-in capital.	Note 36
4	Receivables from related parties amounting over $100 million or 20% of the paid-in capital.	Table 6
5	Trading in derivative instruments.	Notes 8, 11 and 41

b. Information of investees

No.	Description	Explanation
1	Information on investee, including name, location, etc.	Table 1
2	Financing provided to others.	N/A
3	Endorsements/guarantees provided.	Table 2
4	Marketable securities held.	Table 3
5	Marketable securities acquired or disposed of at accumulated amounts over $100 million or 20% of the paid-in capital.	N/A
6	Acquisition of individual real estate at price over $100 million or 20% of the paid-in capital.	N/A
7	Disposal of individual real estate at price over $100 million or 20% of the paid-in capital.	N/A
8	Engage in core business transactions with related parties and transaction amounting over $100 million or 20% of the paid-in capital.	Note 36
9	Receivables from related parties amounting over $100 million or 20% of the paid-in capital.	Table 6
10	Trading in derivative instruments.	N/A

c. Information on investments in mainland China

No.	Description	Explanation
1	Name, 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 mainland China. If the investee belongs to the insurance industry, the location, status of capital funds and related income, provision methodology and balances of insurance policy reserves, percentage of insurance income and percentage of insurance benefits and claims should also be revealed.	Table 4
2	Significant transactions, with investees in mainland China, either directly or indirectly through a third region including transaction prices, payment conditions, and unrealized gains or losses.	N/A
3	Mutual transactions in core business areas, such as the underwriting of insurance policy contracts where the policyholder is the investee, the amount of such transactions and their percentages, and the end-of-period balances of the related payables and receivables and their percentages.	N/A
4	The amount of property transactions and the amount of the resulting gains or losses.	N/A
5	The highest balance, the end-of-period balance, the interest rate range, and total interest in the current period with respect to the financing of funds.	N/A
6	Other transactions that have a material effect on the profit or loss for the period or on the financial position, such as the rendering or receipt of services.	N/A

d. The important intercompany transactions among the Group are disclosed in Table 5 following the notes to the consolidated financial statements.

CATHAY LIFE INSURANCE CO., LTD. AND SUBSIDIARIES

INFORMATION ON INVESTEES
FOR THE THREE MONTHS ENDED MARCH 31, 2026
(In Thousands of New Taiwan Dollars/In Thousands of Ordinary Shares)

Investor Company	Name of Investee	Location	Main Businesses and Products	Original Investment Amount		As of March 31, 2026			Net Income (Loss) of the Investee	Share of Profit (Loss)	Note
				March 31, 2026	December 31, 2025	Number of Shares	Shareholding Percentage	Carrying Amount			
Cathay Life Insurance Co., Ltd.	Cathay Life Insurance (Vietnam) Co., Ltd.	Vietnam	Life insurance	$ 20,370,930	$ 20,370,930	-	100.00	$ 36,371,950	$ 581,481	$ 581,481	Subsidiary (Note 2)
	Cathay Woolgate Exchange Holding 1 Limited	Jersey Island	Real estate investment and operation management	22,258,333	22,258,333	468,636	100.00	23,399,996	192,880	192,880	Subsidiary (Note 1)
	Cathay Woolgate Exchange Holding 2 Limited	Jersey Island	Real estate investment and operation management	224,832	224,832	4,734	100.00	227,749	1,671	1,671	Subsidiary (Note 1)
	Cathay Walbrook Holding 1 Limited	Jersey Island	Real estate investment and operation management	10,189,090	10,189,090	213,750	100.00	3,910,429	(45,791)	(45,791)	Subsidiary (Note 1)
	Cathay Walbrook Holding 2 Limited	Jersey Island	Real estate investment and operation management	536,268	536,268	11,250	100.00	190,399	(2,822)	(2,822)	Subsidiary (Note 1)
	Cathay Industrial Research and Design Center Co., Ltd.	Taiwan	Real estate services	5,544,000	4,455,000	554,400	99.00	5,226,150	(10,695)	(10,587)	Subsidiary (Note 1)
	Cathay Wind Power Holdings Co., Ltd.	Taiwan	Energy technical services	21,096,900	21,096,900	2,109,690	99.00	20,885,629	90,668	89,761	Subsidiary (Note 2)
	Cathay II Wind Power Holdings Co., Ltd.	Taiwan	Energy technical services	9,900	9,900	990	99.00	9,732	(164)	(163)	Subsidiary (Note 2)
	Cathay Power Inc.	Taiwan	Energy technical services	3,222,862	3,222,862	259,264	70.00	3,315,699	39,339	26,751	Subsidiary (Note 2)
	Cathaylife Singapore Pte. Ltd.	Singapore	Holding company	975,840	975,840	30,000	100.00	753,523	(26,417)	(26,417)	Subsidiary (Note 2)
	Cathay Securities Investment Consulting Co., Ltd.	Taiwan	Securities investment consulting services	300,000	300,000	30,000	100.00	710,822	35,383	35,383	Subsidiary (Note 1)
	Symphox Information Co., Ltd.	Taiwan	Wholesale of information software	404,432	404,432	24,511	50.00	487,932	12,439	6,220	Joint venture (Note 2)
	Rizal Commercial Banking Corporation	Philippines	Banking	15,683,953	15,683,953	452,019	18.68	19,527,429	1,371,960	256,290	Associate (Note 2)
	Dasheng Venture Capital Co., Ltd.	Taiwan	Venture investment	118,067	118,067	11,807	25.00	145,288	(2,674)	(668)	Associate (Note 2)
	Dasheng IV Venture Capital Co., Ltd.	Taiwan	Venture investment	339,928	339,928	33,993	21.43	328,974	(21,290)	(4,561)	Associate (Note 2)
	CMG International One Co., Ltd.	Taiwan	Lease and development of residence and buildings	2,340,000	2,340,000	234,000	45.00	2,293,239	(6,098)	(2,744)	Associate (Note 2)
	CMG International Two Co., Ltd.	Taiwan	Lease and development of residence and buildings	2,835,000	2,835,000	283,500	45.00	2,769,069	(7,462)	(3,358)	Associate (Note 2)
	DingTeng Co., Ltd.	Taiwan	Sewage treatment	756,116	756,116	55,511	27.36	993,662	19,771	5,410	Associate (Note 2)
	PSS Co., Ltd.	Taiwan	Parking space management	782,706	782,706	20,188	30.48	1,513,944	158,930	48,447	Associate (Note 2)
	Cathay Venture Inc.	Taiwan	Venture investment	1,567,574	1,567,574	129,543	25.00	2,318,929	528,944	132,236	Associate (Note 1)
	Lin Yuan Property Management Co., Ltd.	Taiwan	Property management services	63,636	63,636	1,470	49.00	134,401	43,526	21,328	Associate (Note 2)
	TaiYang Solar Power Co., Ltd.	Taiwan	Energy technical services	495,000	495,000	49,500	45.00	617,787	(3,617)	(1,628)	Associate (Note 2)
	ThrivEnergy Co., Ltd.	Taiwan	Energy technical services	216,000	216,000	21,600	28.80	208,558	(5,262)	(1,515)	Associate (Note 2)
	Generali Investments Holding S.p.A	Italy	Holding company	22,484,807	22,484,807	12,654	16.75	25,449,627	2,320,709	388,718	Associate (Note 2)
Cathay Power Inc.	Sunrise Pv One Co., Ltd.	Taiwan	Energy technical services	1,000,000	1,000,000	100,000	100.00	1,160,105	12,209	Note 3	Subsidiary (Note 2)
	Cathy Sunrise Two Co., Ltd.	Taiwan	Energy technical services	20,000	20,000	2,000	100.00	23,070	181	Note 3	Subsidiary (Note 2)
	Bai Yang Energy Co., Ltd.	Taiwan	Energy technical services	144,241	144,241	6,500	100.00	149,433	2,025	Note 3	Subsidiary (Note 2)
	Cathy Sunrise Electric Power Two Co., Ltd.	Taiwan	Energy technical services	125,000	125,000	12,500	100.00	138,124	1,573	Note 3	Subsidiary (Note 2)
	Hong Cheng Sing Tech. Co., Ltd.	Taiwan	Energy technical services	5,000	5,000	500	100.00	(320)	(241)	Note 3	Subsidiary (Note 2)
	Shen Lyu Co., Ltd.	Taiwan	Energy technical services	100	100	10	100.00	(12,544)	(110)	Note 3	Subsidiary (Note 2)
	Nan Yang Power Co., Ltd.	Taiwan	Energy technical services	75,645	75,645	7,564	80.00	89,522	2,958	Note 3	Subsidiary (Note 2)
	CM Energy Co., Ltd.	Taiwan	Energy technical services	1,140,809	1,140,809	97,000	97.00	1,053,573	11,816	Note 3	Subsidiary (Note 2)
	Neo Cathay Power Corp.	Taiwan	Energy technical services	1,601,400	1,601,400	150,000	100.00	1,622,538	10,746	Note 3	Subsidiary (Note 2)
	Jian Kun Energy Co., Ltd.	Taiwan	Energy technical services	12,363	12,363	1,236	95.10	12,213	(59)	Note 3	Subsidiary (Note 2)
	Cathay Wind Power Holdings Co., Ltd.	Taiwan	Energy technical services	213,100	213,100	21,310	1.00	210,966	90,668	Note 4	Subsidiary (Note 2)
	Cathay II Wind Power Holdings Co., Ltd.	Taiwan	Energy technical services	100	100	10	1.00	98	(164)	Note 4	Subsidiary (Note 2)
Sunrise Pv One Co., Ltd.	Shu Guang Energy Co., Ltd.	Taiwan	Energy technical services	35,000	35,000	3,500	70.00	36,915	601	Note 5	Subsidiary (Note 2)
CM Energy Co., Ltd.	Hong Tai Energy Co., Ltd.	Taiwan	Energy technical services	150,000	150,000	15,000	100.00	201,303	3,933	Note 6	Subsidiary (Note 2)
	Tian Ji Energy Co., Ltd.	Taiwan	Energy technical services	10,000	10,000	1,000	100.00	13,768	442	Note 6	Subsidiary (Note 2)
	Tian Ji Power Co., Ltd.	Taiwan	Energy technical services	400,000	400,000	40,000	100.00	425,592	5,961	Note 6	Subsidiary (Note 2)
Hong Tai Energy Co., Ltd.	Hong Tai Power Co., Ltd.	Taiwan	Energy technical services	50,000	50,000	5,000	100.00	62,197	608	Note 7	Subsidiary (Note 2)
Neo Cathay Power Corp.	Si Yi Co., Ltd.	Taiwan	Energy technical services	707,617	707,617	70,000	100.00	764,258	3,914	Note 8	Subsidiary (Note 2)
	Da Li Energy Co., Ltd.	Taiwan	Energy technical services	402,958	402,958	40,000	100.00	441,814	4,673	Note 8	Subsidiary (Note 2)
	Yong Han Co., Ltd.	Taiwan	Energy technical services	272,336	272,336	25,000	100.00	287,962	2,319	Note 8	Subsidiary (Note 2)

(Continued)

Investor Company	Name of Investee	Location	Main Businesses and Products	Original Investment Amount		As of March 31, 2026			Net Income (Loss) of the Investee	Share of Profit (Loss)	Note
				March 31, 2026	December 31, 2025	Number of Shares	Shareholding Percentage	Carrying Amount			
Cathay Wind Power Holdings Co., Ltd.	Cathay Wind Power Co., Ltd.	Taiwan	Energy technical services	$ 15,909,000	$ 15,909,000	1,590,900	100.00	$ 15,642,860	$ 38,236	Note 9	Subsidiary (Note 2)
Cathay Wind Power Co., Ltd.	Greater Changhua NW Holdings Ltd.	Taiwan	Energy technical services	12,307,977	12,307,977	1	50.00	12,239,243	(87,095)	$ 35,500	Joint venture (Note 2)

Note 1: Share of profit or loss is recognized on the basis of the financial statements which have been reviewed by an independent auditor.

Note 2: Share of profit or loss is recognized on the basis of the financial statements which have not been reviewed by an independent auditor.

Note 3: The share of profit or loss is recognized with the equity method by Cathay Power Inc.

Note 4: The share of profit or loss is recognized with the equity method by the Company and Cathay Power Inc.

Note 5: The share of profit or loss is recognized with the equity method by Sunrise Pv One Co., Ltd.

Note 6: The share of profit or loss is recognized with the equity method by CM Energy Co., Ltd.

Note 7: The share of profit or loss is recognized with the equity method by Hong Tai Energy Co., Ltd.

Note 8: The share of profit or loss is recognized with the equity method by Neo Cathay Power Corp.

Note 9: The share of profit or loss is recognized with the equity method by Cathay Wind Power Holdings Co., Ltd.

(Concluded)

CATHAY LIFE INSURANCE CO., LTD. AND SUBSIDIARIES

ENDORSEMENTS/GUARANTEES PROVIDED
FOR THE THREE MONTHS ENDED MARCH 31, 2026
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

No.	Endorser/Guarantor	Endorsee/Guarantee		Limit 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	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	$ 10,109,638	$ 2,179,083	$ 2,179,083	$ 1,147,173	$ -	53.89	$ 10,109,638	(Note 2)	(Note 2)	N	(Note 3)
		Cathy Sunrise Electric Power Two Co., Ltd.	b	10,109,638	276,012	276,012	215,528	-	6.83	10,109,638	(Note 2)	(Note 2)	N	(Note 3)
		Si Yi Co., Ltd.	b	10,109,638	937,600	137,600	126,551	-	3.40	10,109,638	(Note 2)	(Note 2)	N	(Note 3)
		Da Li Energy Co., Ltd.	b	10,109,638	638,000	638,000	428,336	-	15.78	10,109,638	(Note 2)	(Note 2)	N	(Note 3)
2	Sunrise Pv One Co., Ltd.	Cathay Power Inc.	c	2,866,943	400,000	400,000	-	-	34.88	2,866,943	(Note 2)	(Note 2)	N	(Note 4)
3	CM Energy Co., Ltd.	Tian Ji Energy Co., Ltd.	b	2,685,855	18,102	18,102	14,892	-	1.68	3,223,026	(Note 2)	(Note 2)	N	(Note 5)
		Hong Tai Energy Co., Ltd.	b	2,685,855	322,032	41,800	37,900	-	3.89	3,223,026	(Note 2)	(Note 2)	N	(Note 5)
4	Cathay Wind Power Holdings Co., Ltd.	Cathay Wind Power Co., Ltd.	b	23,246,672	23,030,299	23,030,299	23,030,299	23,246,672	111.40	23,246,672	(Note 2)	(Note 2)	N	(Notes 6 and 7)

Note 1: Relationships between the endorser/guarantor and the endorsee/guarantee receiver:

a. The Company and guarantee party have business deals.
b. The Company directly and indirectly owned over 50% of the guaranteed party's voting stocks.
c. The guaranteed party owned directly and indirectly over 50% of the Company's voting stocks.
d. The Company directly and indirectly owned over 90% of the guaranteed party's voting stocks.
e. The guarantor and guaranteed party are peers in contract projects or co-builders in accordance with contract provisions that require mutual insurance company.
f. Owing to the joint venture funded by all shareholders on the endorsement of its holding company.
g. Peers in performance bond joint security of pre-sale house contract under Consumer Protection Act.

Note 2: Non-listed parent company endorsement of subsidiaries or subsidiaries endorsement of listed parent company.

Note 3: The total amount of endorsement provided by Cathay Power was 250% of Cathay Power's net value in the end of the previous year, and the endorsement limit for a single company is 250% of Cathay Power's net value in the end of the previous year.

Note 4: The total amount of endorsement provided by Sunrise Pv One was 250% of Sunrise Pv One's net value in the end of the previous year, and the endorsement limit for a single company is 250% of Sunrise Pv One's net value in the end of the previous year.

Note 5: The total amount of endorsement provided by CM Energy was 300% of CM Energy's net value in the end of the previous year, and the endorsement limit for a single company is 250% of CM Energy's net value in the end of the previous year.

Note 6: The total amount of endorsements and guarantees, as well as the endorsement limit for a single company by Cathay Wind Power Holdings Co., Ltd., is restricted to the total value of collateral assets provided under the project financing documents, bridge financing documents, hedging agreements, shareholder injections, and equity purchase termination payments for the Greater Changhua NW Holdings Ltd. Project.

Note 7: The collateral assets for endorsement and guarantees provided by Cathay Wind Power Holdings include an account pledged by Cathay Life Insurance to Cathay Wind Power Holdings, which is then re-pledged by Cathay Wind Power Holdings to the beneficiaries (calculated based on the principal or account balance of the pledged account). Additionally, it includes the equity stake held by Cathay Wind Power Holdings in Cathay Wind Power, valued at the most recent net asset value (if the net asset value is less than zero, it is considered as zero), and funds injected into Cathay Wind Power by Cathay Wind Power Holdings through other means.

TABLE 3

CATHAY LIFE INSURANCE CO., LTD. AND SUBSIDIARIES

MARKETABLE SECURITIES HELD
MARCH 31, 2026
(In Thousands of New Taiwan Dollars/In Thousands of Ordinary Shares)

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statements Accounts	March 31, 2026				Note
				Number of Shares	Carrying Amount	Percentage of Ownership (%)	Fair Value	
	Stocks							
Symphox Information Co., Ltd.	Asia Skin Cosmetics Company	N/A	Financial assets at FVTOCI	1,293	$ 40,197	7.72	$ 40,197	
	Buyforyou Co., Ltd.	N/A	Financial assets at FVTOCI	117	-	10.00	-	
	Seaward Card Co., Ltd.	Parent and subsidiary	Investments accounted for using the equity method	3,000	73,662	100.00	73,662	
	Thinkpower Information Co., Ltd.	Associate	Investments accounted for using the equity method	170,145	611,359	29.08	611,359	
	Bowl Cut Entertainment Co., Ltd.	Parent and subsidiary	Investments accounted for using the equity method	2,688	45,798	100.00	45,798	
	Bonds							
	Bank of America Corporation (BAC)	N/A	Financial assets at FVTOCI	-	41,824	-	41,824	
	Cathay BBB Corporate bond ex China Coupon 4.5% 10Yr+ 20% Sector Capped ETF (00725B)	Associate	Financial assets at FVTPL	-	12,719	-	12,719	
	Cathay U.S. Treasury 20+ Year Bond ETF (00687B)	Associate	Financial assets at FVTPL	-	2,715	-	2,715	
	Cathay US Premium Bond Fund B	Associate	Financial assets at FVTPL	-	12,185	-	12,185	

CATHAY LIFE INSURANCE CO., LTD. AND SUBSIDIARIES

INFORMATION ON INVESTMENTS IN MAINLAND CHINA
FOR THE THREE MONTHS ENDED MARCH 31, 2026
(In Thousands of New Taiwan Dollars)

Investee Company	Main Business and Products	Paid-in Capital	Method of Investment (Note 1)	Accumulated Outward Remittance for Investment from Taiwan as of January 1, 2026	Remittance of Funds		Accumulated Outward Remittance for Investment from Taiwan as of March 31, 2026	Net Income of the Investee	% Ownership of Direct or Indirect Investment	Investment Gain (Note 2)	Carrying Amount as of March 31, 2026	Accumulated Repatriation of Investment Income as of March 31, 2026
					Outflow	Inflow						
Cathay Lujiazui Life Insurance Co., Ltd.	Life insurance	$ 13,497,155	a	$ 6,748,578	$ -	$ -	$ 6,748,578	$ 300,844	50.00	$ 150,421 (Note 2, b, 3)	$ 6,735,533	$ -
Cathay Insurance Company Limited (China)	Property insurance	12,196,844	a	2,943,663	-	-	2,943,663	446,800	24.50	109,466 (Note 2, b, 3)	2,325,584	-
Lin Yuan (Shanghai) Real Estate Co., Ltd.	Office leasing	7,223,435	a	7,223,435	-	-	7,223,435	20,154	100.00	17,076 (Note 2, b, 2)	8,311,754	-

Accumulated Outward Remittance for Investment in Mainland China as of March 31, 2026	Investment Amount Authorized by Investment Commission, MOEA	Upper Limit on the Amount of Investment Stipulated by Investment Commission, MOEA
$16,915,676 (Including the amounts of CNY2,845,000 thousand and US$106,352 thousand)	$16,915,676 (Including the amounts of CNY2,845,000 thousand and US$106,352 thousand)	$375,281,485

Note 1: The 3 methods of investment are as follows:

a. Direct investment in China.
b. Reinvestment in China through the third-region companies.
c. Others.

Note 2: The column of investment profit or loss for the period:

a. If it is in preparation, there are no investment gains and losses, it should be noted.

b. The recognition basis for investment gain (loss) are as follows:

1) Financial statement is reviewed by an international. CPA firms with the cooperation of the ROC CPA firm.
2) Financial statement is reviewed by the parent company's CPA firm in Taiwan.
3) Other.

Note 3: Information on investments in mainland China:

On December 25, 2002 and July 24, 2003, the Investment Commission of the Ministry of Economic Affairs ("MOEAIC") authorized the Company 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 MOEAIC on December 20, 2010. Also, MOEAIC authorized the Company to remit US$59,000 thousand as the registered capital again on May 16, 2008. MOEAIC authorized the Company 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. The Company's subsidiary, Cathay Life Insurance Ltd. (China) 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 National Financial Regulatory Administration on August 12, 2014. The Company remitted US$48,330 thousand to the subsidiary as of December 31, 2009. The Company injected additional US$29,880 thousand on September 29, 2010 and CNY200,000 thousand on May 8, 2014. On August 23, 2017, MOEAIC authorized the Company to remit CNY700,000 thousand and the amount was remitted on September 20, 2017. As of March 31, 2026, the Company's remittances to the subsidiary amounted to a total of approximately CNY900,000 thousand and US$78,210 thousand.

(Continued)

On October 17, 2007, MOEAIC authorized the Company 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 National Financial Regulatory Administration on October 8, 2007. On March 6, 2008, MOEAIC authorized the Company to increase the remittances from US$26,390 thousand to US$28,960 thousand. On August 15, 2008, MOEAIC further authorized the Company 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 the Company and Cathay Century Insurance in Shanghai acquired a business license of an enterprise as legal person on August 26, 2008. On May 28, 2013, MOEAIC authorized the Company to remit CNY200,000 thousand to increase the share capital. Also, MOEAIC authorized the Company to remit CNY245,000 thousand on December 6, 2018. On November 26, 2019, MOEAIC authorized the Company 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, the Company's board of directors resolved to suspend capital increase on January 26, 2022. On March 3, 2022, MOEAIC authorized the Company to cancel CNY245,000 thousand which was authorized by MOEAIC on November 26, 2019. As of March 31, 2026, the Company's remittances to this general insurance company amounted to approximately CNY445,000 thousand and US$28,140 thousand.

On November 1, 2011 and April 11, 2012, MOEAIC authorized the Company 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. The Company's subsidiary, Lin Yuan (Shanghai) Real Estate Co., Ltd. acquired a business license of an enterprise as legal person on August 15, 2012. On April 1, 2013, MOEAIC authorized the Company to remit CNY700,000 (US$111,000) thousand to increase the share capital. As of March 31, 2026, the Company's remittances to Lin Yuan (Shanghai) Real Estate Co., Ltd. amounted to approximately CNY1,500,000 thousand.

Note 4: The relevant information regarding Cathay Lujiazui Life Insurance Co., Ltd. and Cathay Insurance Company Limited (China) is as follows:

a. The location: Shanghai, China.

b. Status of capital funds and related income: As of March 31, 2026, the investment assets of Cathay Lujiazui Life Insurance Co., Ltd. and Cathay Insurance Company Limited (China) amounted to $190,535,331 thousand and $15,853,841 thousand, respectively, and net investment income was $406,454 thousand and $95,258 thousand, respectively.

c. Insurance contract assets and liabilities, and reinsurance contract assets and liabilities:

   As of March 31, 2026, Cathay Lujiazui Life Insurance Co., Ltd. had insurance contract assets of $0 thousand, insurance contract liabilities of $193,849,725 thousand, reinsurance contract assets of $17,982 thousand, and reinsurance contract liabilities of $17,012 thousand. Cathay Insurance Company Limited (China) had insurance contract assets of $31,494 thousand, insurance contract liabilities of $10,297,705 thousand, reinsurance contract assets of $931,715 thousand, and reinsurance contract liabilities of $3,622 thousand.

d. Percentage of insurance revenue: For the period from January 1 to March 31, 2026, the insurance revenue of Cathay Lujiazui Life Insurance Co., Ltd. and Cathay Insurance Company Limited (China) amounted to $1,400,944 thousand and $6,803,955 thousand, respectively, and the percentage of premium income was 3.72 % and 18.05 %, respectively.

e. Percentage of insurance service expenses and their percentages: For the period from January 1 to March 31, 2026, the insurance service expenses of Cathay Lujiazui Life Insurance Co., Ltd. and Cathay Insurance Company Limited (China) amounted to $928,600 thousand and $6,440,996 thousand, respectively, and the percentages of insurance service expenses were 3.60% and 24.99%, respectively.

(Concluded)

CATHAY LIFE INSURANCE CO., LTD. AND SUBSIDIARIES

INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT INTERCOMPANY TRANSACTIONS
FOR THE THREE MONTHS ENDED MARCH 31, 2026
(In Thousands of New Taiwan Dollars)

No. (Note 1)	Investee Company	Counterparty	Relationship (Note 2)	Transactions Details			
				Financial Statement Accounts	Amount	Payment Terms (Note 4)	% of Total Operating Revenue or Assets (Note 3)
0	Cathay Life Insurance Co., Ltd.	Cathay Walbrook Holding 1 Limited	a	Other loans	$ 13,284,827	Equivalent to general conditions of transactions	0.15
		Cathay Walbrook Holding 1 Limited	a	Interest income	228,996	Equivalent to general conditions of transactions	0.60
		Cathay Walbrook Holding 1 Limited	a	Other receivables	30,289	Equivalent to general conditions of transactions	-
		Cathay Walbrook Holding 2 Limited	a	Other loans	707,426	Equivalent to general conditions of transactions	0.01
		Cathay Walbrook Holding 2 Limited	a	Interest income	12,194	Equivalent to general conditions of transactions	0.03
		Tian Ji Power Co., Ltd.	a	Administrative expense	4,588	Equivalent to general conditions of transactions	0.01
1	Cathay Power Inc.	Sunrise Pv One Co., Ltd.	c	Other receivables	56,456	Equivalent to general conditions of transactions	-
		Sunrise Pv One Co., Ltd.	c	Administrative revenue	6,272	Equivalent to general conditions of transactions	0.02
		Shen Lyu Co., Ltd.	c	Other receivables	12,756	Equivalent to general conditions of transactions	-
		Hong Cheng Sing Tech. Co., Ltd.	c	Other receivables	51,403	Equivalent to general conditions of transactions	-
		Jian Kun Energy Co., Ltd.	c	Other receivables	13,033	Equivalent to general conditions of transactions	-
		Cathy Sunrise Two Co., Ltd.	c	Other receivables	3,848	Equivalent to general conditions of transactions	-
2	CM Energy, Co., Ltd.	Sunrise Pv One Co., Ltd	c	Other receivables	201,342	Equivalent to general conditions of transactions	-
		Hong Tai Energy Co., Ltd.	c	Other receivables	70,611	Equivalent to general conditions of transactions	-
		Tian Ji Power Co., Ltd.	c	Other receivables	45,362	Equivalent to general conditions of transactions	-
		Shu Guang Energy Co., Ltd.	c	Other receivables	16,278	Equivalent to general conditions of transactions	-
		Tian Ji Energy Co., Ltd.	c	Other receivables	3,972	Equivalent to general conditions of transactions	-
3	Si Yi Co., Ltd.	Sunrise Pv One Co., Ltd	c	Other receivables	201,342	Equivalent to general conditions of transactions	-
4	Cathay Wind Power Holdings Co., Ltd.	Cathay Wind Power Co., Ltd.	c	Other receivables	5,353,197	Equivalent to general conditions of transactions	-

Note 1: Parent is numbered 0; subsidiaries are sequentially numbered starting from 1.

Note 2: Categories of relationships:

a. Parent to subsidiary.
b. Subsidiary to parent.
c. Between subsidiaries.

Note 3: Percentage of transaction amount to total consolidated operating revenue or assets is calculated as follows:

For balance sheet accounts: Transaction amount ÷ Total consolidated assets.
For income statement accounts: Accumulated transaction amount in current period ÷ Total consolidated operating revenues.

Note 4: Terms and conditions of related party transactions are made on arm’s length basis. There is no difference in terms and conditions between related parties and non-related parties transactions.

CATHAY LIFE INSURANCE CO., LTD. AND SUBSIDIARIES

RECEIVABLES FROM RELATED PARTIES AMOUNTING TO AT LEAST NT$100 MILLION OR 20% OF THE PAID-IN CAPITAL
MARCH 31, 2026
(In Thousands of New Taiwan Dollars)

Company Name	Related Party	Relationship	Ending Balance	Turnover Rate	Overdue		Amount Received in Subsequent Period	Allowance for Bad Debts
					Amount	Actions Taken		
Cathay Wind Power Co., Ltd.	Greater Changhua Offshore Wind Farm NW Ltd.	Subsidiary of joint venture	$ 40,153,157 (Note 1)	-	$ -	-	$ -	$ -
Cathay Wind Power Holdings Co., Ltd.	Cathay Wind Power Co., Ltd.	Subsidiary	5,353,197 (Note 1)	-	-	-	-	-
Cathay Life Insurance (Vietnam) Co., Ltd.	Indovina Bank Limited	Same ultimate parent entity	310,601 (Note 3)	-	-	-	-	-
CM Energy Co., Ltd.	Sunrise Pv One Co., Ltd.	Same ultimate parent entity	201,342 (Note 1)	-	-	-	-	-
Si Yi Co., Ltd.	Sunrise Pv One Co., Ltd.	Same ultimate parent entity	201,342 (Note 1)	-	-	-	-	-
Cathay Life Insurance Co., Ltd.	Cathay Century Insurance Co., Ltd.	Fellow subsidiary	107,453 (Note 3)	-	-	-	-	-

Note 1: The ending balance mainly comprises loans and interest receivables.

Note 2: The ending balance mainly comprises interest receivables.

Note 3: The ending balance mainly comprises integrated marketing fee receivables.