Cathay United Bank Co., Ltd. and Subsidiaries

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

INDEPENDENT AUDITORS' REVIEW REPORT

The Board of Directors and Shareholders
Cathay United Bank Co., Ltd.

Introduction

We have reviewed the accompanying consolidated balance sheets of Cathay United Bank Co., Ltd. (the "Bank") and its subsidiaries (collectively, the "Company") as of March 31, 2026 and 2025, and the related consolidated statements of comprehensive income, the consolidated statements of changes in equity and cash flows for the three months then ended, 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 Public Banks 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 Company as of March 31, 2026 and 2025, and its consolidated financial performance and its consolidated cash flows for the three months ended March 31, 2026 and 2025 in accordance with the Regulations Governing the Preparation of Financial Reports by Public Banks and International Accounting Standard 34 "Interim Financial Reporting" endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

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

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 UNITED BANK CO., LTD. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS
(In Thousands of New Taiwan Dollars)

	March 31, 2026		December 31, 2025		March 31, 2025	
ASSETS	**Amount**	**%**	**Amount**	**%**	**Amount**	**%**
CASH AND CASH EQUIVALENTS (Notes 6 and 44)	$ 129,231,932	2	$ 141,293,368	3	$ 116,193,171	2
DUE FROM THE CENTRAL BANK AND CALL LOANS TO BANKS (Note 7)	478,374,050	9	428,777,214	8	319,582,253	7
FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (Notes 8, 44 and 49)	427,029,199	8	372,394,084	7	269,474,872	6
FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME (Notes 9, 11, 44 and 49)	414,525,110	8	383,158,617	7	383,010,539	8
INVESTMENTS IN DEBT INSTRUMENTS AT AMORTISED COST (Notes 10, 11, 45 and 49)	703,957,527	13	688,483,141	13	612,786,996	13
SECURITIES PURCHASED UNDER RESELL AGREEMENTS (Note 12)	42,149,137	1	35,291,150	1	19,639,948	-
RECEIVABLES, NET (Notes 13 and 44)	144,606,929	3	148,254,709	3	128,644,004	3
CURRENT INCOME TAX ASSETS (Notes 4 and 42)	59,232	-	66,082	-	51,890	-
DISCOUNTS AND LOANS, NET (Notes 5, 14 and 44)	3,003,605,675	55	2,886,929,378	56	2,752,611,443	59
INVESTMENTS MEASURED BY EQUITY METHOD, NET (Note 17)	2,008,225	-	1,983,287	-	1,832,689	-
OTHER FINANCIAL ASSETS, NET	616,775	-	362,394	-	74,687	-
PROPERTY AND EQUIPMENT, NET (Notes 18 and 44)	25,676,312	-	25,617,373	1	24,937,543	1
RIGHT-OF-USE ASSETS, NET (Notes 19 and 44)	6,522,930	-	6,870,873	-	6,547,025	-
INVESTMENT PROPERTIES, NET (Note 20)	2,289,150	-	2,289,150	-	2,290,113	-
INTANGIBLE ASSETS, NET (Note 21)	8,619,502	-	8,541,666	-	8,513,312	-
DEFERRED TAX ASSETS (Notes 4 and 42)	4,127,429	-	4,195,171	-	3,547,945	-
OTHER ASSETS, NET (Notes 22 and 44)	35,078,395	1	33,433,944	1	34,226,744	1
TOTAL	$ 5,428,477,509	100	$ 5,167,941,601	100	$ 4,683,965,174	100
LIABILITIES AND EQUITY						
DEPOSITS FROM THE CENTRAL BANK AND BANKS (Notes 23 and 44)	$ 204,853,788	4	$ 178,790,871	4	$ 173,213,770	4
FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS (Notes 8, 44 and 49)	110,830,693	2	104,236,118	2	114,579,497	3
NOTES AND BONDS ISSUED UNDER REPURCHASE AGREEMENTS (Note 24)	34,042,861	1	2,110,900	-	19,574,605	-
PAYABLES (Notes 25 and 44)	57,718,331	1	47,069,691	1	41,318,518	1
CURRENT TAX LIABILITIES (Notes 4 and 42)	319,208	-	346,511	-	269,144	-
DEPOSITS AND REMITTANCES (Notes 26 and 44)	4,599,657,672	85	4,430,955,358	86	3,937,535,494	84
FINANCIAL DEBENTURES PAYABLE (Note 27)	18,600,000	-	18,600,000	-	12,700,000	-
OTHER FINANCIAL LIABILITIES (Note 28)	39,118,282	1	39,028,580	1	47,518,965	1
PROVISIONS (Notes 4, 15 and 29)	3,611,454	-	3,723,071	-	3,570,840	-
LEASE LIABILITIES (Notes 19 and 44)	6,761,555	-	7,038,916	-	6,662,828	-
DEFERRED TAX LIABILITIES (Notes 4 and 42)	1,822,439	-	2,119,807	-	2,380,318	-
OTHER LIABILITIES (Notes 31 and 44)	13,101,740	-	9,262,730	-	10,908,923	-
Total liabilities	5,090,438,023	94	4,843,282,553	94	4,370,232,902	93
EQUITY ATTRIBUTABLE TO OWNERS OF THE BANK (Note 32)						
Capital stock						
Common stock	128,220,970	2	128,220,970	2	120,113,139	3
Capital surplus	38,869,080	1	38,869,080	1	38,869,080	1
Retained earnings						
Legal reserve	105,507,583	2	105,507,583	2	94,311,239	2
Special reserve	6,141,468	-	6,141,468	-	8,504,431	-
Unappropriated earnings	53,971,446	1	40,877,456	1	49,665,784	1
Total retained earnings	165,620,497	3	152,526,507	3	152,481,454	3
Other equity	407,790	-	239,334	-	(2,557,479)	-
Total equity attributable to owners of the Bank	333,118,337	6	319,855,891	6	308,906,194	7
NON-CONTROLLING INTERESTS (Note 32)	4,921,149	-	4,803,157	-	4,826,078	-
Total equity	338,039,486	6	324,659,048	6	313,732,272	7
TOTAL	$ 5,428,477,509	100	$ 5,167,941,601	100	$ 4,683,965,174	100

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

CATHAY UNITED BANK CO., LTD. AND SUBSIDIARIES

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

	For the Three Months Ended March 31			
	2026		2025	
	Amount	%	Amount	%
NET INTEREST REVENUE (Notes 33 and 44)				
Interest income	$ 33,064,433	104	$ 30,678,104	104
Interest expense	(14,780,193)	(47)	(14,489,496)	(49)
Total net interest revenue	18,284,240	57	16,188,608	55
NET REVENUE OTHER THAN INTEREST				
Net service fee revenue (Notes 34 and 44)	10,027,840	32	10,205,810	35
Gain on financial assets or liabilities at fair value through profit or loss (Notes 35 and 44)	2,284,818	7	2,108,288	7
Realized gain on financial assets at fair value through other comprehensive income (Notes 9 and 36)	217,466	1	137,471	-
(Loss) gain arising from derecognition of financial assets measured at amortised cost (Note 10)	(701)	-	64	-
Foreign exchange gain (Note 50)	908,542	3	735,641	2
Impairment reversal (loss) on assets (Note 37)	28,273	-	(2,307)	-
Share of profit of associates and joint ventures accounted for using equity method (Note 17)	26,100	-	19,702	-
Net other revenue other than interest income (Note 44)	100,228	-	152,201	1
Total net revenue other than interest	13,592,566	43	13,356,870	45
NET REVENUE	31,876,806	100	29,545,478	100
BAD DEBTS EXPENSE, COMMITMENT AND GUARANTEE LIABILITY PROVISION (Notes 5, 13, 14, 15 and 38)	(1,981,594)	(7)	(1,320,735)	(4)
TOTAL OPERATING EXPENSES				
Employee benefits expenses (Notes 4, 39 and 44)	(7,157,336)	(22)	(6,846,365)	(23)
Depreciation and amortization expense (Notes 18, 19, 21 and 40)	(1,162,521)	(4)	(1,023,944)	(4)
Other general and administrative expense (Notes 41 and 44)	(5,752,742)	(18)	(5,586,003)	(19)
Total operating expenses	(14,072,599)	(44)	(13,456,312)	(46)
PROFIT BEFORE TAX	15,822,613	49	14,768,431	50
INCOME TAX EXPENSE (Notes 4 and 42)	(2,625,983)	(8)	(2,590,212)	(9)
NET INCOME	13,196,630	41	12,178,219	41

(Continued)

CATHAY UNITED BANK CO., LTD. AND SUBSIDIARIES

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

	For the Three Months Ended March 31			
	2026		2025	
	Amount	%	Amount	%
OTHER COMPREHENSIVE INCOME (Notes 4 and 32)				
Components of other comprehensive income (loss) that will not be reclassified to profit or loss, net of tax				
Remeasurement of defined benefit plans	$ 5,524	-	$ (585)	-
Revaluation (losses) gains on investments in equity instruments measured at fair value through other comprehensive income	1,254,195	4	(1,073,556)	(4)
Change in fair value of financial liability attributable to change in credit risk of liability	356,391	1	410,648	2
Share of other comprehensive income of associates and joint ventures accounted for using equity method (Note 17)	7,234	-	2,405	-
Income tax related to components of other comprehensive income that will not be reclassified to profit or loss (Notes 4 and 42)	138,798	1	(10,813)	-
Components of other comprehensive income (loss) that will be reclassified to profit or loss, net of tax				
Exchange differences on translating the financial statements of foreign operations	985,971	3	674,838	2
Share of other comprehensive loss of associates and joint ventures accounted for using equity method (Note 17)	(8,396)	-	(10,291)	-
(Losses) gains from investments in debt instruments measured at fair value through other comprehensive income	(2,379,710)	(7)	1,666,831	6
Income tax related to components of other comprehensive income that will be reclassified to profit or loss (Notes 4 and 42)	(176,199)	(1)	(153,454)	(1)
Other comprehensive income, net of tax	183,808	1	1,506,023	5
TOTAL COMPREHENSIVE INCOME	$ 13,380,438	42	$ 13,684,242	46
PROFIT ATTRIBUTABLE TO:				
Owners of the Bank	$ 13,146,998	41	$ 12,048,631	41
Non-controlling interests	49,632	-	129,588	-
	$ 13,196,630	41	$ 12,178,219	41

(Continued)

CATHAY UNITED BANK CO., LTD. AND SUBSIDIARIES

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

	For the Three Months Ended March 31			
	2026		2025	
	Amount	%	Amount	%
COMPREHENSIVE INCOME ATTRIBUTABLE TO:				
Owners of the Bank	$ 13,262,446	42	$ 13,516,590	46
Non-controlling interests	117,992	-	167,652	-
	$ 13,380,438	42	$ 13,684,242	46
EARNINGS PER SHARE (Note 43)				
Basic	$ 1.03		$ 0.94	

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

CATHAY UNITED BANK CO., LTD. AND SUBSIDIARIES

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

	Equity Attributable to Owners of the Bank												
			Retained Earnings			Other Equity							
	Capital Stock Common Stock	Capital Surplus	Legal Reserve	Special Reserve	Unappropriated Earnings	Exchange Differences on Translating the Financial Statements of Foreign Operations	Unrealized Gains (Losses) on Financial Assets at Fair Value Through Other Comprehensive Income	Change in the Fair Value of Financial Liabilities Attributable to Change in the Credit Risk	Gains (Losses) on Remeasurements of Defined Benefit Plans	Gain on Property Revaluation	Total	Non-controlling Interests	Total Equity
BALANCE AT JANUARY 1, 2025	$ 120,113,139	$ 38,869,080	$ 94,311,239	$ 8,504,431	$ 37,320,398	$ 359,595	$ (2,531,340)	$ (420,102)	$ (2,748,935)	$ 1,612,099	$ (3,728,683)	$ 4,658,426	$ 300,048,030
Net income for the three months ended March 31, 2025	-	-	-	-	12,048,631	-	-	-	-	-	-	129,588	12,178,219
Other comprehensive income for the three months ended March 31, 2025, net of income tax	-	-	-	-	-	498,343	639,615	328,518	1,483	-	1,467,959	38,064	1,506,023
Total comprehensive income for the three months ended March 31, 2025	-	-	-	-	12,048,631	498,343	639,615	328,518	1,483	-	1,467,959	167,652	13,684,242
Disposals of investments in equity instruments designated as at fair value through other comprehensive income	-	-	-	-	296,755	-	(296,755)	-	-	-	(296,755)	-	-
BALANCE AT MARCH 31, 2025	$ 120,113,139	$ 38,869,080	$ 94,311,239	$ 8,504,431	$ 49,665,784	$ 857,938	$ (2,188,480)	$ (91,584)	$ (2,747,452)	$ 1,612,099	$ (2,557,479)	$ 4,826,078	$ 313,732,272
BALANCE AT JANUARY 1, 2026	$ 128,220,970	$ 38,869,080	$ 105,507,583	$ 6,141,468	$ 40,877,456	$ (321,282)	$ 2,101,692	$ (182,974)	$ (2,969,453)	$ 1,611,351	$ 239,334	$ 4,803,157	$ 324,659,048
Net income for the three months ended March 31, 2026	-	-	-	-	13,146,998	-	-	-	-	-	-	49,632	13,196,630
Other comprehensive income (loss) for the three months ended March 31, 2026, net of income tax	-	-	-	-	-	724,844	(899,404)	285,113	4,895	-	115,448	68,360	183,808
Total comprehensive income (loss) for the three months ended March 31, 2026	-	-	-	-	13,146,998	724,844	(899,404)	285,113	4,895	-	115,448	117,992	13,380,438
Disposals of investments in equity instruments designated as at fair value through other comprehensive income	-	-	-	-	(53,008)	-	53,008	-	-	-	53,008	-	-
BALANCE AT MARCH 31, 2026	$ 128,220,970	$ 38,869,080	$ 105,507,583	$ 6,141,468	$ 53,971,446	$ 403,562	$ 1,255,296	$ 102,139	$ (2,964,558)	$ 1,611,351	$ 407,790	$ 4,921,149	$ 338,039,486

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

CATHAY UNITED BANK CO., LTD. AND SUBSIDIARIES

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

	For the Three Months Ended March 31	
	2026	2025
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	$ 15,822,613	$ 14,768,431
Adjustments:		
Depreciation expense	975,383	850,509
Amortization expense	187,138	173,435
Expected credit loss	1,981,594	1,320,735
Gains on financial assets and liabilities at fair value through profit or loss	(2,284,818)	(2,108,288)
Interest expense	14,780,193	14,489,496
Losses (gains) arising from derecognition of financial assets measured at amortised cost	701	(64)
Interest income	(33,064,433)	(30,678,104)
Dividend income	(62,289)	(83,986)
Share of profit of associates and joint ventures accounted for using equity method	(26,100)	(19,702)
Losses on disposal of property and equipment	923	2,897
Gains on disposal of investments	(155,177)	(53,485)
(Reversal of) impairment loss on financial assets	(28,273)	2,307
Gains on sale of nonperforming loans	-	(65)
Others adjustments	-	(76,839)
Changes in operating assets and liabilities		
Due from the Central Bank and call loans to banks	(1,153,827)	(6,817,717)
Financial assets at fair value through profit or loss	(27,960,169)	(4,440,780)
Financial assets at fair value through other comprehensive income	(32,379,392)	(13,208,153)
Investments in debt instruments at amortised cost	(15,404,253)	(35,754,763)
Receivables	4,949,111	9,679,038
Discounts and loans	(118,607,602)	(74,705,469)
Other financial assets	(254,381)	(37,979)
Other assets	(1,784,626)	(1,023,714)
Deposits from the Central Bank and banks	26,062,917	(11,468,897)
Financial liabilities at fair value through profit or loss	(18,931,362)	(9,509,936)
Notes and bonds issued under repurchase agreements	31,931,961	8,632,239
Payables	4,805,630	(8,429,135)
Deposits and remittances	168,702,314	88,949,069
Other financial liabilities	89,702	1,320,266
Provisions	(119,716)	(156,277)
Other liabilities	3,845,965	(2,303,007)
Cash generated from (used in) operations	21,919,727	(60,687,938)
Interest received	33,599,552	31,732,000
Dividends received	42,858	34,376
Interest paid	(11,833,100)	(11,754,128)
Income tax paid	(387,998)	(358,230)
Net cash generated from (used in) operating activities	43,341,039	(41,033,920)

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CATHAY UNITED BANK CO., LTD. AND SUBSIDIARIES

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

	For the Three Months Ended March 31	
	2026	**2025**
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of property and equipment	$ (522,436)	$ (441,288)
Proceeds from disposal of property and equipment	3	-
Acquisition of intangible assets	(71,238)	(48,377)
Cash received of sale of nonperforming loans	-	19,418
Net cash used in investing activities	(593,671)	(470,247)
CASH FLOWS FROM FINANCING ACTIVITIES		
Payments of the principal portion of lease liabilities	(464,573)	(414,736)
EFFECTS OF EXCHANGE RATE AND PURCHASING POWER CHANGES ON CASH AND CASH EQUIVALENTS	955,002	729,474
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	43,237,797	(41,189,429)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	461,084,342	371,168,287
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	$ 504,322,139	$ 329,978,858

	March 31	
	2026	**2025**
RECONCILIATIONS OF CASH AND CASH EQUIVALENTS REPORTED IN THE CONSOLIDATED STATEMENTS OF CASH FLOWS WITH THOSE REPORTED IN THE CONSOLIDATED BALANCE SHEETS AS OF MARCH 31, 2026 AND 2025		
Cash and cash equivalents reported in the consolidated balance sheets	$ 129,231,932	$ 116,193,171
Due from the Central Bank and call loans to banks qualifying for cash and cash equivalents under the definition of IAS 7	332,941,070	194,145,739
Securities purchased under resell agreements qualifying for cash and cash equivalents under the definition of IAS 7	42,149,137	19,639,948
Cash and cash equivalents at the end of the period	$ 504,322,139	$ 329,978,858

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

1. GENERAL INFORMATION

Cathay United Bank Co., Ltd. (the "Bank"), originally named United World Chinese Commercial Bank (UWCCB), was established in December 1974 after obtaining approval from the Ministry of Finance of the Republic of China (ROC) and officially started operations on May 20, 1975. The Bank is mainly engaged in the following operations: (1) all commercial banking operations authorized by the ROC Banking Act ("Banking Act"); (2) international banking business and related operations; (3) trust business; (4) offshore banking business; and (5) other financial operations related to the promotion of investments by overseas Chinese. The Bank's registered office and main business location is at No. 7, Songren Rd., Xinyi District, Taipei City, Republic of China (ROC).

The Bank's stock was originally trading on the Taiwan Stock Exchange (TWSE) until December 18, 2002, where it was delisted after becoming a wholly-owned subsidiary of Cathay Financial Holding Co., Ltd. ("Cathay Financial Holdings") on the same date through a share swap. Under the Financial Institutions Merger Act, the Bank merged with the former Cathay Commercial Bank, a wholly-owned subsidiary of Cathay Financial Holdings on October 27, 2003, with UWCCB as the surviving entity and was renamed Cathay United Bank Co., Ltd.

The Bank merged with Lucky Bank on January 1, 2007. The Bank was the surviving entity after this merger and Lucky Bank was the extinguished entity. In addition, the Bank acquired specific assets, liabilities, and business of China United Trust & Investment Corporation (CUTIC) on December 29, 2007.

Cathay Financial Holdings is the Bank's ultimate parent company.

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

2. APPROVAL OF FINANCIAL STATEMENTS

The consolidated financial statements of the Bank and its subsidiaries (collectively, the "Company") were approved by the Bank's board of directors on May 14, 2026.

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

a. Initial application of the amendments to the Regulations Governing the Preparation of Financial Reports by Public Banks and the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) (collectively, the "IFRS Accounting Standards") endorsed and issued into effect by the Financial Supervisory Commission (FSC)

Except for the following, the initial application of the amendments to the Regulations Governing the Preparation of Financial Reports by Public Banks and the IFRS Accounting Standards endorsed and issued into effect by the FSC did not have a material impact on the Company's accounting policies.

Amendments to IFRS 9 and IFRS 7 "Amendments to the Classification and Measurement of Financial Instruments"

1) The amendments to the application guidance of classification of financial assets

The amendments mainly amend the requirements for the classification of financial assets, including:

a) If a financial asset contains a contingent feature that could change the timing or amount of contractual cash flows and the contingent event itself does not relate directly to changes in basic lending risks and costs (e.g., whether the debtor achieves a contractually specified reduction in carbon emissions), the financial asset has contractual cash flows that are solely payments of principal and interest on the principal amount outstanding if, and only if,

- In all possible scenarios (before and after the occurrence of a contingent event), the contractual cash flows are solely payments of principal and interest on the principal amount outstanding; and

- In all possible scenarios, the contractual cash flows would not be significantly different from the contractual cash flows on a financial instrument with identical contractual terms, but without such a contingent feature.

b) To clarify that a financial asset has non-recourse features if an entity's ultimate right to receive cash flows is contractually limited to the cash flows generated by specified assets.

c) To clarify that the characteristics of contractually linked instruments include a prioritization of payments to the holders of financial assets using multiple contractually linked instruments (tranches) established through a waterfall payment structure, resulting in concentrations of credit risk and a disproportionate allocation of cash shortfalls from the underlying pool between the tranches.

2) The amendments to the application guidance of derecognition of financial liabilities

The amendments mainly stipulate that a financial liability is derecognized on the settlement date. However, when settling a financial liability in cash using an electronic payment system, the Company can choose to derecognize the financial liability before the settlement date if, and only if, the Company has initiated a payment instruction that resulted in:

- The Company having no practical ability to withdraw, stop or cancel the payment instruction;

- The Company having no practical ability to access the cash to be used for settlement as a result of the payment instruction; and

- The settlement risk associated with the electronic payment system being insignificant.

b. 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.

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 Company 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 Company 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 Company shall disaggregate items with dissimilar characteristics in the primary financial statements and in the notes. The Company 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 Company as a whole, the Company 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 Company 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 Company shall be classified as investing activities, while interest and dividends paid shall be classified as financing activities. However, if, after assessment, the Company 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 Company is continuously assessing the impacts of the above amended standards and interpretations on the Company's financial position and financial performance and will disclose the relevant impact when the assessment is completed.

4. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION

Statement of Compliance

The consolidated financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Public Banks and IAS 34 "Interim Financial Reporting" as endorsed and issued into effect by the FSC. Disclosure information included in the consolidated financial statements is less than the disclosure information required in a complete set of annual consolidated financial statements.

Basis of Preparation

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

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

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

b. Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for an asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and

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

Basis of Consolidation

a. Principles for preparing the consolidated financial statements

   The consolidated financial statements incorporate the financial statements of the Bank and the entities controlled by the Bank (Indovina Bank, CUBC Bank and CUBCN Bank).

   The accounting policies used by subsidiaries are the same as those used by the Bank.

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

Changes in the Company’s ownership interests in subsidiaries that do not result in the Company losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the interests of the Company 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 Bank.

In addition to the subsidiaries’ accounts, the consolidated financial statements include the accounts of the head office, all branches, and OBU. All interbranch and interbank transactions and account balances have been eliminated for consolidation purposes.

b. Entities included in the consolidated financial statements

See Note 16 for detailed information on subsidiaries (including percentages of ownership and main businesses).

Other material accounting policies

Except for the following, please refer to the consolidated financial statements for the year ended December 31, 2025.

a. Derecognition of financial liabilities

Financial liabilities are derecognized on the settlement date, which is the date on which the liability is extinguished because the Company’s obligations are discharged, cancelled or have expired, or the liability is substantially modified or exchanged for a debt instrument with substantially different terms. 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.

b. 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.

c. Other long-term employee benefits

Other long-term employee benefits are accounted for in the same way as the accounting required for defined benefit plans except that remeasurement is recognized in profit or loss.

d. 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 Company’s accounting policies, the Company’s 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 Company considers the possible impact of inflation and interest rate fluctuations on cash flow projections, discount rates and other relevant material estimates. The estimates and underlying assumptions are reviewed on an ongoing basis.

Assessment of Impairment of Loans

The assessment of impairment of loans is based on the value of the collateral, amount of principal and interest due, and the length of the overdue period. Changes in credit ratings on individual assets and the status of the collection are also considered during classification of the loans. The Company uses judgment in making these assumptions and in selecting the inputs to the impairment calculation, based on the Company's historical experience, existing market conditions as well as forward-looking estimates at the end of each reporting period. The inputs include probability of default and expected loss rates. For details of the key assumptions and inputs used, refer to Note 50.

6. CASH AND CASH EQUIVALENTS

	March 31, 2026	December 31, 2025	March 31, 2025
Cash on hand	$ 26,306,883	$ 23,482,321	$ 24,484,433
Checks for clearance	1,882,048	1,874,355	1,628,124
Due from banks	101,202,606	116,127,338	90,220,976
	129,391,537	141,484,014	116,333,533
Less: Allowance for impairment loss	(159,605)	(190,646)	(140,362)
	$ 129,231,932	$ 141,293,368	$ 116,193,171

Due from banks includes time deposits that mature within 12 months from the date of acquisition.

Reconciliations of cash and cash equivalents reported in the consolidated statements of cash flows with those reported in the consolidated balance sheets as of March 31, 2026 and 2025 are shown in the consolidated statements of cash flows. Reconciliations as of December 31, 2025 are shown below:

	December 31, 2025
Cash and cash equivalents reported in the consolidated balance sheets	$ 141,293,368
Due from the Central Bank and call loans to banks qualifying for cash and cash equivalents under the definition of IAS 7	284,499,824
Securities purchased under resell agreements qualifying for cash and cash equivalents under the definition of IAS 7	35,291,150
Cash and cash equivalents reported in the consolidated statements of cash flows	$ 461,084,342

7. DUE FROM THE CENTRAL BANK AND CALL LOANS TO BANKS

	March 31, 2026	December 31, 2025	March 31, 2025
Deposit reserves - general account	$ 135,310,970	$ 131,889,259	$ 114,064,812
Deposit reserves - foreign currency account	10,167,677	12,431,910	11,410,869
Deposits in the Central Bank - general account	85,718,081	53,017,685	39,197,117
Call loans and overdrafts	247,222,989	231,482,139	154,948,622
	478,419,717	428,820,993	319,621,420
Less: Allowance for impairment loss	(45,667)	(43,779)	(39,167)
	$ 478,374,050	$ 428,777,214	$ 319,582,253

The Bank

As provided by the Central Bank of the ROC, NTD-denominated deposit reserves are determined monthly at prescribed rates on the average balances of customers' NTD-denominated deposits, and the deposit reserves-general account is subject to withdrawal restrictions.

In addition, the foreign-currency deposit reserves are determined at prescribed rates on balances of additional foreign-currency deposits and recorded as deposit reserves - foreign currency account. These non-interest bearing reserves may be withdrawn at any time. As of March 31, 2026, December 31, 2025 and March 31, 2025, the balances of foreign-currency deposit reserves were $2,130,237 thousand, $3,643,467 thousand and $3,788,597 thousand, respectively.

Indovina Bank

In accordance with the relevant local laws and regulations governing credit institutions, the amounts of compulsory reserves for the State Bank of Vietnam were $1,374,095 thousand, $1,472,590 thousand and $1,549,397 thousand as of March 31, 2026, December 31, 2025 and March 31, 2025, respectively.

CUBC Bank

In accordance with the relevant local laws and regulations governing credit institutions, the amounts of compulsory reserves for the National Bank of Cambodia were $998,493 thousand, $949,394 thousand and $1,110,767 thousand as of March 31, 2026, December 31, 2025 and March 31, 2025, respectively.

CUBCN Bank

In accordance with the relevant local laws and regulations governing credit institutions, the amounts of compulsory reserves for the People's Bank of China were $5,664,852 thousand, $6,366,459 thousand and $4,962,108 thousand as of March 31, 2026, December 31, 2025 and March 31, 2025, respectively.

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 fair value through profit or loss			
Commercial paper	$ 224,463,818	$ 205,054,265	$ 115,721,151
Financial debentures	64,276,609	48,679,322	35,055,404
Corporate bonds	33,771,305	30,550,253	27,052,204
Government bonds	20,821,354	23,422,669	21,498,903
Treasury bills	13,181,376	1,274,073	-
Negotiable certificates of deposit	3,592,664	3,188,250	-
Stock investments	27,486	1,410,418	449,389
Fund beneficiary certificates	-	66,202	-
	360,134,612	313,645,452	199,777,051
Derivative financial instruments			
Foreign exchange forward contracts	29,936,481	23,660,088	33,988,543
Interest rate swap contracts	29,023,060	28,083,257	29,152,058
Options	4,431,263	4,257,669	4,071,764
Cross-currency swap contracts	2,085,899	2,070,155	1,435,151
Others	1,417,884	677,463	1,050,305
	66,894,587	58,748,632	69,697,821
	$ 427,029,199	$ 372,394,084	$ 269,474,872
Financial liabilities designated as at fair value through profit or loss			
Bonds	$ 42,221,049	$ 41,480,624	$ 43,394,757
Financial liabilities held for trading			
Derivative financial instruments			
Interest rate swap contracts	29,343,624	28,682,070	29,272,525
Foreign exchange forward contracts	27,353,354	23,233,836	31,708,308
Options	8,073,129	7,928,420	7,643,877
Cross-currency swap contracts	2,421,663	2,228,781	1,504,538
Others	1,417,874	682,387	1,055,492
	68,609,644	62,755,494	71,184,740
	$ 110,830,693	$ 104,236,118	$ 114,579,497

The Company engages in derivative transactions mainly to accommodate customers’ needs, and to manage its exposure positions. The financial risk management objective of the Company is to minimize risk due to changes in fair value or cash flows.

The contract amounts (nominal amounts) of derivative transactions for accommodating customers' needs and for managing the Company's exposure positions as of March 31, 2026, December 31, 2025 and March 31, 2025 were as follows:

(Unit: Thousands of U.S. Dollars)

	Contract Amounts		
	March 31, 2026	**December 31, 2025**	**March 31, 2025**
The Bank			
Foreign exchange forward contracts	$ 115,007,175	$ 107,412,084	$ 166,590,779
Interest rate swap contracts	45,875,220	47,723,529	48,044,253
Options	6,647,124	5,885,031	5,842,845
Cross-currency swap contracts	4,185,343	4,376,033	4,299,415
Equity swap contracts	1,293,000	1,197,920	963,280
Futures	202,275	184,284	948,801
Indovina Bank			
Foreign exchange forward contracts	315,500	221,000	216,500
CUBCN Bank			
Interest rate swap contracts	2,144,983	2,155,474	3,559,373
Foreign exchange forward contracts	1,941,145	2,184,524	1,887,928
Options	6,498	1,408	4,670
Cross-currency swap contracts	-	-	10,000

As of March 31, 2026, December 31, 2025 and March 31, 2025, none of the financial assets at FVTPL was sold under repurchase agreements.

Financial Liabilities Designated as at Fair Value through Profit or Loss

In September 2014, the Bank was authorized to issue subordinated financial debentures amounting to US$990 million; as of October 8, 2014, the issued subordinated financial debentures were US$660 million (perpetual) and US$330 million (fifteen years) with a fixed interest rate of 5.10% and 4.00%, respectively, and the interest is payable annually. The Bank is authorized by the authorities to redeem the US$660 million of bonds at notional amount after 12 years.

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

The Bank converted fixed interest rates into floating interest rates with interest rate swap contracts to hedge against the fair value risk resulting from interest rate fluctuations. For the three months ended March 31, 2026 and 2025, such interest rate swap contracts were valued with a net gain of $369,737 thousand and $1,122,687 thousand, respectively.

9. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	March 31, 2026	December 31, 2025	March 31, 2025
Investments in equity instruments			
Domestic listed shares	$ 15,729,835	$ 12,959,126	$ 10,859,999
Overseas stock investments	10,032,357	11,560,441	11,850,750
Domestic unlisted shares	5,204,494	5,413,539	6,314,319
Domestic emerging shares	73,531	78,479	93,048
	31,040,217	30,011,585	29,118,116
Investments in debt instruments			
Government bonds	185,794,171	170,931,591	166,161,386
Corporate bonds	96,421,032	95,809,805	96,997,865
Financial debentures	49,725,574	46,628,830	49,515,567
Asset-backed securities	42,776,883	31,028,033	31,219,698
Negotiable certificates of deposit	8,767,233	8,748,773	9,997,907
	383,484,893	353,147,032	353,892,423
	$ 414,525,110	$ 383,158,617	$ 383,010,539

These investments in equity instruments are held for medium to long-term strategic purposes and expect to profit from long-term investments. Accordingly, the management elected to designate these investments in equity instruments as at FVTOCI as they believe that recognizing short-term fluctuations in these investments' fair value in profit or loss would not be consistent with the Company's strategy of holding these investments for long-term purposes.

In consideration of its investment strategy, the Company sold its investments in equity instruments at FVTOCI with the fair value of $2,600,498 thousand and $4,649,626 thousand during the three months ended March 31, 2026 and 2025, respectively, and the related unrealized loss of $53,008 thousand and gain of $296,755 thousand were transferred from other equity to retained earnings, accordingly.

The Company's dividends from financial assets at FVTOCI of $62,289 thousand and $83,986 thousand were recognized as income for the three months ended March 31, 2026 and 2025, respectively. Those related to investments held as of March 31, 2026 and 2025 were $19,678 thousand and $83,986 thousand, respectively, and the remaining amounts were related to investments derecognized for the three months ended March 31, 2026 and 2025.

As of March 31, 2026, December 31, 2025 and March 31, 2025, certain financial assets at FVTOCI were sold under repurchase agreements with notional amounts of $32,195,523 thousand, $1,497,500 thousand and $10,486,282 thousand, respectively. The proceeds amounting to $26,642,172 thousand, $1,661,079 thousand and $8,623,658 thousand, respectively, were recorded as notes and bonds sold under repurchase agreements and will be/were repurchased for $26,735,240 thousand, $1,665,655 thousand and $8,696,111 thousand before the end of September 2026, June 2026 and September 2025, respectively.

As of March 31, 2026 and December 31, 2025, none of the domestic listed shares of investments in equity instruments at FVTOCI were loaned out under security lending agreements. As of March 31, 2025, certain domestic listed shares of investments in equity instruments at FVTOCI had been loaned out under security lending agreement with the fair value of $5,300 thousand, and in accordance with the agreement, securities were returned progressively by the end of August 2025.

10. INVESTMENTS IN DEBT INSTRUMENTS AT AMORTISED COST

	March 31, 2026	December 31, 2025	March 31, 2025
Short-term bills	$ 441,044,074	$ 454,425,000	$ 368,726,017
Asset-backed securities	125,851,973	106,595,453	81,789,874
Financial debentures	62,839,371	57,165,164	87,616,419
Government bonds	46,171,384	42,673,461	45,642,615
Corporate bonds	28,100,561	27,744,441	29,164,224
	704,007,363	688,603,519	612,939,149
Less: Allowance for impairment loss	(49,836)	(120,378)	(152,153)
	$ 703,957,527	$ 688,483,141	$ 612,786,996

For the three months ended March 31, 2026 and 2025, due to early redemption of part of the bonds by the issuer prior to the maturity date, the Bank recognized the gain or loss arising from derecognition of financial assets measured at amortised cost amounting to loss of $701 thousand and gain of $64 thousand, respectively.

As of March 31, 2026, December 31, 2025 and March 31, 2025, certain financial assets measured at amortised cost were sold under repurchase agreements with notional amounts of $11,479,057 thousand, $459,267 thousand and $16,591,000 thousand, respectively. The proceeds amounting to $7,400,689 thousand, $449,821 thousand and $10,950,947 thousand, respectively, were recorded as notes and bonds sold under repurchase agreements and will be/were repurchased for $7,422,641 thousand, $450,101 thousand and $11,058,889 thousand before the end of April 2026, January 2026 and June 2025, respectively.

Refer to Note 45 for information relating to investments in debt instruments at amortised cost pledged as security.

11. CREDIT RISK MANAGEMENT FOR INVESTMENTS IN DEBT INSTRUMENTS

The credit risk management of the Company's financial assets at FVTOCI and investments in debt instruments at amortised cost is described as follows:

March 31, 2026

	Financial Assets at FVTOCI	Investments in Debt Instruments at Amortised Cost	Total
Gross carrying amount	$ 391,916,707	$ 704,007,363	$ 1,095,924,070
Less: Allowance for impairment loss	(164,629)	(49,836)	(214,465)
Adjustment to fair value	(8,267,185)	-	(8,267,185)
	$ 383,484,893	$ 703,957,527	$ 1,087,442,420

December 31, 2025

	Financial Assets at FVTOCI	Investments in Debt Instruments at Amortised Cost	Total
Gross carrying amount	$ 359,170,296	$ 688,603,519	$ 1,047,773,815
Less: Allowance for impairment loss	(126,441)	(120,378)	(246,819)
Adjustment to fair value	(5,896,823)	-	(5,896,823)
	$ 353,147,032	$ 688,483,141	$ 1,041,630,173

March 31, 2025

	Financial Assets at FVTOCI	Investments in Debt Instruments at Amortised Cost	Total
Gross carrying amount	$ 363,643,133	$ 612,939,149	$ 976,582,282
Less: Allowance for impairment loss	(135,032)	(152,153)	(287,185)
Adjustment to fair value	(9,615,678)	-	(9,615,678)
	$ 353,892,423	$ 612,786,996	$ 966,679,419

The Company monitors the external credit rating information and price movements of their investments in debt instruments in order to assess whether there has been a significant increase in credit risk since initial recognition.

The Company takes into consideration the multi-period default probability table for each credit rating supplied by external rating agencies, and recovery rates of different types of bonds to assess the 12-month or lifetime expected credit losses.

The carrying amounts of financial assets at FVTOCI and investments in debt instruments at amortised cost sorted by credit rating of the Company are as follows:

Credit Rating	Definition	Basis for Recognizing ECLs	Gross Carrying Amount at March 31, 2026
Low credit risk	Low credit risk at the reporting date	12-month ECLs	$ 1,095,888,803
Significant increase in credit risk	Credit risk has increased significantly since initial recognition	Lifetime ECLs (not credit-impaired)	-
Default	Objective evidence of impairment at the reporting date	Lifetime ECLs (credit-impaired)	35,267

Credit Rating	Definition	Basis for Recognizing ECLs	Gross Carrying Amount at December 31, 2025
Low credit risk	Low credit risk at the reporting date	12-month ECLs	$ 1,047,534,107
Significant increase in credit risk	Credit risk has increased significantly since initial recognition	Lifetime ECLs (not credit-impaired)	204,989
Default	Objective evidence of impairment at the reporting date	Lifetime ECLs (credit-impaired)	34,719

Credit Rating	Definition	Basis for Recognizing ECLs	Gross Carrying Amount at March 31, 2025
Low credit risk	Low credit risk at the reporting date	12-month ECLs	$ 976,254,436
Significant increase in credit risk	Credit risk has increased significantly since initial recognition	Lifetime ECLs (not credit-impaired)	290,189
Default	Objective evidence of impairment at the reporting date	Lifetime ECLs (credit-impaired)	37,657

The changes in allowance for impairment loss of financial assets at FVTOCI and investments in debt instruments at amortised cost sorted by credit rating of the Company are as follows:

For the three months ended March 31, 2026

	Credit Rating		
	Low Credit Risk (12-month ECLs)	Doubtful (Lifetime ECLs - Not Credit-impaired)	In Default (Lifetime ECLs - Credit-impaired)
Balance at the beginning of the period	$ 173,967	$ 72,852	$ -
New debt instruments purchased	61,274	-	-
Derecognition	(18,370)	(72,852)	-
Effect of exchange rate changes and others	(2,406)	-	-
Balance at the end of the period	$ 214,465	$ -	$ -

For the three months ended March 31, 2025

	Credit Rating		
	Low Credit Risk (12-month ECLs)	Doubtful (Lifetime ECLs - Not Credit-impaired)	In Default (Lifetime ECLs - Credit-impaired)
Balance at the beginning of the period	$ 161,645	$ 119,213	$ -
New debt instruments purchased	47,269	-	-
Derecognition	(24,709)	-	-
Effect of exchange rate changes and others	(1,502)	(14,731)	-
Balance at the end of the period	$ 182,703	$ 104,482	$ -

12. SECURITIES PURCHASED UNDER RESELL AGREEMENTS

	March 31, 2026	December 31, 2025	March 31, 2025
Corporate bonds	$ 28,473,881	$ 23,368,480	$ 12,779,735
Government bonds	9,503,178	8,171,333	4,253,087
Financial debentures	4,175,982	3,754,534	2,151,231
Foreign bonds	-	-	457,731
	42,153,041	35,294,347	19,641,784
Less: Allowance for impairment loss	(3,904)	(3,197)	(1,836)
	$ 42,149,137	$ 35,291,150	$ 19,639,948

As of March 31, 2026, December 31, 2025 and March 31, 2025, none of the securities purchased under resell agreements were sold under repurchase agreements.

13. RECEIVABLES, NET

	March 31, 2026	December 31, 2025	March 31, 2025
Notes and accounts receivables	$ 115,597,719	$ 122,222,130	$ 103,936,245
Interest receivables	15,892,323	14,574,810	14,050,309
Factoring receivables	8,387,760	8,882,221	5,710,222
Acceptances	1,344,013	1,177,954	1,185,055
Others	6,395,394	4,467,870	6,624,014
	147,617,209	151,324,985	131,505,845
Less: Allowance for impairment loss	(3,010,280)	(3,070,276)	(2,861,841)
	$ 144,606,929	$ 148,254,709	$ 128,644,004

Refer to Note 50 for the impairment loss analysis of receivables.

The changes in the gross carrying amounts of the Company's receivables were as follows:

For the three months ended March 31, 2026

	12-month ECLs	Lifetime ECLs (Collectively Assessed)	Lifetime ECLs (Neither Purchased Nor Originated Credit-impaired Financial Assets)	Total
Balance at the beginning of the period	$ 146,942,338	$ 1,993,718	$ 2,388,929	$ 151,324,985
Changes of financial instruments recognized at the beginning of the current reporting period				
Transferred to Lifetime ECLs	(576,908)	585,847	(8,939)	-
Transferred to credit-impaired financial assets	(63,415)	(312,579)	375,994	-
Transferred to 12-month ECLs	441,459	(439,125)	(2,334)	-
Derecognition of financial assets in the period	(62,966,637)	(2,161,720)	(220,934)	(65,349,291)
New financial assets purchased or originated	59,807,158	1,579,245	195,743	61,582,146
Written-off as bad debt expense	-	-	(288,896)	(288,896)
Effects of exchange rate changes and others	342,771	896	4,598	348,265
Balance at the end of the period	$ 143,926,766	$ 1,246,282	$ 2,444,161	$ 147,617,209

For the three months ended March 31, 2025

	12-month ECLs	Lifetime ECLs (Collectively Assessed)	Lifetime ECLs (Neither Purchased Nor Originated Credit-impaired Financial Assets)	Total
Balance at the beginning of the period	$ 136,497,189	$ 2,355,699	$ 2,300,482	$ 141,153,370
Changes of financial instruments recognized at the beginning of the current reporting period				
Transferred to Lifetime ECLs	(869,001)	876,509	(7,508)	-
Transferred to credit-impaired financial assets	(408,662)	(173,929)	582,591	-
Transferred to 12-month ECLs	362,195	(359,878)	(2,317)	-
Derecognition of financial assets in the period	(55,155,344)	(1,552,718)	(461,634)	(57,169,696)
New financial assets purchased or originated	46,808,218	603,657	233,283	47,645,158
Written-off as bad debt expense	-	-	(352,348)	(352,348)
Effects of exchange rate changes and others	223,495	4,398	1,468	229,361
Balance at the end of the period	$ 127,458,090	$ 1,753,738	$ 2,294,017	$ 131,505,845

The changes in allowance for impairment loss of the Company's receivables were as follows:

For the three months ended March 31, 2026

	12-month ECLs	Lifetime ECLs (Collectively Assessed)	Lifetime ECLs (Neither Purchased Nor Originated Credit-impaired Financial Assets)	Impairment Loss under IFRS 9	Differences of Impairment Loss under Regulations	Total
Balance at the beginning of the period	$ 805,296	$ 374,682	$ 1,790,300	$ 2,970,278	$ 99,998	$ 3,070,276
Changes of financial instruments recognized at the beginning of the current reporting period						
Transferred to Lifetime ECLs	(24,672)	206,601	(6,034)	175,895	-	175,895
Transferred to credit-impaired financial assets	(4,594)	(84,059)	295,805	207,152	-	207,152
Transferred to 12-month ECLs	16,654	(88,126)	(1,707)	(73,179)	-	(73,179)
Derecognition of financial assets in the period	(278,205)	(87,646)	(98,430)	(464,281)	-	(464,281)
New financial assets purchased or originated	184,091	36,675	101,512	322,278	-	322,278
Differences of impairment loss under the regulations	-	-	-	-	143	143
Written-off as bad debt expense	-	-	(288,896)	(288,896)	-	(288,896)
Effects of exchange rate changes and others	37,428	9,635	13,829	60,892	-	60,892
Balance at the end of the period	$ 735,998	$ 367,762	$ 1,806,379	$ 2,910,139	$ 100,141	$ 3,010,280

For the three months ended March 31, 2025

	12-month ECLs	Lifetime ECLs (Collectively Assessed)	Lifetime ECLs (Neither Purchased Nor Originated Credit-impaired Financial Assets)	Impairment Loss under IFRS 9	Differences of Impairment Loss under Regulations	Total
Balance at the beginning of the period	$ 685,139	$ 409,352	$ 1,819,915	$ 2,914,406	$ 73,353	$ 2,987,759
Changes of financial instruments recognized at the beginning of the current reporting period						
Transferred to Lifetime ECLs	(24,316)	213,562	(5,206)	184,040	-	184,040
Transferred to credit-impaired financial assets	(13,058)	(67,360)	526,815	446,397	-	446,397
Transferred to 12-month ECLs	15,259	(83,099)	(1,560)	(69,400)	-	(69,400)
Derecognition of financial assets in the period	(199,448)	(141,605)	(358,130)	(699,183)	-	(699,183)
New financial assets purchased or originated	164,163	38,176	128,187	330,526	-	330,526
Differences of impairment loss under the regulations	-	-	-	-	716	716
Written-off as bad debt expense	-	-	(352,348)	(352,348)	-	(352,348)
Effects of exchange rate changes and others	34,102	10,227	(10,995)	33,334	-	33,334
Balance at the end of the period	$ 661,841	$ 379,253	$ 1,746,678	$ 2,787,772	$ 74,069	$ 2,861,841

14. DISCOUNTS AND LOANS, NET

	March 31, 2026	December 31, 2025	March 31, 2025
Discounts and overdrafts	$ 1,254,413	$ 517,994	$ 1,184,664
Short-term loans	747,867,912	698,967,701	671,778,039
Medium-term loans	917,484,476	867,002,850	781,407,686
Long-term loans	1,377,202,198	1,360,288,155	1,335,421,188
Export negotiations	593,046	693,085	1,378,082
Non-accrual loans transferred from loans	9,324,574	7,851,208	7,420,757
	3,053,726,619	2,935,320,993	2,798,590,416
Less: Allowance for impairment loss	(50,120,944)	(48,391,615)	(45,978,973)
	$ 3,003,605,675	$ 2,886,929,378	$ 2,752,611,443

As of March 31, 2026, December 31, 2025 and March 31, 2025, the balances of nonaccrual loans were $9,324,574 thousand, $7,851,208 thousand and $7,420,757 thousand, respectively. For the three months ended March 31, 2026 and 2025, the Company did not write off certain credits without completing the required legal procedures.

Refer to Note 50 for the impairment loss analysis of discounts and loans.

The changes in the gross carrying amounts of the Company's discounts and loans were as follows:

For the three months ended March 31, 2026

	12-month ECLs	Lifetime ECLs (Collectively Assessed)	Lifetime ECLs (Neither Purchased Nor Originated Credit-impaired Financial Assets)	Total
Balance at the beginning of the period	$ 2,824,433,030	$ 88,517,420	$ 22,370,543	$ 2,935,320,993
Changes of financial instruments recognized at the beginning of the current reporting period				
Transferred to Lifetime ECLs	(13,495,723)	13,702,932	(207,209)	-
Transferred to credit-impaired financial assets	(1,663,904)	(2,146,668)	3,810,572	-
Transferred to 12-month ECLs	16,181,809	(15,923,169)	(258,640)	-
Derecognition of financial assets in the period	(375,443,998)	(17,116,356)	(1,639,399)	(394,199,753)
New financial assets purchased or originated	501,257,223	6,815,403	565,739	508,638,365
Written-off as bad debt expense	-	-	(595,411)	(595,411)
Effects of exchange rate changes and others	4,191,486	251,589	119,350	4,562,425
Balance at the end of the period	$ 2,955,459,923	$ 74,101,151	$ 24,165,545	$ 3,053,726,619

For the three months ended March 31, 2025

	12-month ECLs	Lifetime ECLs (Collectively Assessed)	Lifetime ECLs (Neither Purchased Nor Originated Credit-impaired Financial Assets)	Total
Balance at the beginning of the period	$ 2,628,181,220	$ 76,013,179	$ 19,869,764	$ 2,724,064,163
Changes of financial instruments recognized at the beginning of the current reporting period				
Transferred to Lifetime ECLs	(15,353,329)	15,519,854	(166,525)	-
Transferred to credit-impaired financial assets	(647,420)	(1,291,890)	1,939,310	-
Transferred to 12-month ECLs	12,310,912	(12,222,973)	(87,939)	-
Derecognition of financial assets in the period	(340,680,988)	(6,380,885)	(831,750)	(347,893,623)
New financial assets purchased or originated	413,334,233	4,862,049	651,144	418,847,426
Written-off as bad debt expense	-	-	(693,415)	(693,415)
Effects of exchange rate changes and others	3,982,814	325,843	(42,792)	4,265,865
Balance at the end of the period	$ 2,701,127,442	$ 76,825,177	$ 20,637,797	$ 2,798,590,416

The changes in allowance for impairment loss of the Company's discounts and loans were as follows:

For the three months ended March 31, 2026

	12-month ECLs	Lifetime ECLs (Collectively Assessed)	Lifetime ECLs (Neither Purchased Nor Originated Credit-impaired Financial Assets)	Impairment Loss under IFRS 9	Differences of Impairment Loss under Regulations	Total
Balance at the beginning of the period	$ 4,258,964	$ 2,844,425	$ 8,819,705	$ 15,923,094	$ 32,468,521	$ 48,391,615
Changes of financial instruments recognized at the beginning of the current reporting period						
Transferred to Lifetime ECLs	(70,358)	1,012,015	(45,156)	896,501	-	896,501
Transferred to credit-impaired financial assets	(339,195)	(320,271)	1,469,769	810,303	-	810,303
Transferred to 12-month ECLs	80,823	(593,585)	(22,576)	(535,338)	-	(535,338)
Derecognition of financial assets in the period	(629,095)	(235,003)	(340,567)	(1,204,665)	-	(1,204,665)
New financial assets purchased or originated	668,106	62,040	693,089	1,423,235	-	1,423,235
Differences of impairment loss under the regulations	-	-	-	-	1,544,261	1,544,261
Written-off as bad debt expense	-	-	(595,411)	(595,411)	-	(595,411)
Effects of exchange rate changes and others	(230,228)	(94,719)	(284,610)	(609,557)	-	(609,557)
Balance at the end of the period	$ 3,739,017	$ 2,674,902	$ 9,694,243	$ 16,108,162	$ 34,012,782	$ 50,120,944

For the three months ended March 31, 2025

	12-month ECLs	Lifetime ECLs (Collectively Assessed)	Lifetime ECLs (Neither Purchased Nor Originated Credit-impaired Financial Assets)	Impairment Loss under IFRS 9	Differences of Impairment Loss under Regulations	Total
Balance at the beginning of the period	$ 4,421,053	$ 3,773,954	$ 8,296,741	$ 16,491,748	$ 28,339,740	$ 44,831,488
Changes of financial instruments recognized at the beginning of the current reporting period						
Transferred to Lifetime ECLs	(71,007)	1,100,115	(50,196)	978,912	-	978,912
Transferred to credit-impaired financial assets	(6,647)	(354,500)	687,135	325,988	-	325,988
Transferred to 12-month ECLs	58,755	(573,041)	(14,914)	(529,200)	-	(529,200)
Derecognition of financial assets in the period	(458,983)	(284,082)	(107,574)	(850,639)	-	(850,639)
New financial assets purchased or originated	529,584	38,872	359,547	928,003	-	928,003
Differences of impairment loss under the regulations	-	-	-	-	1,268,850	1,268,850
Written-off as bad debt expense	-	-	(693,415)	(693,415)	-	(693,415)
Effects of exchange rate changes and others	(107,509)	(123,590)	(49,915)	(281,014)	-	(281,014)
Balance at the end of the period	$ 4,365,246	$ 3,577,728	$ 8,427,409	$ 16,370,383	$ 29,608,590	$ 45,978,973

15. RESERVES FOR LOSSES ON GUARANTEES, LETTER OF CREDIT RECEIVABLE AND FINANCING COMMITMENTS

The changes in the Company’s guarantee liability provisions, letter of credit receivable and provision of commitments were as follows:

For the three months ended March 31, 2026

	12-month ECLs	Lifetime ECLs (Collectively Assessed)	Lifetime ECLs (Neither Purchased Nor Originated Credit-impaired Financial Assets)	Impairment Loss under IFRS 9	Differences of Impairment Loss under Regulations	Total
Balance at the beginning of the period	$ 222,813	$ 16,300	$ 20,454	$ 259,567	$ 186,881	$ 446,448
Changes of financial instruments recognized at the beginning of the current reporting period						
Transferred to Lifetime ECLs	(622)	5,746	(72)	5,052	-	5,052
Transferred to credit-impaired financial assets	(16)	(70)	420	334	-	334
Transferred to 12-month ECLs	1,472	(9,074)	(469)	(8,071)	-	(8,071)
Derecognition of financial assets in the period	(56,282)	(7,966)	(4,725)	(68,973)	-	(68,973)
New financial assets purchased or originated	69,025	6,305	19,274	94,604	-	94,604
Differences of impairment loss under the regulations	-	-	-	-	28,606	28,606
Effects of exchange rate changes and others	(8,603)	(3,062)	(874)	(12,539)	-	(12,539)
Balance at the end of the period	$ 227,787	$ 8,179	$ 34,008	$ 269,974	$ 215,487	$ 485,461

For the three months ended March 31, 2025

	12-month ECLs	Lifetime ECLs (Collectively Assessed)	Lifetime ECLs (Neither Purchased Nor Originated Credit-impaired Financial Assets)	Impairment Loss under IFRS 9	Differences of Impairment Loss under Regulations	Total
Balance at the beginning of the period	$ 259,893	$ 65,268	$ 7,233	$ 332,394	$ 188,954	$ 521,348
Changes of financial instruments recognized at the beginning of the current reporting period						
Transferred to Lifetime ECLs	(729)	11,984	-	11,255	-	11,255
Transferred to credit-impaired financial assets	(2)	-	647	645	-	645
Transferred to 12-month ECLs	568	(6,863)	(273)	(6,568)	-	(6,568)
Derecognition of financial assets in the period	(82,554)	(13,127)	(986)	(96,667)	-	(96,667)
New financial assets purchased or originated	64,152	17,735	3,779	85,666	-	85,666
Differences of impairment loss under the regulations	-	-	-	-	1,117	1,117
Effects of exchange rate changes and others	(19,650)	(19,564)	2,969	(36,245)	-	(36,245)
Balance at the end of the period	$ 221,678	$ 55,433	$ 13,369	$ 290,480	$ 190,071	$ 480,551

16. SUBSIDIARIES

Subsidiaries Included in the Consolidated Financial Statements

The subsidiaries included in the consolidated financial statements are as follows:

Investor	Subsidiary	Nature of Activities	Proportion of Ownership (%) March 31, 2026	December 31, 2025	March 31, 2025	Description
The Bank	Indovina Bank Limited (Indovina Bank)	Bank business	50	50	50	Incorporated in Vietnam on November 21, 1990
	Cathay United Bank (Cambodia) PLC. (CUBC Bank) (Note 1)	Bank business	100	100	100	SBC Bank was incorporated in Cambodia on July 5, 1993, and renamed as CUBC Bank as of January 14, 2014
	Cathay United Bank (China) Limited (CUBCN Bank) (Note 2)	Bank business	100	100	100	Incorporated in China on September 3, 2018
CUBC Bank	CUBC Investment Co., LTD (CUBC-I)	Investment business	49 (Note 3)	49 (Note 3)	49 (Note 3)	Incorporated in Cambodia on August 14, 2012

Note 1: CUBC Bank has completed the registration of its English name change to ‘Cathay United Bank (Cambodia) PLC.’ The change was approved by the Financial Supervisory Commission and the relevant local authorities, and became effective on April 1, 2025.

Note 2: As a major subsidiary, its financial statements have been reviewed. Please refer to Table 3 for the relevant investment information.

Note 3: CUBC Bank held 49% of the shares of CUBC-I. Through an agency agreement with the other shareholders, it actually controls the operations of CUBC-I and the composition of its board of directors, and obtains 100% of its economic benefits, therefore, CUBC-I is listed as a subsidiary of CUBC Bank.

17. INVESTMENTS MEASURED BY EQUITY METHOD, NET

	March 31, 2026	December 31, 2025	March 31, 2025
Associates that are not individually material			
Taiwan Real-estate Management Corp.	$ 108,642	$ 108,462	$ 104,421
Taiwan Finance Corp.	1,899,583	1,874,825	1,728,268
	$ 2,008,225	$ 1,983,287	$ 1,832,689

Aggregate information on the Bank's associates that are not individually material is as follows:

	For the Three Months Ended March 31	
	2026	2025
The Bank's share of		
Current net income	$ 26,100	$ 19,702
Current other comprehensive loss	(1,162)	(7,886)
Current comprehensive income	$ 24,938	$ 11,816

Investments measured by equity method and the Bank's share of profit and loss and other comprehensive income are calculated based on the financial statements which were not reviewed; however, management believes there is no material impact on the equity method of accounting or the calculation of the share of profit or loss and other comprehensive income from the financial statements which have not been reviewed.

18. PROPERTY AND EQUIPMENT, NET

For the three months ended March 31, 2026

	Land	Buildings	Equipment	Transportation Equipment	Other Equipment	Leasehold Improvements	Construction in Progress and Prepayment for Equipment	Total
Cost								
Balance at the beginning of the period	$ 15,216,774	$ 9,801,410	$ 6,926,653	$ 129,945	$ 9,621,595	$ 469,407	$ 1,338,031	$ 43,503,815
Additions	-	-	39,207	-	108,761	613	373,855	522,436
Disposals	-	-	(128,197)	(5,237)	(54,648)	-	-	(188,082)
Reclassification	-	-	437,004	-	138,015	1,256	(617,315)	(41,040)
Exchange differences	8,789	5,702	16,410	2,147	3,952	11,745	2,439	51,184
Balance at the end of the period	15,225,563	9,807,112	7,291,077	126,855	9,817,675	483,021	1,097,010	43,848,313
Accumulated depreciation and impairment								
Balance at the beginning of the period	-	5,454,715	5,076,384	101,984	6,877,781	375,578	-	17,886,442
Depreciation	-	51,156	201,382	2,034	176,380	10,270	-	441,222
Disposals	-	-	(128,191)	(5,237)	(53,728)	-	-	(187,156)
Exchange differences	-	3,309	13,731	1,712	3,308	9,433	-	31,493
Balance at the end of the period	-	5,509,180	5,163,306	100,493	7,003,741	395,281	-	18,172,001
Net								
Balance at the end of the period	$ 15,225,563	$ 4,297,932	$ 2,127,771	$ 26,362	$ 2,813,934	$ 87,740	$ 1,097,010	$ 25,676,312

For the three months ended March 31, 2025

	Land	Buildings	Equipment	Transportation Equipment	Other Equipment	Leasehold Improvements	Construction in Progress and Prepayment for Equipment	Total
Cost								
Balance at the beginning of the period	$ 15,238,554	$ 9,825,700	$ 6,301,870	$ 131,374	$ 9,033,301	$ 447,227	$ 1,031,739	$ 42,009,765
Additions	-	-	47,931	-	55,394	2,913	335,050	441,288
Disposals	-	-	(165,140)	(19)	(66,033)	-	-	(231,192)
Reclassification	-	-	54,402	-	105,423	-	(162,031)	(2,206)
Exchange differences and inflation adjustment	6,503	4,342	12,389	1,594	4,048	8,047	929	37,852
Balance at the end of the period	15,245,057	9,830,042	6,251,452	132,949	9,132,133	458,187	1,205,687	42,255,507
Accumulated depreciation and impairment								
Balance at the beginning of the period	-	5,265,124	4,768,916	99,381	6,688,585	328,838	-	17,150,844
Depreciation	-	51,490	156,312	2,005	151,771	10,999	-	372,577
Disposals	-	-	(165,052)	(19)	(63,224)	-	-	(228,295)
Exchange differences and inflation adjustment	-	2,373	10,390	1,232	2,822	6,021	-	22,838
Balance at the end of the period	-	5,318,987	4,770,566	102,599	6,779,954	345,858	-	17,317,964
Net								
Balance at the end of the period	$ 15,245,057	$ 4,511,055	$ 1,480,886	$ 30,350	$ 2,352,179	$ 112,329	$ 1,205,687	$ 24,937,543

Depreciation of the above-mentioned items of property and equipment is calculated on a straight-line basis over their estimated useful lives as follows:

Buildings	
Main buildings	20 to 60 years
Buildings renovation	5 years
Equipment	3 to 10 years
Transportation equipment	4 to 10 years
Other equipment	3 to 16 years
Leasehold improvements	5 years

As of March 31, 2026, December 31, 2025 and March 31, 2025, no property and equipment was pledged as collateral.

19. LEASE AGREEMENTS

a. Right-of-use assets

	March 31, 2026	December 31, 2025	March 31, 2025
Carrying amount of right-of-use assets			
Land and buildings	$ 5,671,296	$ 5,972,095	$ 6,499,713
Equipment	793,609	837,807	1,230
Transportation equipment	58,025	60,971	46,082
	$ 6,522,930	$ 6,870,873	$ 6,547,025

	For the Three Months Ended March 31	
	2026	**2025**
Additions to right-of-use assets	$ 172,250	$ 861,682
Depreciation charge for right-of-use assets		
Land and buildings	$ 481,261	$ 468,025
Equipment	44,215	190
Transportation equipment	8,685	9,717
	$ 534,161	$ 477,932

Except for the aforementioned addition and recognized depreciation, the Company did not have significant sublease or impairment of right-of-use assets during the three months ended March 31, 2026 and 2025.

b. Lease liabilities

	March 31, 2026	**December 31, 2025**	**March 31, 2025**
Carrying amount of lease liabilities	$ 6,761,555	$ 7,038,916	$ 6,662,828

The discount rate intervals of lease liabilities are as follows:

	March 31, 2026	**December 31, 2025**	**March 31, 2025**
Land and buildings	0.12%-6.63%	0.12%-6.63%	0.12%-6.63%
Equipment	1.13%-3.49%	0.36%-3.49%	0.36%-3.49%
Transportation equipment	1.13%-6.25%	1.13%-6.58%	0.63%-6.58%

c. Other lease information

	For the Three Months Ended March 31	
	2026	**2025**
Expenses relating to short-term leases	$ 130,278	$ 112,224
Expenses relating to low-value asset leases	$ 41,407	$ 49,003
Total cash outflow for leases	$ 657,777	$ 594,520

The Company's leases of certain assets qualify as short-term leases and low-value asset leases. The Company has elected to apply the recognition exemption and thus, did not recognize right-of-use assets and lease liabilities for these leases.

20. INVESTMENT PROPERTIES, NET

	Land	Buildings	Total
Balance at January 1, 2026	$ 2,251,087	$ 38,063	$ 2,289,150
Balance at March 31, 2026	$ 2,251,087	$ 38,063	$ 2,289,150
Balance at January 1, 2025	$ 2,198,648	$ 102,696	$ 2,301,344
Others (Note)	(11,231)	-	(11,231)
Balance at March 31, 2025	$ 2,187,417	$ 102,696	$ 2,290,113

Note: Compensation for urban renewal and demolition.

a. As of March 31, 2026, December 31, 2025 and March 31, 2025, no investment property was pledged as collateral.

b. Some of the Bank's properties are held for earning rental income or for capital appreciation, while some are for self-use. When the part held for self-use is less than 5% of the individual real estate, the real estate is classified as investment properties.

c. The fair values of the Bank's investment properties were based on the valuations carried out by qualified real estate appraisers in Taiwan in accordance with the "Regulations on Real Estate Appraisal." The valuation dates were December 31, 2025 and 2024, respectively. The appraisers had reviewed the original valuation reports issued on the aforementioned valuation dates and clarified that the valuation reports were in effect on March 31, 2026 and 2025, respectively.

Appraiser Office	December 31 2025	December 31 2024
REPro Knight Frank Real Estate Appraiser Firm	Xiang-Yi, Hsu; Xin-Ya, Wang; Ming-Yang, Wang; Hong-Xu, Wu	Xiang-Yi, Hsu; You-Xiang, Cai

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

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

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

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

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

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

The main inputs used are as follows:

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

Operating expenses directly related to investment properties

	For the Three Months Ended March 31	
	2026	**2025**
Generating rental income	$ -	$ -
Not generating rental income	168	334
	$ 168	$ 334

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

21. INTANGIBLE ASSETS, NET

For the three months ended March 31, 2026

	Computer Software	Goodwill	Others	Total
Cost				
Balance at the beginning of the period	$ 3,730,690	$ 7,005,396	$ 1,109	$ 10,737,195
Additions	71,238	-	-	71,238
Disposals	(96,357)	-	-	(96,357)
Reclassification	181,464	-	-	181,464
Exchange differences	16,051	5,729	-	21,780
Balance at the end of the period	3,903,086	7,011,125	1,109	10,915,320

(Continued)

	Computer Software	Goodwill	Others	Total
Accumulated amortization				
Balance at the beginning of the period	$ 2,195,529	$ -	$ -	$ 2,195,529
Amortization	187,138	-	-	187,138
Disposals	(96,357)	-	-	(96,357)
Exchange differences	9,508	-	-	9,508
Balance at the end of the period	2,295,818	-	-	2,295,818
Net				
Balance at the end of the period	$ 1,607,268	$ 7,011,125	$ 1,109	$ 8,619,502

(Concluded)

For the three months ended March 31, 2025

	Computer Software	Goodwill	Others	Total
Cost				
Balance at the beginning of the period	$ 3,690,728	$ 7,019,592	$ 1,944	$ 10,712,264
Additions	48,377	-	-	48,377
Disposals	(119,850)	-	-	(119,850)
Reclassification	186,897	-	-	186,897
Exchange differences	13,756	4,239	-	17,995
Balance at the end of the period	3,819,908	7,023,831	1,944	10,845,683
Accumulated amortization				
Balance at the beginning of the period	2,270,036	-	-	2,270,036
Amortization	173,435	-	-	173,435
Disposals	(119,850)	-	-	(119,850)
Exchange differences	8,750	-	-	8,750
Balance at the end of the period	2,332,371	-	-	2,332,371
Net				
Balance at the end of the period	$ 1,487,537	$ 7,023,831	$ 1,944	$ 8,513,312

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

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

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

22. OTHER ASSETS, NET

	March 31, 2026	December 31, 2025	March 31, 2025
Prepayments	$ 3,243,684	$ 2,150,895	$ 2,637,970
Temporary payments and suspense accounts	1,201,224	1,149,391	653,471
Interbank clearing funds	8,736,177	6,874,725	8,866,409
Refundable deposits, net	20,280,241	21,880,991	20,688,442
Operating deposits	1,462,310	1,224,290	1,220,290
Others	154,759	153,652	160,162
	$ 35,078,395	$ 33,433,944	$ 34,226,744

23. DEPOSITS FROM THE CENTRAL BANK AND BANKS

	March 31, 2026	December 31, 2025	March 31, 2025
Call loans from the Central Bank and banks	$ 103,248,346	$ 60,580,730	$ 80,586,783
Deposits from the Central Bank and banks	83,523,974	100,477,285	74,697,928
Due to Chunghwa Post Co., Ltd.	17,708,805	17,708,805	17,709,405
Bank overdrafts	372,663	24,051	219,654
	$ 204,853,788	$ 178,790,871	$ 173,213,770

24. NOTES AND BONDS ISSUED UNDER REPURCHASE AGREEMENTS

	March 31, 2026	December 31, 2025	March 31, 2025
Corporate bonds	$ 13,268,508	$ -	$ -
Government bonds	10,628,692	1,661,079	6,299,111
Asset-backed securities	8,131,509	-	13,034,496
Financial debentures	2,014,152	449,821	240,998
	$ 34,042,861	$ 2,110,900	$ 19,574,605

25. PAYABLES

	March 31, 2026	December 31, 2025	March 31, 2025
Payables for notes and bonds trade settlements	$ 14,933,850	$ 3,290,104	$ 1,597,821
Interest payable	12,161,063	8,843,518	12,893,108
Accrued expenses	9,147,148	13,980,585	9,284,161
Accounts payable	2,400,279	2,326,309	2,167,730
Receipts under custody	1,548,658	1,198,236	730,323
Banker's acceptances	1,350,383	1,182,740	1,191,287
Others	16,176,950	16,248,199	13,454,088
	$ 57,718,331	$ 47,069,691	$ 41,318,518

26. DEPOSITS AND REMITTANCES

	March 31, 2026	December 31, 2025	March 31, 2025
Checking deposits	$ 18,181,694	$ 18,565,740	$ 14,740,075
Demand deposits	1,028,367,895	965,851,154	859,329,944
Demand savings deposits	1,645,594,845	1,588,187,302	1,463,550,065
Time deposits	1,377,589,791	1,333,971,044	1,089,333,681
Time savings deposits	498,531,626	494,279,506	470,231,425
Negotiable certificates of deposits	28,811,612	27,156,081	38,202,369
Outward remittances and remittances payable	2,580,209	2,944,531	2,147,935
	$ 4,599,657,672	$ 4,430,955,358	$ 3,937,535,494

27. FINANCIAL DEBENTURES PAYABLE

	March 31, 2026	December 31, 2025	March 31, 2025
2nd issue of subordinated financial debentures in 2017; fixed rate at 1.85%; maturity: April 2027	$ 12,700,000	$ 12,700,000	$ 12,700,000
1st issue of subordinated financial debentures in 2025; fixed rate at 2.18%; maturity: June 2032	550,000	550,000	-
1st issue of subordinated financial debentures in 2025; fixed rate at 2.30%; maturity: June 2035	5,350,000	5,350,000	-
	$ 18,600,000	$ 18,600,000	$ 12,700,000

28. OTHER FINANCIAL LIABILITIES

	March 31, 2026	December 31, 2025	March 31, 2025
Principal of structured products	$ 38,661,407	$ 38,666,186	$ 47,444,468
Other financial liabilities	456,875	362,394	74,497
	$ 39,118,282	$ 39,028,580	$ 47,518,965

29. PROVISIONS

	March 31, 2026	December 31, 2025	March 31, 2025
Reserve for employee benefits			
Defined benefit plan	$ 1,548,509	$ 1,664,028	$ 1,582,021
Retired employees' preferential interest rate deposits	1,190,804	1,229,576	1,129,611
Reserve for losses on guarantees	270,391	228,127	239,314
Reserve for finance commitments	212,500	214,214	239,751
Other operating reserve	386,680	383,019	378,657
Other reserve - letter of credit	2,570	4,107	1,486
	$ 3,611,454	$ 3,723,071	$ 3,570,840

30. RETIREMENT BENEFIT PLANS

a. Defined contribution plan

The Bank adopted a pension plan under the Labor Pension Act (LPA), which is a state-managed defined contribution plan. Under the LPA, the Bank makes monthly contributions equal to 6% of each employee's monthly salary to employees' pension accounts in the Bureau of Labor Insurance.

For the three months ended March 31, 2026 and 2025, the Company recognized expenses of $178,112 thousand and $165,563 thousand in the consolidated statements of comprehensive income in accordance with the defined contribution plan, respectively.

b. Defined benefit plan

The defined benefit plan adopted by domestic branches of the Bank under the Labor Standards Act is operated by the government of the ROC. Pension benefits are calculated on the basis of the length of service and average monthly salaries of the 6 months before retirement. The Bank contributes a fixed proportion of total monthly salaries and wages to a pension fund administered by the pension fund monitoring committee. Pension contributions are deposited in the Bank of Taiwan in the committee's name. Before the end of each year, the Bank assesses the balance in the pension fund. If the amount of the balance in the pension fund is inadequate to pay retirement benefits for employees who conform to retirement requirements in the next year, the Bank is required to fund the difference in one appropriation that should be made before the end of March of the next year. The pension fund is managed by the Bureau of Labor Funds, Ministry of Labor (the "Bureau"); the Bank has no right to influence the investment policy and strategy.

The Bank uses the actuarially determined pension cost rates as of December 31, 2025 and 2024, respectively. For the three months ended March 31, 2026 and 2025, pension expenses under the defined benefit plan recognized in the consolidated statements of comprehensive income amounted to $60,968 thousand and $60,075 thousand, respectively.

c. Employee preferential interest rate deposit plan

For the three months ended March 31, 2026 and 2025, current employee preferential interest rate deposit plan expenses amounted to $36,264 thousand and $38,920 thousand, respectively; post-employment preferential interest rate deposit plan expenses amounted to $11,276 thousand and $9,481 thousand, respectively.

31. OTHER LIABILITIES

	March 31, 2026	December 31, 2025	March 31, 2025
Guarantee deposits received	$ 6,318,694	$ 4,018,826	$ 4,383,669
Temporary receipts and suspense accounts	4,243,403	4,082,702	5,185,157
Contract liabilities	2,177,411	870,805	1,062,407
Advance receipts	360,759	288,562	274,449
Others	1,473	1,835	3,241
	$ 13,101,740	$ 9,262,730	$ 10,908,923

32. EQUITY

a. Capital stock

Common stock

	March 31, 2026	December 31, 2025	March 31, 2025
Number of authorized shares (in thousands)	12,822,097	12,822,097	12,011,314
Amount of authorized shares	$ 128,220,970	$ 128,220,970	$ 120,113,139
Number of shares issued and fully paid (in thousands)	12,822,097	12,822,097	12,011,314
Amount of shares issued	$ 128,220,970	$ 128,220,970	$ 120,113,139

The issued common stock has a par value of NT$10 per share, with each share carrying one vote and the right to receive dividends.

On April 29, 2025, the Bank's board of directors resolved on behalf of the shareholders to transfer the retained earnings of $8,107,831 thousand in the form of dividends to increase capital and issued 810,783 thousand new shares for a total authorized capital of $128,220,970 thousand. The capital increase was approved by the FSC on June 25, 2025, and the recapitalization record date was July 16, 2025. The registration was completed on September 15, 2025.

On April 28, 2026, the Bank's board of directors resolved on behalf of the shareholders to transfer the retained earnings of $9,405,184 thousand in the form of dividends to increase capital and issued 940,518 thousand new shares for a total authorized capital of $137,626,154 thousand. The capital increase will be submitted to the FSC in accordance with the relevant laws and regulations.

b. Capital surplus

	March 31, 2026	December 31, 2025	March 31, 2025
<u>May be used to offset a deficit, distributed as cash dividends, or be transferred to share capital</u>			
Additional paid-in capital	$ 27,648,873	$ 27,648,873	$ 27,648,873
Capital surplus from the merger	10,949,303	10,949,303	10,949,303
Treasury share transactions	11,523	11,523	11,523
Changes in net values of equities of subsidiaries, associates and joint ventures accounted for using equity method	1,054	1,054	1,054
Donated surplus	230	230	230
<u>May only be used to offset a deficit</u>			
Share-based payments granted by the parent company to the Bank’s employees	258,097	258,097	258,097
	$ 38,869,080	$ 38,869,080	$ 38,869,080

c. Legal reserve

According to the Banking Act, the Bank shall set aside 30% of its after-tax earnings as a legal reserve at the time of distributing its earnings for each fiscal year. According to the Company Act, retained earnings are appropriated to legal reserve until the amount of legal reserve equals the Bank’s paid-in capital. The legal reserve may be used to offset deficit. If the Bank has no deficit and the legal reserve has exceeded 25% of its paid-in capital, the excess may be transferred to capital or distributed in cash. In addition, based on the Banking Act, if the legal reserve is less than the Bank’s paid-in capital, the amount that may be distributed in cash should not exceed 15% of the Bank’s paid-in capital. In the event that the accumulated legal reserve equals or exceeds the Bank’s paid-in capital or the Bank is sound in both its finance and business operations and had already set aside a legal reserve in compliance with the Banking Act, the restrictions stipulated above shall not apply.

d. Special reserve

	March 31, 2026	December 31, 2025	March 31, 2025
The debit balance of other equity	$ 3,728,683	$ 3,728,683	$ 6,156,444
Investment properties at fair value	1,854,103	1,854,103	1,789,305
Financial technology development employee transfer and placement expenditure	287,673	287,673	287,673
Trading loss reserve transfer	268,791	268,791	268,791
Changes recognized under the equity method	2,218	2,218	2,218
	$ 6,141,468	$ 6,141,468	$ 8,504,431

According to Rule No. 11301388321 issued by the FSC on June 12, 2024, the Bank sets aside a special reserve in accordance with the law and then subsequently reverses to distribute, and if the amount is distributed in cash, the provision in the latter paragraph of Article 50, Paragraph 1 of the Banking Act that maximum cash reserve distribution should not exceed 15% of the Bank's paid-in capital can be excluded.

According to Rule No. 1090150022 issued by the FSC on March 31, 2021, and the directive titled "Questions and Answers for Special Reserves Appropriated Following Adoption of IFRS Accounting Standards," the Bank should appropriate to or reverse from its special reserve certain specified amounts. Any special reserve appropriated may be reversed to the extent that the net debit balance reverses, and thereafter distributed.

According to Rule No. 10310000140 issued by the FSC on February 19, 2014, for publicly traded banks that elect to measure investment property using the fair value model, in accordance with the "Regulations Governing the Preparation of Financial Reports by Public Banks", any increase in retained earnings arising from the application of the fair value model must be appropriated to a special earnings reserve of an equivalent amount. Subsequently, if the fair value of the investment property decreases or if the property is disposed of, the previously appropriated special earnings reserve may be reversed in proportion to the reduction.

According to Rule No. 10510001510 issued by the FSC on May 25, 2016, the Bank should appropriate between 0.5% and 1% of net income after tax to the special reserve during the appropriation of earnings from 2016 through 2018. Since 2019, the Bank has been allowed to reverse the special reserve in an amount equal to the costs of employee transfer and arrangement in connection with the development of financial technology.

According to the rule issued by the FSC, the Bank transferred the trading loss reserve as of December 31, 2010 to the special reserve and the special reserve may not be used unless the conditions specified by the authority for reversal are met.

e. Retained earnings and dividends policy

According to the Bank's Articles of Incorporation, if the Bank made a profit in a fiscal year, the profit shall be first utilized for paying taxes and offsetting deficits of prior years, if any. If the legal reserve is less than the paid-in capital, profit shall be appropriated to the legal reserve and special reserve in accordance with the laws and regulations.

In consideration of the competitive environment, business growth, and capital adequacy, the Bank adopts a residual dividend policy. According to the Bank's business plan, except for a necessary amount of earnings to be reserved for dividend distribution, the remainder shall be distributed as cash dividends in principle. However, the maximum cash dividend may not exceed the regulatory limit.

The appropriations of earnings for 2025 and 2024 which were approved by the Bank's board of directors on behalf of the shareholder in accordance with the Company Act on April 28, 2026 and April 29, 2025, respectively, were as follows:

	Appropriation of Earnings		**Dividends Per Share (NT$)**	
	2025	**2024**	**2025**	**2024**
Legal reserve	$ 12,273,570	$ 11,196,344		
Special reserve	(3,628,763)	(2,362,954)		
Cash dividends	22,851,057	20,379,934	$ 1.78	$ 1.70
Stock dividends	9,405,184	8,107,831	0.73	0.68

f. Other equity items

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

	For the Three Months Ended March 31	
	2026	**2025**
Balance at the beginning of the period	$ (321,282)	$ 359,595
Exchange differences generated from translating the net assets of foreign operations	906,055	622,929
Tax effect	(181,211)	(124,586)
Other comprehensive income	724,844	498,343
Balance at the end of the period	$ 403,562	$ 857,938

2) Unrealized gains (losses) on financial assets at FVTOCI

	For the Three Months Ended March 31	
	2026	**2025**
Balance at the beginning of the period	$ 2,101,692	$ (2,531,340)
Recognized for the period		
Unrealized gains (losses)		
Debt instruments	(2,231,916)	1,721,376
Equity instruments	1,254,195	(1,073,556)
Net remeasurement of loss allowance	18,939	12,785
Share from associates accounted for using the equity method	(1,638)	(9,837)
Reclassification adjustments		
Disposal of investment in debt instruments	(155,177)	(53,485)
Tax effect	216,193	42,332
Other comprehensive (loss) income	(899,404)	639,615
Cumulative unrealized gains (losses) of equity instruments transferred to retained earnings due to disposal	53,008	(296,755)
Balance at the end of the period	$ 1,255,296	$ (2,188,480)

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

	For the Three Months Ended March 31	
	2026	**2025**
Balance at the beginning of the period	$ (182,974)	$ (420,102)
Changes in the fair value attributable to changes in the credit risk	356,391	410,648
Tax effect	(71,278)	(82,130)
Other comprehensive income	285,113	328,518
Balance at the end of the period	$ 102,139	$ (91,584)

4) Remeasurement of the defined benefit plans

	For the Three Months Ended March 31	
	2026	2025
Balance at the beginning of the period	$ (2,969,453)	$ (2,748,935)
Remeasurement	5,524	(585)
Share from associates accounted for using the equity method	476	1,951
Tax effect	(1,105)	117
Other comprehensive income	4,895	1,483
Balance at the end of the period	$ (2,964,558)	$ (2,747,452)

5) Gain on property revaluation

	For the Three Months Ended March 31	
	2026	2025
Balance at the beginning of the period	$ 1,611,351	$ 1,612,099
Other comprehensive income	-	-
Balance at the end of the period	$ 1,611,351	$ 1,612,099

g. Non-controlling interests

	For the Three Months Ended March 31	
	2026	2025
Balance at the beginning of the period	$ 4,803,157	$ 4,658,426
Net income attributable to non-controlling interests	49,632	129,588
Other comprehensive income		
Exchange differences on translating the financial statements of foreign operations	79,916	51,909
Losses from investments in debt instruments measured at fair value through other comprehensive income	(11,556)	(13,845)
	68,360	38,064
Balance at the end of the period	$ 4,921,149	$ 4,826,078

33. NET INTEREST REVENUE

	For the Three Months Ended March 31	
	2026	2025
Interest income		
Discounts and loans	$ 22,205,313	$ 21,065,639
Investment securities	6,026,198	5,772,024
Due from banks and call loans to banks	3,519,894	2,697,874
Revolving credit	883,249	752,971
Others	429,779	389,596
	33,064,433	30,678,104
Interest expense		
Deposits	13,482,728	12,636,961
Due to the Central Bank and other banks	761,712	995,835
Structured products	351,333	501,107
Notes and bonds issued under repurchase agreements	37,748	172,714
Financial debentures	91,231	57,933
Interest on lease liabilities	21,519	18,557
Others	33,922	106,389
	14,780,193	14,489,496
	$ 18,284,240	$ 16,188,608

34. NET SERVICE FEE REVENUE

	For the Three Months Ended March 31	
	2026	2025
Service fee income		
Credit card business	$ 3,401,692	$ 4,615,654
Trust business	2,932,325	2,157,962
Loan business	651,493	414,721
Cross-selling marketing	4,619,722	4,548,655
Others	1,001,943	881,054
	12,607,175	12,618,046
Service fee expenses		
Credit card business	2,115,683	2,002,056
Others	463,652	410,180
	2,579,335	2,412,236
	$ 10,027,840	$ 10,205,810

The Bank also engaged in the business of online payment services. For the three months ended March 31, 2026 and 2025, service fee revenue was $78 thousand and $112 thousand, respectively, and the revenue and other income resulting from the funds collected were both zero.

35. GAIN (LOSS) ON FINANCIAL ASSETS OR LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS

	For the Three Months Ended March 31	
	2026	2025
Stock	$ 217,203	$ (177,870)
Short-term bills	872,912	445,425
Fund beneficiary certificates	3,135	-
Investments in debt instruments	1,834,765	1,108,572
Derivative financial instruments	(643,197)	732,161
	$ 2,284,818	$ 2,108,288
Realized gain (loss)		
Gain on disposal	$ 1,099,963	$ 4,153,529
Interest income	1,859,587	1,221,513
Dividend income	3,065	-
Interest expense	(370,452)	(385,998)
Unrealized gain (loss)		
Valuation gain (loss)	(307,345)	(2,880,756)
	$ 2,284,818	$ 2,108,288

36. REALIZED GAIN OR LOSS ON FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	For the Three Months Ended March 31	
	2026	2025
Net gain on disposal - debt instruments	$ 155,177	$ 53,485
Dividend income	62,289	83,986
	$ 217,466	$ 137,471

37. IMPAIRMENT REVERSAL (LOSS) ON ASSETS

	For the Three Months Ended March 31	
	2026	2025
Debt instruments at FVTOCI	$ (42,561)	$ (19,495)
Debt instruments at amortised cost	70,834	17,188
	$ 28,273	$ (2,307)

38. BAD DEBTS EXPENSE, COMMITMENT AND GUARANTEE LIABILITY PROVISION

	For the Three Months Ended March 31	
	2026	2025
Discounts and loans	$ 1,931,305	$ 1,307,348
Receivables	71,991	87,967
Guarantee liability provisions	18,044	(4,307)
Financial commitment provisions	(2,805)	(39,307)
Others	(36,941)	(30,966)
	$ 1,981,594	$ 1,320,735

39. EMPLOYEE BENEFITS EXPENSES

	For the Three Months Ended March 31	
	2026	2025
Salaries	$ 6,304,247	$ 6,042,988
Insurance	423,631	386,979
Post-employment benefits	250,356	235,119
Remuneration of directors	999	873
Others	178,103	180,406
	$ 7,157,336	$ 6,846,365

For the three months ended March 31, 2026 and 2025, the average number of the Company's employees was 14,199, and 13,644, both including 20 non-executive directors.

As of March 31, 2026 and 2025, the number of employees of the Company was 14,139 and 13,717, respectively.

Under the Articles of Incorporation of the Bank, the Bank accrued compensation of employees and remuneration of directors at the rates of 0.05% and no higher than 0.1%, respectively, of net profit before income tax, compensation of employees, and remuneration of directors (after offsetting accumulated deficits). For the three months ended March 31, 2026 and 2025, compensation of employees and the remuneration of directors were as follows:

	For the Three Months Ended March 31	
	2026	2025
Compensation of employees	$ 6,500	$ 7,000
Remuneration of directors	$ 999	$ 873

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

Compensation of employees and the remuneration of directors for the years ended December 31, 2025 and 2024, which have been approved by the Bank's board of directors on March 11, 2026 and March 6, 2025, respectively, were as follows:

	For the Year Ended December 31	
	2025	2024
Compensation of employees	$ 25,940	$ 22,939
Remuneration of directors	$ 5,400	$ 4,500

There was no difference between the actual amounts of compensation of employees and remuneration of directors paid and the amounts recognized in the consolidated financial statements for the years ended December 31, 2025 and 2024, respectively.

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

40. DEPRECIATION AND AMORTIZATION EXPENSE

	For the Three Months Ended March 31	
	2026	2025
Depreciation expense		
Property and equipment	$ 441,222	$ 372,577
Right-of-use assets	534,161	477,932
Amortization expense		
Intangible assets	187,138	173,435
	$ 1,162,521	$ 1,023,944

41. OTHER GENERAL AND ADMINISTRATIVE EXPENSE

	For the Three Months Ended March 31	
	2026	2025
Product promotion expenses	$ 2,411,199	$ 2,384,549
Tax expenses	1,385,771	1,251,229
Insurance expenses	295,697	275,769
Rental expenses	171,685	161,227
Others	1,488,390	1,513,229
	$ 5,752,742	$ 5,586,003

42. INCOME TAX

a. Income tax recognized in profit or loss

Main components of income tax expense were as follows:

	For the Three Months Ended March 31	
	2026	2025
Current tax		
In respect of the period	$ 2,899,378	$ 2,662,915
Deferred tax		
In respect of the period	(304,378)	(168,915)
Income tax of overseas subsidiaries	30,983	96,212
Income tax expense recognized in profit or loss	$ 2,625,983	$ 2,590,212

According to the Ministry of Finance's Taiwan Finance Tax No. 910458039, "The joint declaration of business income tax by profit-seeking enterprises in accordance with Article 49 of the Financial Holding Company Act and Article 40 of the Business Mergers and Acquisitions Act" released on February 12, 2003, where a Financial Holding Company holds more than or equal to 90% of the outstanding issued shares of a domestic subsidiary, and the period of shareholdings in the subsidiary has reached 12 months of the tax year, the Financial Holding Company may elect to be the taxpayer and jointly declare profit-seeking enterprise tax. The Bank elected to jointly declare the profit-seeking enterprise income tax since 2003 and the undistributed retained earnings since 2002 with its parent company Cathay Financial Holding Co., Ltd. and its subsidiaries. Additional tax payable or receivable due to the joint declaration of income tax is recognized under the receivables (payables) for allocation of integrated income tax systems account.

b. Income tax recognized directly in equity

	For the Three Months Ended March 31	
	2026	2025
Current tax		
Derecognition of equity instruments at FVTOCI	$ (11,951)	$ (2,499)
Deferred tax		
Derecognition of equity instruments at FVTOCI	11,951	2,499
Total income tax recognized directly in equity	$ -	$ -

c. Income tax recognized in other comprehensive income

	For the Three Months Ended March 31	
	2026	2025
Deferred tax		
Recognized in other comprehensive income		
Remeasurement of defined benefit plans	$ 1,105	$ (117)
Changes in the fair value of financial liabilities attributable to changes in the credit risk	71,278	82,130
Exchange differences on translating the financial statements of foreign operations	181,211	124,586
Unrealized losses on financial assets at fair value through other comprehensive income	(216,193)	(42,332)
Total income tax expense recognized in other comprehensive income	$ 37,401	$ 164,267

d. Income tax assessments

The Bank's income tax returns through 2019 have been assessed by the tax authority; however, the Bank was dissatisfied and invoked the administrative remedy for fiscal years 2016, 2018 and 2019. The Bank assessed relevant income tax based on the prudence principle.

e. Pillar Two income tax legislation

In November 2023, the government of Vietnam, where the Ho Chi Minh City branch of the Bank and Indovina Bank are incorporated, enacted the Pillar Two income tax legislation effective from January 1, 2024. In addition, Singapore, Malaysia and Hong Kong, where the Bank's Singapore Branch, Labuan Branch and Hong Kong Branch are incorporated, respectively, have also enacted substantive legislation that came into effect on January 1, 2025. Under the legislation, the Bank and its subsidiaries are required to pay top-up tax on profits taxed below the effective tax rate of 15% in each jurisdiction. The jurisdiction mainly affected by such income tax is Malaysia. For the three months ended March 31, 2026, current income tax expense related to Pillar Two income taxes of $3,428 thousand was recongnized. The remaining effective Pillar Two income tax legislation did not have a material impact on current tax expense.

43. EARNINGS PER SHARE

The numerator and denominator used in calculating earnings per share were adjusted retroactively as follows:

Unit: Dollar Per Share

	For the Three Months Ended March 31	
	2026	2025
Basic earnings per share	$ 1.03	$ 0.94

The number of shares outstanding was retrospectively adjusted to reflect the effects of the stock dividends distributed in the year following earnings appropriation. The earnings and weighted average number of ordinary shares outstanding used in the computation of earnings per share were retrospectively adjusted as follows:

Net income

	For the Three Months Ended March 31	
	2026	**2025**
Net income for calculating basic earnings per share	$ 13,146,998	$ 12,048,631

Number of shares

Unit: In Thousands

	For the Three Months Ended March 31	
	2026	**2025**
Weighted average number of ordinary shares used for calculating basic earnings per share	12,822,097	12,822,097

44. RELATED-PARTY TRANSACTIONS

Transactions between the Company and its related parties are summarized as follows:

a. Related parties and relationships

Related Parties	Relationship with the Company
Cathay Financial Holding Co., Ltd.	Parent company
Taiwan Real-estate Management Corp.	Associate
Taiwan Finance Corp.	Associate
Cathay Life Insurance Co., Ltd.	Other related party
Cathay Century Insurance Co., Ltd.	Other related party
Cathay Securities Corporation	Other related party
Cathay Venture Inc.	Other related party
Cathay Securities Investment Trust Co., Ltd.	Other related party
Cathay Securities Investment Consulting Co., Ltd.	Other related party
Cathay Futures Co., Ltd.	Other related party
Cathay Life Insurance (Vietnam) Co., Ltd.	Other related party
Cathay Insurance (Vietnam) Co., Ltd.	Other related party
Symphox Information Co., Ltd.	Other related party
Seaward Card Co., Ltd.	Other related party
Cathay Charity Foundation	Other related party
Cathay United Bank Foundation	Other related party
Cathay Cultural Foundation	Other related party
Cathay United Bank Employees’ Welfare Committee	Other related party
Cathay Life Insurance Employees’ Welfare Committee	Other related party

(Continued)

Related Parties	Relationship with the Company
Cathay Real Estate Development Employees' Welfare Committee	Other related party
Vietinbank	Other related party
Cathay Real Estate Development Co., Ltd.	Other related party
Cathay Medical Care Corp.	Other related party
Cathay Healthcare Management Co., Ltd.	Other related party
Lin Yuan Property Management Co., Ltd.	Other related party
Yua Yung Co., Ltd.	Other related party
Sino Greenergy Group	Other related party (Note)
TaiYang Solar Power Co., Ltd.	Other related party
Cathay Hospitality Management Co., Ltd.	Other related party
Bannan Realty Co., Ltd.	Other related party
Lin Yuan (Shanghai) Real Estate Co., Ltd.	Other related party
Cathay Industrial Research and Design Center Co., Ltd.	Other related party
Sanchong Realty Co., Ltd.	Other related party
Cathay Real Estate Management Co., Ltd.	Other related party
Zhulun Realty Co., Ltd.	Other related party
EASYCARD Corporation	Other related party
TPIsoftware Corporation	Other related party
PSS Co., Ltd.	Other related party
Cathay Hospitality Consulting Co., Ltd.	Other related party
Ally Logistic Property Co., Ltd.	Other related party
Horng Suey Marketing Co., Ltd.	Other related party
Srisawad Corporation Public Company Limited	Other related party
Quantifeed Holdings Limited	Other related party
Taiwan Asset Management Corporation	Other related party
HanTech Venture Capital Corporation	Other related party
Taipei Forex Inc.	Other related party
Financial Information Service Co., Ltd.	Other related party
CDIB & PARTNERS Investment Holding Corporation	Other related party
Hongtaiyi Energy Co., Ltd.	Other related party (Note)
Witraise Industrial Technologies, Inc.	Other related party (Note)
Private Equity Funds managed by Cathay Private Equity	Other related party
Jinhua Realty Co., Ltd.	Other related party
Directors, supervisors managers, and their relatives and affiliates	Other related party

(Concluded)

Note: According to the "Guidelines for Related Party Transactions", these entities have not been related parties since the third quarter of 2025.

b. Significant transactions between the Company and related parties

1) Loans and deposits

Loans and interest revenue

March 31, 2026

Type	Account Volume or Name of Related Party	Highest Balance	Ending Balance	Loan Classification		Collateral	Differences in Terms of Transaction with Those for Unrelated Parties	Bad Debt Expense 01.01-03.31	Allowance for Bad Debt Expense - Ending Balance
				Normal Loans	Nonperforming Loans				
Consumer loans	36	$ 33,904	$ 31,844	V	$ -	Real estate	None	$ 3	$ 605
Self-used housing mortgage loans	76	794,497	784,508	V	-	Real estate	None	(148)	11,768
Others	226	3,304,418	3,204,278	V	-	Real estate, stocks and securities	None	1,239	35,759
Others	Taiwan Real-estate Management Corp.	25,000	25,000	V	-	Real estate	None	-	375
Others	TaiYang Solar Power Co., Ltd.	38,654	37,321	V	-	Property	None	(14)	373
Others	Cathay Real Estate Development Co., Ltd.	2,000,000	2,000,000	V	-	Real estate	None	-	20,000

December 31, 2025

Type	Account Volume or Name of Related Party	Highest Balance	Ending Balance	Loan Classification		Collateral	Differences in Terms of Transaction with Those for Unrelated Parties	Bad Debt Expense 01.01-12.31	Allowance for Bad Debt Expense - Ending Balance
				Normal Loans	Nonperforming Loans				
Consumer loans	40	$ 41,347	$ 27,119	V	$ -	Real estate	None	$ (205)	$ 585
Self-used housing mortgage loans	82	874,701	830,155	V	-	Real estate	None	1,114	12,174
Others	241	3,456,126	3,074,618	V	-	Real estate, stocks and securities	None	2,138	34,581
Others	Taiwan Real-estate Management Corp.	27,000	25,000	V	-	Real estate	None	(30)	375
Others	Sino Greenergy Group	52,826	Note	V	-	None	None	(37)	Note
Others	TaiYang Solar Power Co., Ltd.	43,988	38,654	V	-	Property	None	(53)	387
Others	Cathay Real Estate Development Co., Ltd.	4,450,000	2,000,000	V	-	Real estate	None	15,000	20,000
Others	Hongtaiyi Energy Co., Ltd.	74,057	Note	V	-	None	None	(53)	Note
Others	Witraise Industrial Technologies, Inc.	53,337	Note	V	-	None	None	(38)	Note

March 31, 2025

Type	Account Volume or Name of Related Party	Highest Balance	Ending Balance	Loan Classification		Collateral	Differences in Terms of Transaction with Those for Unrelated Parties	Bad Debt Expense 01.01-03.31	Allowance for Bad Debt Expense - Ending Balance
				Normal Loans	Nonperforming Loans				
Consumer loans	36	$ 179,756	$ 34,940	V	$ -	Real estate	None	$ (53)	$ 746
Self-used housing mortgage loans	81	1,137,053	746,133	V	-	Real estate	None	(256)	11,191
Others	227	3,331,416	2,871,285	V	-	Real estate, stocks and securities	None	240	32,580
Others	Taiwan Real-estate Management Corp.	27,000	27,000	V	-	Real estate	None	-	405
Others	Sino Greenergy Group	52,826	50,939	V	-	Property	None	(19)	509
Others	TaiYang Solar Power Co., Ltd.	43,988	42,654	V	-	Property	None	(13)	427
Others	Cathay Real Estate Development Co., Ltd.	500,000	500,000	V	-	Real estate	None	-	5,000
Others	Hongtaiyi Energy Co., Ltd.	74,057	71,412	V	-	Property	None	(27)	714
Others	Witraise Industrial Technologies, Inc.	53,337	51,432	V	-	Property	None	(19)	514

Related Parties	Interest Revenue For the Three Months Ended March 31 2026	2025
Associate		
Taiwan Real-estate Management Corp.	$ 157	$ 170
Other related parties		
Sino Greenergy Group	-	393
TaiYang Solar Power Co., Ltd.	272	310
Cathay Real Estate Development Co., Ltd.	10,603	2,648
Hongtaiyi Energy Co., Ltd.	-	551
Witraise Industrial Technologies, Inc.	-	397
Others	21,947	20,169
	32,822	24,468
	$ 32,979	$ 24,638

Deposits and interest expense

Related Parties	For the Three Months Ended March 31, 2026 Ending Balance	For the Three Months Ended March 31, 2026 Interest Expense	For the Year Ended December 31, 2025 Ending Balance	For the Year Ended December 31, 2025 Interest Expense	For the Three Months Ended March 31, 2025 Ending Balance	For the Three Months Ended March 31, 2025 Interest Expense
Parent company						
Cathay Financial Holding Co., Ltd.	$ 9,737	$ 79	$ 18,298	$ 14,772	$ 18,963	$ 95
Associate						
Other	20,829	32	21,006	95	18,822	20
Other related parties						
Cathay Life Insurance Co., Ltd.	104,547,803	123,384	75,510,969	499,167	47,140,351	87,173
Cathay Century Insurance Co., Ltd.	2,887,998	3,213	3,253,760	14,835	1,860,448	3,608
Cathay Securities Corporation	11,371,282	15,780	6,081,311	50,097	5,338,764	10,626
Cathay Futures Co., Ltd.	8,381,844	27,921	7,230,651	63,151	1,222,219	1,574
Cathay Venture Inc.	223,777	117	92,932	437	17,163	19
Cathay Real Estate Management Co., Ltd.	131,722	469	124,874	1,792	127,921	454
Cathay Securities Investment Trust Co., Ltd.	239,028	289	295,208	1,087	186,382	266
Cathay Securities Investment Consulting Co., Ltd.	632,497	976	599,083	4,113	677,327	1,081
Cathay Real Estate Development Co., Ltd.	435,457	866	1,355,755	3,131	461,586	989
Cathay Medical Care Corp.	237,134	855	440,577	4,144	439,849	950
Cathay Hospitality Management Co., Ltd.	113,252	219	140,411	857	120,949	242
Cathay Life Insurance (Vietnam) Co., Ltd.	4,232,405	59,617	3,571,778	280,205	4,642,971	74,960
Cathay Insurance (Vietnam) Co., Ltd.	224,350	2,480	246,257	12,349	280,505	3,759
Cathay United Bank Foundation	601,462	2,386	603,732	9,364	578,579	2,274
Cathay Charity Foundation	337,098	1,274	328,620	5,121	325,281	1,235
Cathay Cultural Foundation	228,569	961	229,587	3,926	230,036	969
Cathay United Bank Employees’ Welfare Committee	826,075	9,078	893,078	40,650	818,690	8,980
Cathay Life Insurance Employees’ Welfare Committee	2,307,624	9,778	2,363,203	39,297	2,396,373	9,746
Cathay Real Estate Development Employees’ Welfare Committee	516,847	2,162	515,413	8,457	483,753	2,029
Lin Yuan Property Management Co., Ltd.	311,238	975	410,457	3,432	241,465	786
Bannan Realty Co., Ltd.	141,735	169	58,977	717	222,142	256
Yua Yung Co., Ltd.	98,520	226	125,937	985	102,283	196
Cathay Industrial Research and Design Center Co., Ltd.	1,423,933	1,680	484,213	8,470	136,780	222
Lin Yuan (Shanghai) Real Estate Co., Ltd.	2,385,956	10,128	2,264,554	44,284	2,208,797	11,789
Private Equity Funds managed by Cathay Private Equity	412,531	958	564,305	3,469	212,261	681
Sanchong Realty Co., Ltd.	107,299	181	124,153	343	28,310	87
EASYCARD Corporation	144,026	288	94,762	1,791	272,109	473
Cathay Hospitality Consulting Co., Ltd.	203,931	335	190,016	1,149	135,285	332
Zhulun Realty Co., Ltd.	133,384	218	132,902	1,509	292,334	449
Cathay Healthcare Management Co., Ltd.	97,890	174	148,958	696	129,570	198
PSS Co., Ltd.	74,917	137	94,363	768	129,690	209
Jinhua Realty Co., Ltd.	1,486,149	2,069	752,317	1,466	342,033	142
Ally Logistic Property Co., Ltd.	211,822	332	201,442	1,227	49,006	282
Horng Suey Marketing Co., Ltd.	178,310	218	112,766	484	91,526	112
Others	11,210,685	34,465	10,444,576	139,144	10,823,920	35,673
	157,098,550	314,378	120,081,897	1,252,114	82,766,658	262,821
	$ 157,129,116	$ 314,489	$ 120,121,201	$ 1,266,981	$ 82,804,443	$ 262,936

Ending balance of due from/to commercial banks and interest income (expense)

Accounts/Related Parties	For the Three Months Ended March 31, 2026		For the Year Ended December 31, 2025		For the Three Months Ended March 31, 2025	
	Ending Balance	Interest Income (Expense)	Ending Balance	Interest Income (Expense)	Ending Balance	Interest Income (Expense)
Due from commercial banks						
Other related party						
Vietinbank	$ 11,104,857	$ 91,261	$ 11,506,851	$ 200,574	$ 14,881,911	$ 45,689
Due to commercial banks						
Other related party						
Vietinbank	11,587,517	(47,143)	14,404,681	(185,088)	17,052,279	(42,107)

Transaction terms with related parties are similar to those with third parties, except for the preferential interest rates set by the employees' interest rates on deposits and loans within prescribed limits.

2) Investments in marketable securities (recorded as financial assets at FVTOCI)

Accounts/Related Parties	March 31, 2026	December 31, 2025	March 31, 2025
Stock investment			
Other related parties			
Srisawad Corporation Public Company Limited	$ 1,642,354	$ 1,922,580	$ 1,902,802
Quantifeed Holdings Limited	41,253	56,594	57,983
Taiwan Asset Management Corporation	697,910	812,577	745,023
HanTech Venture Capital Corporation	75,789	81,069	76,090
Taipei Forex Inc.	105,198	108,639	89,406
Financial Information Service Co., Ltd.	768,489	717,960	749,253
CDIB & PARTNERS Investment Holding Corporation	1,118,295	1,189,235	1,153,264
EASYCARD Corporation	73,531	78,479	93,048

3) Guarantees

March 31, 2026

Related Parties	Highest Balance	Ending Balance	Balance of Guarantee Liability Provisions	Rate Interval	Collateral
Other related party					
Yua Yung Co., Ltd.	$ 8,840	$ 8,840	$ 1	0.8%	Demand deposits

December 31, 2025

Related Parties	Highest Balance	Ending Balance	Balance of Guarantee Liability Provisions	Rate Interval	Collateral
Other related party					
Yua Yung Co., Ltd.	$ 10,340	$ 8,840	$ 1	0.8%	Demand deposits

March 31, 2025

Related Parties	Highest Balance	Ending Balance	Balance of Guarantee Liability Provisions	Rate Interval	Collateral
Other related party Yua Yung Co., Ltd.	$ 10,340	$ 10,340	$ 2	0.8%	Demand deposits

4) Derivatives

March 31, 2026

Related Parties	Derivative Contracts	Contract Period	Nominal Principal	Evaluation (Loss) Gain	Balance Sheet Amount	
					Account	Balance
Cathay Life Insurance Co., Ltd.	Currency swap contracts (USD)	2025.08.14-2027.09.23	$ 54,493,920	$ 711,467	Valuation adjustment for FVTPL financial assets	$ 2,260,244
					Valuation adjustment for FVTPL financial liabilities	-
Cathay Century Insurance Co., Ltd.	Currency swap contracts (USD)	2025.05.20-2027.01.19	2,270,580	50,417	Valuation adjustment for FVTPL financial assets	122,808
					Valuation adjustment for FVTPL financial liabilities	-

December 31, 2025

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

March 31, 2025

Related Parties	Derivative Contracts	Contract Period	Nominal Principal	Evaluation (Loss) Gain	Balance Sheet Amount	
					Account	Balance
Cathay Life Insurance Co., Ltd.	Currency swap contracts (USD)	2024.06.27-2025.11.10	$ 152,444,250	$ 487,889	Valuation adjustment for FVTPL financial assets	$ 1,587,856
					Valuation adjustment for FVTPL financial liabilities	(222)
Cathay Century Insurance Co., Ltd.	Currency swap contracts (USD)	2024.05.20-2026.01.16	2,518,514	34,207	Valuation adjustment for FVTPL financial assets	100,919
					Valuation adjustment for FVTPL financial liabilities	-

The realized gains that resulted from the derivative financial instruments transactions with related parties were as follows:

Items/Related Parties	For the Three Months Ended March 31 2026	2025
Gain on financial assets or liabilities at fair value through profit or loss		
Other related parties		
Cathay Life Insurance Co., Ltd.	$ 166,809	$ 688,708
Cathay Century Insurance Co., Ltd.	6,773	7,202
	$ 173,582	$ 695,910

5) Lease agreement - the Company as lessee

The lease period and the method of rent payment are in accordance with the contract provisions, the general lease terms are two to five years and the payments are mainly made on a monthly basis.

Related Parties	Acquisition of Right-of-use Assets For the Three Months Ended March 31 2026	2025
Other related parties		
Cathay Life Insurance Co., Ltd.	$ -	$ 513,587
Cathay Real Estate Development Co., Ltd.	-	8,079

Related Parties	Lease Liabilities March 31, 2026	December 31, 2025	March 31, 2025
Other related parties			
Cathay Life Insurance Co., Ltd.	$ 2,253,016	$ 2,429,823	$ 2,925,389
Cathay Real Estate Development Co., Ltd.	19,042	22,442	9,687

Related Parties	Interest Expense For the Three Months Ended March 31 2026	2025
Other related parties		
Cathay Life Insurance Co., Ltd.	$ 4,735	$ 6,033
Cathay Real Estate Development Co., Ltd.	54	9

Related Parties	Rental Expense For the Three Months Ended March 31 2026	2025	Payment Term
Other related party			
Cathay Life Insurance Co., Ltd.	$ 19	$ 590	Monthly

Related Parties	Refundable Deposits March 31, 2026	December 31, 2025	March 31, 2025
Other related parties			
Cathay Life Insurance Co., Ltd.	$ 226,349	$ 221,036	$ 221,036
Cathay Real Estate Development Co., Ltd.	3,174	3,174	2,343

6) Lease agreement - the Company as lessor

Related Parties	Rental Income For the Three Months Ended March 31 2026	2025	Receive Term
Other related party			
Cathay Life Insurance Co., Ltd.	$ 7,967	$ 7,678	Monthly

Related Parties	Guarantee Deposits Received March 31, 2026	December 31, 2025	March 31, 2025
Other related party			
Cathay Life Insurance Co., Ltd.	$ 8,150	$ 7,789	$ 7,555

The lease period and the method of rent collection are in accordance with the contract provisions, the general lease terms are one to three years and the payments are mainly made on a monthly basis.

7) Others

Items/Related Parties	For the Three Months Ended March 31 2026	2025
Service fee income		
Other related parties		
Cathay Life Insurance Co., Ltd.	$ 3,879,017	$ 3,526,909
Cathay Century Insurance Co., Ltd.	73,128	69,830
Cathay Securities Corporation	76,823	60,406
Cathay Securities Investment Trust Co., Ltd.	31,661	38,484
Cathay Securities Investment Consulting Co., Ltd.	8,900	11,319
Other operating expenses		
Other related parties		
Cathay Life Insurance Co., Ltd.	51,145	27,941
Symphox Information Co., Ltd.	304,609	220,683
Lin Yuan Property Management Co., Ltd.	26,583	21,564
Cathay Healthcare Management Co., Ltd.	3,068	3,535
Seaward Card Co., Ltd.	89,947	95,334
TPIsoftware Corporation	5,879	7,472

Items/Related Parties	For the Three Months Ended March 31 2026	2025
Insurance expense paid		
Other related parties		
Cathay Life Insurance Co., Ltd.	$ 49,951	$ 42,696
Cathay Century Insurance Co., Ltd.	69,442	57,487

Items/Related Parties	March 31, 2026	December 31, 2025	March 31, 2025
Receivables			
Other related party			
Cathay Securities Investment Trust Co., Ltd.	$ 9,731	$ 8,836	$ 7,465
Receivables for commission of collecting insurances			
Other related party			
Cathay Life Insurance Co., Ltd.	1,174,565	511,228	1,178,262
Refundable deposit			
Other related party			
Cathay Futures Co., Ltd.	752,350	773,791	765,140
Accrued expenses			
Other related party			
Seaward Card Co., Ltd.	11,327	28,726	35,944
Accounts payable			
Parent company			
Cathay Financial Holding Co., Ltd.	5,400	5,400	4,500
Other related parties			
Cathay Century Insurance Co., Ltd.	16,013	49,253	48,813
Symphox Information Co., Ltd.	29,765	19,426	66,242
Payables for allocation of integrated income tax systems account			
Parent company			
Cathay Financial Holding Co., Ltd.	9,418,769	6,911,417	8,217,301

The Bank paid construction planning and design maintenance service fees to Lin Yuan Property Management Co., Ltd. in the amount of $6,797 thousand and $4,676 thousand and recorded as property and equipment during the three months ended March 31, 2026 and 2025, respectively.

The Bank purchased bonus points from Symphox Information Co., Ltd. The bonus points can be earned by the Bank's customers and exchanged for merchandise. As of March 31, 2026, December 31, 2025 and March 31, 2025, the unconverted bonus points amounted to $100,017 thousand, $71,220 thousand and $73,620 thousand, respectively.

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

Combined disclosures have been made for transactions with related parties that are under a certain percentage of the total amount of all transactions with related parties and non-related parties.

c. Compensation of key management personnel

Compensation of directors, supervisors and other key management personnel for the three months ended March 31, 2026 and 2025 was as follows:

	For the Three Months Ended March 31	
	2026	**2025**
Short-term employment benefits	$ 189,812	$ 189,306
Post-employment benefits	2,839	2,049
Other long-term employment benefits	24	30
	$ 192,675	$ 191,385

The key management personnel of the Company include the chairman, vice chairman, directors, supervisors, president and vice presidents.

45. PLEDGED ASSETS

The Company's assets had been used as collateral to apply for a judicial provisional attachment, an intraday overdraft, securing its call loans from the Central Bank, undertaking bills finance and insurance agency business, and provisions of compensation for trust business as follows:

	March 31, 2026	**December 31, 2025**	**March 31, 2025**
Investments in debt instruments at amortised cost	$ 58,119,441	$ 58,120,133	$ 42,448,043

46. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

In addition to those mentioned in other notes, the contingencies and commitments were as follows:

The Bank

Entrusted items and guarantees:

	March 31, 2026	December 31, 2025	March 31, 2025
Trust and security held for safekeeping	$ 1,779,908,024	$1,422,685,858	$1,418,757,031
Collection and payment on behalf of customers	29,676,869	29,675,149	29,875,814
Book-entry for government bonds and depository for short-term marketable securities under management	386,431,329	369,539,423	424,233,402
Entrusted financial management business	44,840,087	40,208,935	36,988,148
Guarantees on commercial paper, duties and contracts	21,469,680	20,246,251	19,680,200
Unused commercial letters of credit	8,912,615	6,495,809	7,465,550
Irrevocable loan commitments	193,275,531	192,525,022	185,576,576
Unused credit card commitments	748,963,211	738,966,067	730,274,979
Underwritten securities	5,000,000	950,000	4,570,000
Revolving issuance and underwriting on commercial paper commitments	6,000,000	6,000,000	15,900,000

Indovina Bank

Entrusted items and guarantees:

	March 31, 2026	December 31, 2025	March 31, 2025
Financial guarantee contracts	$ 1,378,216	$ 1,580,507	$ 1,617,289
Unused commercial letters of credit	1,396,161	1,487,796	1,343,054

CUBC Bank

Entrusted items and guarantees:

	March 31, 2026	December 31, 2025	March 31, 2025
Financial guarantee contracts	$ 19,315	$ 19,931	$ 15,539
Unused credit card commitments	303,859	298,219	337,903
Irrevocable loan commitments	475,237	240,245	265,775

CUBCN Bank

Entrusted items and guarantees:

	March 31, 2026	December 31, 2025	March 31, 2025
Financial guarantee contracts	$ 297,212	$ 241,165	$ 271,990
Unused commercial letters of credit	202,801	716,071	377,317

47. ASSETS AND LIABILITIES MANAGED UNDER THE BANK'S TRUST IN ACCORDANCE WITH THE TRUST ENTERPRISE ACT

As of March 31, 2026, December 31, 2025 and March 31, 2025, the trust assets (liabilities) were in the amount of $1,087,426,834 thousand, $1,049,615,768 thousand and $979,361,161 thousand, respectively.

48. IMPLEMENTATION OF CROSS-SELLING MARKETING STRATEGIES BETWEEN THE BANK, CATHAY FINANCIAL HOLDING CO., LTD. AND ITS SUBSIDIARIES

The Bank has entered into cross-selling marketing contracts with Cathay Life Insurance Co., Ltd., Cathay Century Insurance Co., Ltd. and Cathay Securities Co., Ltd. The contracts cover joint use of operation sites and facilities as well as cross-selling marketing personnel.

The Bank has entered into cooperation contracts with Cathay Financial Holding Co., Ltd., Cathay Life Insurance Co., Ltd., Cathay Century Insurance Co., Ltd. and Cathay Securities Co., Ltd. for the joint use of information equipment and the development, operation, maintenance and management of information systems.

The related expenses are allocated directly to each subsidiary based on the nature of the business or to the cooperating companies by other reasonable methods.

49. FINANCIAL INSTRUMENTS

a. Information on fair value hierarchy

Fair value is the price that a market participant can receive from selling an asset or pay for settling a liability in an orderly transaction on a measurement date.

Financial instruments are accounted for at fair value, which in many cases, is referred to the transaction price. For subsequent measurement, except for some financial instruments that are measured at amortised cost, they are measured at fair value. The best evidence of fair value is the open quotation in an active market. If there is no active market for the financial instruments, the Bank uses an valuation model or refers to Bloomberg, Reuters or counterparty quotes to measure the fair value of financial instruments.

b. The definitions of each level of the fair value hierarchy are shown below:

1) Level 1

Level 1 financial instruments are traded in active markets in which quoted prices are available for identical assets or liabilities. An active market has the following characteristics:

a) All financial instruments in the market are homogeneous.

b) There are willing buyers and sellers in the market all the time.

c) The public can access the price information easily.

The products in this level, such as listed stock and fund beneficiary certificates, usually have high liquidity or are traded in the exchanges.

2) Level 2

The financial instruments in this level have fair values that can be inferred either directly or indirectly through observable inputs other than quoted prices in an active market. The observable inputs are as follows:

a) Quoted prices of similar financial instruments in an active market. This means the fair value can be derived from the current trading prices of similar financial instruments, and whether they are similar financial instruments should be judged on the characteristics and trading rules. The fair price valuation in this circumstance may be adjusted due to time differences, trading rule differences, transaction prices involving related parties, and the correlation of price between the financial instruments itself and similar financial instruments;

b) Quoted prices for identical or similar financial instruments in inactive markets;

c) For the marking-to-model method, the inputs to the model should be observable (such as interest rates, yield curves and volatilities). The observable inputs mean that they can be obtained from the market and can reflect the expectation of market participants;

d) Inputs that are derived from observable market data through correlation or other means.

The fair values of products categorized in this level are usually calculated using a valuation model generally accepted by the market; such products are forward contracts, cross-currency swap contracts, simple interest bearing bonds, asset swaps and commercial papers.

3) Level 3

The fair values of the financial instruments in this level are typically based on management assumptions or expectations other than the direct market data. For example, historical volatility used in valuing options is an unobservable input because it cannot represent the entire market participants' expectation on future volatility.

The products in this level are part of emerging stocks, unlisted shares, complex derivative financial instruments or products with prices that are provided by brokers, such as complex foreign exchange options.

c. Measured at fair value on a recurring basis

1) The fair value hierarchies of the Company's financial instruments, which are measured at fair value on a recurring basis, were as follows:

Item	March 31, 2026			
	Total	Level 1	Level 2	Level 3
Measured at fair value on a recurring basis				
Non-derivative financial instruments				
Assets				
Financial assets at fair value through profit or loss				
Financial assets mandatorily classified as at fair value through profit or loss				
Stocks	$ 27,486	$ -	$ -	$ 27,486
Bonds	118,869,268	37,534,793	81,334,475	-
Others	241,237,858	-	241,237,858	-
Financial assets at fair value through other comprehensive income				
Stocks	31,040,217	21,873,063	-	9,167,154
Bonds	374,717,660	179,079,657	194,837,213	800,790
Others	8,767,233	-	8,767,233	-
Liabilities				
Financial liabilities at fair value through profit or loss				
Designated as at fair value through profit or loss				
Bonds	42,221,049	-	42,221,049	-
Derivative financial instruments				
Assets				
Financial assets at fair value through profit or loss	66,894,587	24,627	66,782,841	87,119
Liabilities				
Financial liabilities at fair value through profit or loss	68,609,644	9,866	68,512,659	87,119

Item	December 31, 2025			
	Total	Level	Level	Level
Measured at fair value on a recurring basis				
Non-derivative financial instruments				
Assets				
Financial assets at fair value through profit or loss				
Financial assets mandatorily classified as at fair value through profit or loss				
Stocks	$ 1,410,418	$ 1,379,466	$ -	$ 30,952
Bonds	102,652,244	29,539,320	73,112,924	-
Others	209,582,790	66,202	209,516,588	-
Financial assets at fair value through other comprehensive income				
Stocks	30,011,585	20,761,220	-	9,250,365
Bonds	344,398,259	154,494,524	189,017,399	886,336
Others	8,748,773	-	8,748,773	-
Liabilities				
Financial liabilities at fair value through profit or loss				
Designated as at fair value through profit or loss				
Bonds	41,480,624	-	41,480,624	-
Derivative financial instruments				
Assets				
Financial assets at fair value through profit or loss	58,748,632	14,849	58,653,291	80,492
Liabilities				
Financial liabilities at fair value through profit or loss	62,755,494	6,716	62,668,286	80,492

Item	March 31, 2025			
	Total	Level 1	Level 2	Level 3
Measured at fair value on a recurring basis				
Non-derivative financial instruments				
Assets				
Financial assets at fair value through profit or loss				
Financial assets mandatorily classified as at fair value through profit or loss				
Stocks	$ 449,389	$ 426,113	$ -	$ 23,276
Bonds	83,606,511	35,908,893	47,697,618	-
Others	115,721,151	-	115,721,151	-
Financial assets at fair value through other comprehensive income				
Stocks	29,118,116	18,801,810	-	10,316,306
Bonds	343,894,516	172,860,659	170,996,200	37,657
Others	9,997,907	-	9,997,907	-
Liabilities				
Financial liabilities at fair value through profit or loss				
Designated as at fair value through profit or loss				
Bonds	43,394,757	-	43,394,757	-
Derivative financial instruments				
Assets				
Financial assets at fair value through profit or loss	69,697,821	39,639	69,428,747	229,435
Liabilities				
Financial liabilities at fair value through profit or loss	71,184,740	34,147	70,921,158	229,435

2) Financial instruments measured at 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 willing market participants with full understanding of the sale or transfer transaction. The fair values of financial instruments at fair value through profit or loss, financial instruments at fair value through other comprehensive income and hedging derivative financial instruments with quoted prices in an active market are based on their market prices; financial instruments with no quoted prices in an active market are estimated by valuation methods.

a) Marking to market

This method should be considered first when determining fair value. The following are the principles to follow when marking to market:

i. Ensure the consistency and integrity of market data.

ii. Market data should be obtained from publicly available, easily accessible and independent sources.

iii. Listed securities with tradable prices should be valued at closing prices.

iv. Evaluation of unlisted securities that lack tradable closing prices should use quoted prices from independent brokers and comply with the rules issued by the authorities.

b) Marking to model

The use of marking to model is suggested if marking to market is infeasible. This valuation method is based upon model inputs that are used to derive the value of the trading positions. The Company uses the same estimations and assumptions as those used by market participants to determine the fair value.

The Company uses the forward rates provided by Reuters to estimate the fair values of foreign exchange forward contracts, interest rate swap contracts and cross-currency swap contracts and uses the discounted cash flow method to calculate the fair value of each contract. For foreign exchange option transactions, the Company uses the option pricing models which are generally used by other market participants (e.g., the Black-Scholes model) to calculate the fair value of the contract.

3) Fair value adjustments

Credit risk valuation adjustments

Credit risk valuation adjustments refer to the fair value of the Over The Counter (OTC) derivative financial instrument contracts, which also reflects the credit risk of both parties, and can be mainly divided into "credit value adjustments" and "debit value adjustments":

a) Credit value adjustments (CVA): Adjustment to a transaction in a non-concentrated trading market, that is, the adjustment of a derivative contract evaluation in the OTC transaction, which reflects the possibility that the Bank may not be able to collect the full market value or the counterparty may default on the repayment of the fair value.

b) Debit value adjustments (DVA): Adjustment to a transaction in a non-concentrated trading market, that is, the adjustment of a derivative contract evaluation in the OTC transaction, which reflects the possibility that the Bank may not be able to pay the full market value or the Company may default on the repayment of the fair value.

Both CVA and DVA are concepts of estimated loss, calculated as the probability of default (PD) multiplied by the loss given default (LGD) and multiplied by the exposure at default (EAD).

The Bank uses the fair value of OTC derivatives to calculate the amount of exposure at default (EAD).

The Company uses 60% as the loss given default based on the recommendation of "IFRS 13 CVA and DVA Related Disclosure Guidelines" of the stock exchange. The Company may use other loss given default assumptions based on the nature of risk and available figures.

The Company incorporates the credit risk assessment adjustment into the fair value calculation of financial instruments to reflect the counterparty's credit risk and the Company's credit quality.

4) Transfers between Level 1 and Level 2 during the period

Except for the active market adjustments of some bond prices, there were no significant transfers between Level 1 and Level 2 for the three months ended March 31, 2026 and 2025.

5) Reconciliation of Level 3 fair value measurements

a) Reconciliation of Level 3 fair value measurements of financial assets

For the three months ended March 31, 2026

Items	Beginning Balance	Valuation Gains (Losses)		Amount of Increase		Amount of Decrease		Effects of Exchange	Ending Balance
		In Profit or Loss	In Other Comprehensive Income	Purchase or Change in Fair Value	Transfer to Level 3	Sale or Change in Fair Value	Transfer from Level 3		
Financial assets at fair value through profit or loss									
Stocks	$ 30,952	$ (3,466)	$ -	$ -	$ -	$ -	$ -	$ -	$ 27,486
Derivative financial instruments	80,492	6,627	-	-	-	-	-	-	87,119
Financial assets at fair value through other comprehensive income									
Stocks	9,250,365	-	(191,467)	-	-	-	-	108,256	9,167,154
Bonds	886,336	-	(50)	-	-	86,094	-	598	800,790

For the three months ended March 31, 2025

Items	Beginning Balance	Valuation Gains (Losses)		Amount of Increase		Amount of Decrease		Effects of Exchange	Ending Balance
		In Profit or Loss	In Other Comprehensive Income	Purchase or Change in Fair Value	Transfer to Level 3	Sale or Change in Fair Value	Transfer from Level 3		
Financial assets at fair value through profit or loss									
Stocks	$ 23,590	$ (314)	$ -	$ -	$ -	$ -	$ -	$ -	$ 23,276
Derivative financial instruments	566,879	(22,018)	-	-	-	315,426	-	-	229,435
Financial assets at fair value through other comprehensive income									
Stocks	10,080,282	-	158,408	-	-	-	-	77,616	10,316,306
Bonds	36,211	-	993	-	-	-	-	453	37,657

Total gains or losses shown in the tables above that contain unrealized gains and losses related to assets held as of March 31, 2026 and 2025 amounted to gains of $3,161 thousand and losses of $22,332 thousand, respectively.

b) Reconciliation of Level 3 fair value measurements of financial liabilities

For the three months ended March 31, 2026

Items	Beginning Balance	Valuation Gains (Losses)		Amount of Increase		Amount of Decrease		Ending Balance
		In Profit or Loss	In Other Comprehensive Income	Purchase or Change in Fair Value	Transfer to Level 3	Sale or Change in Fair Value	Transfer from Level 3	
Financial liabilities at fair value through profit or loss								
Derivative financial instruments	$ 80,492	$ 6,627	$ -	$ -	$ -	$ -	$ -	$ 87,119

For the three months ended March 31, 2025

Items	Beginning Balance	Valuation Gains (Losses)		Amount of Increase		Amount of Decrease		Ending Balance
		In Profit or Loss	In Other Comprehensive Income	Purchase or Change in Fair Value	Transfer to Level 3	Sale or Change in Fair Value	Transfer from Level 3	
Financial liabilities at fair value through profit or loss								
Derivative financial instruments	$ 566,879	$ (22,018)	$ -	$ -	$ -	$ 315,426	$ -	$ 229,435

Total gains or losses shown in the tables above that contain unrealized gains and losses related to liabilities committed as of March 31, 2026 and 2025 amounted to losses of $6,627 thousand and gains of $22,018 thousand, respectively.

6) Quantitative information on significant unobservable inputs for Level 3 fair value measurements

Description of significant unobservable inputs used in the valuation of recurring fair value measurements categorized within Level 3 of the fair value hierarchy was as follows:

March 31, 2026

Items	Products	Fair Value	Valuation Techniques	Significant Unobservable Inputs	Interval (Weighted Average)	Relationship between Inputs and Fair Value
Measured at fair value on a recurring basis						
Financial assets						
Financial assets at fair value through profit or loss	Stock	$ 27,486	Market approach	Discount for lack of marketability	10%-20%	The higher the discount for lack of marketability, the lower the fair value of the stock
Financial assets at fair value through other comprehensive income	Stock	7,855,854	Market approach	Discount for lack of marketability	15%-30%	The higher the discount for lack of marketability, the lower the fair value of the stock
		116,368	Income approach	Cost of equity rate	15%-20%	The higher the cost of equity rate, the lower the fair value of the stock
		1,194,932	Value of net assets approach	Value of net assets	Not applicable	The higher the value of net assets, the higher the fair value of the stock
	Bond	35,267	Discounted cash flow	Loan rate	9.15%	The higher the loan rate, the lower the fair value of the bond
	Bond	765,523	Quoted prices of the counterparty	Not applicable	Not applicable	Not applicable

December 31, 2025

Items	Products	Fair Value	Valuation Techniques	Significant Unobservable Inputs	Interval (Weighted Average)	Relationship between Inputs and Fair Value
Measured at fair value on a recurring basis						
Financial assets						
Financial assets at fair value through profit or loss	Stock	$ 30,952	Market approach	Discount for lack of marketability	10%-20%	The higher the discount for lack of marketability, the lower the fair value of the stock
Financial assets at fair value through other comprehensive income	Stock	7,853,385	Market approach	Discount for lack of marketability	15%-30%	The higher the discount for lack of marketability, the lower the fair value of the stock
		125,841	Income approach	Cost of equity rate	15%-20%	The higher the cost of equity rate, the lower the fair value of the stock
		1,271,139	Value of net assets approach	Value of net assets	Not applicable	The higher the value of net assets, the higher the fair value of the stock
	Bond	34,719	Discounted cash flow	Loan rate	9.15%	The higher the loan rate, the lower the fair value of the bond
	Bond	851,617	Quoted prices of the counterparty	Not applicable	Not applicable	Not applicable

March 31, 2025

Items	Products	Fair Value	Valuation Techniques	Significant Unobservable Inputs	Interval (Weighted Average)	Relationship between Inputs and Fair Value
Measured at fair value on a recurring basis						
Financial assets						
Financial assets at fair value through profit or loss	Stock	$ 23,276	Market approach	Discount for lack of marketability	10%-20%	The higher the discount for lack of marketability, the lower the fair value of the stock
Financial assets at fair value through other comprehensive income	Stock	8,992,314	Market approach	Discount for lack of marketability	15%-30%	The higher the discount for lack of marketability, the lower the fair value of the stock
		93,751	Income approach	Cost of equity rate	15%-20%	The higher the cost of equity rate, the lower the fair value of the stock
		1,230,241	Value of net assets approach	Value of net assets	Not applicable	The higher the value of net assets, the higher the fair value of the stock
	Bond	37,657	Discounted cash flow	Loan rate	9.15%	The higher the loan rate, the lower the fair value of the bond

7) Valuation process used for fair value measurements categorized within Level 3 of the fair value hierarchy

The Company's risk management department is responsible for validating the fair value measurements 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. The department analyzes the movements in the values of assets and liabilities which are required to be re-measured or re-assessed as per the Company's accounting policies at each reporting date.

d. Financial instruments that were not measured at fair value

1) Information on fair value

Except as detailed in the following table, the management considers the carrying amounts of financial assets and financial liabilities recognized in the consolidated financial statements as approximate fair values or that the fair values cannot be reasonably measured.

	March 31, 2026		December 31, 2025		March 31, 2025	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Financial assets						
Investments in debt instruments at amortised cost	$ 703,957,527	$ 675,773,269	$ 688,483,141	$ 663,386,554	$ 612,786,996	$ 584,126,804

2) Information on fair value hierarchy

Item	March 31, 2026			
	Total	Level 1	Level 2	Level 3
Financial assets				
Investments in debt instruments at amortised cost	$ 675,773,269	$ 42,812,689	$ 626,646,845	$ 6,313,735

Item	December 31, 2025			
	Total	Level 1	Level 2	Level 3
Financial assets				
Investments in debt instruments at amortised cost	$ 663,386,554	$ 42,517,268	$ 613,945,190	$ 6,924,096

Item	March 31, 2025			
	Total	Level 1	Level 2	Level 3
Financial assets				
Investments in debt instruments at amortised cost	$ 584,126,804	$ 52,847,407	$ 530,971,237	$ 308,160

3) Valuation techniques

The methods and assumptions used by the Company to estimate the values of financial instruments that are not measured at fair value are as follows:

a) Cash and cash equivalents, due from the Central Bank and call loans to other banks, securities purchased under resell agreements, receivables, other financial assets, due to the Central Bank and other banks, securities sold under repurchase agreements, payables, deposits and remittances whose maturity date is very near or the future payment price approximates the carrying amount take the amount in the book on the balance sheet date as the fair value.

b) Discounts and loans, deposits, financial debentures and principal of structured products are all interest-bearing financial assets/liabilities whose carrying amount is taken as the current fair value. The carrying amount of non-accrual loan is the estimated recoverable amount after deduction of allowance for impairment loss, hence its carrying amount is used as its fair value.

c) If an investment in a debt instrument at amortised cost has a public quoted price in an active market, the market price is used as its fair value; if no market price is available for reference, a valuation method is used to estimate the fair value. The estimates and assumptions used by the Bank in the valuation method are consistent with the information and assumptions used by market participants in the estimation of the fair value of financial instruments.

50. FINANCIAL RISK MANAGEMENT

The Bank's risk control and hedging strategy follows the requirements of the customer service-oriented banking industry and regulatory environment. In order to comply with the above requirements, the Bank adopts different risk management methods to identify its risks and the Bank follows the spirit and regulation of the "Basel Accord" to keep strengthening its assets and the practices of capital management to maintain the best capital adequacy ratio.

The Bank has set up its risk management committee, whose responsibilities are as follows:

a. To amend the risk management policies, risk appetite, or risk tolerance, and regularly submit significant risk management issues and report the above issues to the board of directors for approval;

b. To manage and decide the strategy for the Bank's credit risk, market risk and operational risk;

c. To report the significant risk management issues and summary review matters of other relating project, such as credit ratings, market assessment, risk indicators and capital adequacy;

d. To develop, verify and monitor credit rating models;

e. Results of the Bank's stress testing;

f. Important research and discussion matters raised by various risk management-related units of the Bank;

g. Other issues.

The Bank organized a risk management segment to monitor, lead, develop, and establish the integral risk management framework.

a. Credit risk

Credit risk represents the risk of loss that the Bank would incur if a customer or a counterparty fails to perform its contractual obligations. Sources of credit risk cover both on- and off-balance sheet accounts.

<u>The Bank, Indovina Bank and CUBCN Bank</u>

The approval unit of Cathay United Bank, Indovina Bank and CUBCN Bank's credit risk strategies and significant risk policies is the board of directors. Cathay United Bank's Risk Management Segment and its subdivisions assist in reviewing and monitoring risk tolerance ability and risk control procedures, and establish credit approval processes, credit limit management, credit rating information, collateral information, periodic reviews and remedial management systems. The subdivisions include the Market Risk Management Department, Credit and Operational Risk Management Department, Consumer Credit Risk Management Department, and Corporate Credit Risk Management Department. Indovina Bank established the credit risk management department to perform risk management. The credit risk departments for loans, investments, and financial instruments or contracts are the executive unit of credit risk control. The credit quality of the Company is strictly controlled in advance. After the loan is approved, lending portfolios are reviewed according to the Bank and Indovina Bank's loan review regulations and deficiencies are tracked to strengthen post-event risk management.

The Bank, Indovina Bank and CUBCN Bank maintain a strict policy to evaluate customers' credit ratings when providing loans, loan commitments and commercial letters of credit. Certain customers are required to provide appropriate collateral for the related loans, and the Bank, Indovina Bank and CUBCN Bank retain the legal right to foreclose or liquidate the collateral, which effectively reduces the credit risk of the Bank, Indovina Bank and CUBCN Bank.

CUBC Bank

The approval unit of CUBC Bank's credit risk policies is the board of directors, and the policies are then implemented by the CUBC Bank's credit risk management department. These credit risk policies form the basic principles for all credit risk situations faced by CUBC Bank and also serve as the basis for the development of CUBC Bank's various businesses in Cambodia.

When CUBC Bank provides loans, the approval unit is decided based on credit amount. The loan committee is the top lending authority within CUBC Bank, and is composed of CUBC Bank's senior management. It is in charge of approval of all credit in excess of CUBC Bank's lending authorities. Certain customers are required to provide appropriate collateral for the related loans, and CUBC Bank retains the legal right to foreclose or liquidate the collateral, which effectively reduces CUBC Bank's credit risk. The disclosure of the maximum credit exposure does not take into account any collateral held or other enhancements.

Judgment of significant increase in credit risk after initial recognition

The Bank

The Bank assesses the movements in default risk during the expected lifetime of various types of credit assets at each reporting date to determine if the credit risk has increased significantly since the initial recognition. For the assessment, the Bank considers reasonable and corroborative information (including prospective information) that indicates a significant increase in credit risk since initial recognition. The key indicators for consideration include:

1) Quantitative indicators

    a) Changes in credit rating

       When the credit rating at the reporting date has decreased to some extent compared with that on initial recognition, credit risk is deemed to have increased significantly since initial recognition.

    b) Information on the overdue status of a contract

       When the contract payment is overdue for 30 days to 90 days at the reporting date, credit risk is deemed to have increased significantly since initial recognition.

2) Qualitative indicators

   When the information observed at the reporting date meets the following conditions, credit risk is deemed to have increased significantly since initial recognition.

    a) Bounced checks are reported.

    b) Auditors have expressed significant doubt on the entity's ability to continue as a going concern.

    c) Auditors' opinion - adverse opinion.

    d) Auditors' opinion - disclaimer of opinion.

e) The stock was placed in full-cash delivery stock.

f) Other changes in the internal or external information on judging the credit quality changes.

The Bank established Stage 1 and Stage 2 for debt instruments based on bonds ratings. Bonds rated above investment grades are classified as low credit risks. Credit risks are deemed to have significantly increased if credit ratings decreased over specific level after initial recognition date.

Indovina Bank

Indovina Bank assesses the movement in default risk during the expected lifetime of various types of financial assets at each reporting date to determine if credit risk has increased significantly since initial recognition:

1) Quantitative indicators

   a) Changes in credit rating

      When the credit rating at the reporting date has decreased to some extent compared with that on initial recognition, credit risk is deemed to have increased significantly since initial recognition.

   b) Low credit risk criteria

      An exposure rated below Moody's investment grade (i.e., the credit rating is lower than the credit rating B of Moody's, an international credit rating agency) at the reporting date would be classified as a significant increase in credit risk since initial recognition.

   c) Information on the overdue status of a contract

      When the contract payment is overdue for 30 days at the reporting date, credit risk is deemed to have increased significantly since initial recognition.

   d) Internal credit assessment indicators

      For financial assets whose internal credit assessment indicators show a weaker credit quality compared to that upon initial recognition, credit risk is deemed to have increased significantly since initial recognition.

2) Qualitative indicators

   a) Bounced checks are reported.

   b) Auditors have expressed significant doubt on the entity's ability to continue as a going concern.

   c) Other changes in the internal or external information on judging the credit quality changes.

CUBC Bank

CUBC Bank assesses if the credit risk of financial assets at each reporting date has increased significantly since initial recognition based on the following indicators:

1) Information on the overdue status of a contract

   When the contract payment is overdue for more than 15 days for short-term loans or more than 30 days for long-term loans at the reporting date, credit risk is deemed to have increased significantly since initial recognition.

2) Loan classification from National Bank of Cambodia

   A loan contract with special mention position at the reporting date would be classified as a loan with significant increase in credit risk since initial recognition.

3) Internal credit assessment indicators

   For financial assets whose internal credit assessment indicators show a weaker credit quality compared to that upon initial recognition (including the internal watch list), credit risk is deemed to have increased significantly since initial recognition.

CUBCN Bank

CUBCN Bank assesses the movements in default risk during the expected lifetime of various types of credit assets at each reporting date to determine if the credit risk has increased significantly since the initial recognition. For the assessment, CUBCN Bank considers reasonable and corroborative information (including prospective information) that indicates a significant increase in credit risk since initial recognition. The key indicators for consideration include:

1) Quantitative indicators

   a) Changes in credit rating

      When the credit rating at the reporting date has decreased to some extent compared with that on initial recognition, credit risk is deemed to have increased significantly since initial recognition.

   b) Information on the overdue status of a contract

      When the contract payment is overdue for less than 90 days at the reporting date, credit risk is deemed to have increased significantly since initial recognition.

2) Qualitative indicators

   When the information observed at the reporting date meets the following conditions, credit risk is deemed to have increased significantly since initial recognition.

   a) Any financial instruments are classified as special mention.

   b) The credit records from the People's Bank of China (PBOC)

      Financial instruments have not defaulted yet at the reporting date, and the customers' credit records from PBOC are classified by any financial institutions as NPLs (including substandard, doubtful or loss) which have not been paid off, or any contract payment is overdue for more than 90 days at the reporting date.

c) The credit obligor has been placed under “watch account” monitoring.

d) Other changes in the internal or external information on judging the credit quality changes.

Default and credit impairment of financial asset

The Bank

The Bank’s criteria for determining that a financial asset is in default are the same for evaluating credit impairment of financial assets. Where one or more of the following conditions are met, the Bank determines the financial assets to be subject to default and credit impairment.

1) Quantitative indicator

   a) Changes in credit rating

      When the credit rating at the reporting date fell into the default level, it is determined as credit impairment.

   b) Information on the overdue status of a contract

      When the contract payment was overdue for more than 90 days at the reporting date, it is determined as credit impairment. Debt instruments that do not pay principal and interest according to issuance or transaction condition are determined to be credit-impaired.

2) Qualitative indicator

   When the information observed at the reporting date indicates the following conditions, it is determined as credit impairment.

   a) Bailout, reorganization, individual agreement due to debtor’s financial difficulties;

   b) Lawsuit action has been taken;

   c) Debt settlement, debt negotiation;

   d) Other internal or external information on judging the deterioration in credit quality.

   The aforementioned definition of default and credit impairment applies to all financial assets held by the Bank, and is consistent with the definition applied on the significant financial assets for the purpose of internal credit risk management, and is also applied in the relevant impairment assessment model.

Indovina Bank

Indovina Bank assesses the following indicators at each reporting date to determine if the financial assets are credit-impaired:

1) Quantitative indicator

   a) Changes in credit rating

      When the credit rating at the reporting date fell into the default level, it is determined as credit impairment.

b) Information on the overdue status of a contract

When the contract payment was overdue for more than 90 days at the reporting date, it is determined as credit impairment.

2) Qualitative indicator

a) Bailout, reorganization, individual agreement due to debtor's financial difficulties;

b) Lawsuit action has been taken;

c) Debt settlement, debt negotiation;

d) The debtor has filed for bankruptcy or may apply for bankruptcy or reorganization;

e) Principal or interest could not be paid as scheduled during the settlement period;

f) Other internal or external information on judging the deterioration in credit quality.

<u>CUBC Bank</u>

CUBC Bank assesses the following indicators at each reporting date to determine if the financial assets are credit-impaired:

1) Information on the overdue status of a contract

When the contract payment is overdue for more than 31 days for short-term loans or more than 90 days for long-term loans at the reporting date, it is determined as credit impairment.

2) Loan classification from National Bank of Cambodia

A loan contract with specific position, such as substandard, doubtful and loss, at reporting date would be classified as a credit-impaired loan.

3) Internal credit assessment indicators

The credit information used for internal credit risk management purpose that indicated credit deterioration at the reporting date would be recognized as credit-impaired assets.

<u>CUBCN Bank</u>

CUBCN Bank's criteria for determining that a financial asset is in default are the same for evaluating credit impairment of financial assets. Where one or more of the following conditions are met, CUBCN Bank determines the financial assets to be subject to default and credit impairment.

1) Quantitative indicator

a) Changes in credit rating

When the credit rating at the reporting date fell into the default level, it is determined as credit impairment.

b) Information on the overdue status of a contract

When the contract payment was overdue for more than 90 days at the reporting date, it is determined as credit impairment.

2) Qualitative indicator

When the information observed at the reporting date indicates the following conditions, it is determined as credit impairment.

a) Any financial instruments are classified as substandard, doubtful or loss.

b) The lowest credit risk is classified as substandard, doubtful or loss.

c) Other internal rating is determined to have fallen into default level.

The aforementioned definition of default and credit impairment applies to all financial assets held by CUBCN Bank, and is consistent with the definition applied on the relevant financial assets for the purpose of internal credit risk management, and is also applied in the relevant impairment assessment model.

Measurement of expected credit loss

The Bank

For the purpose of assessing the expected credit losses, the Bank classifies the credit assets into the following groups based on credit category, credit rating, risk characteristics, enterprise size, product category, and so on.

Credit Category	Definition
Enterprise loan	Grouped by risk characteristics, enterprise size and internal credit rating
Consumer loan	Grouped by product category and internal credit rating
Credit card	Grouped by product category and internal credit rating

When the credit risk of the financial instrument has not increased significantly after the initial recognition (Stage 1), the Bank will measure the allowance for losses at the 12-month expected credit losses. When the credit risk of the financial instrument has increased significantly (Stage 2) or credit impairment has existed (Stage 3) after the initial recognition, the Bank will measure the allowance for losses at the lifetime expected credit losses.

For the measurement of the expected credit losses (ECL), the Bank calculates the 12-month ECL and lifetime ECL by multiplying three factors, i.e., probability of default (PD), loss given default (LGD) and exposure at default (EAD) of the borrower over the next 12 months and the lifetime.

The PD and LGD applied in the impairment assessment of the credit business of the Bank is adjusted and calculated based on the internal information of each group of assets as well as the currently observable data and the forward-looking macroeconomic information (such as economic growth rate, etc.).

The Bank assesses the EAD of loan at the reporting date. According to internal and external information, the Bank considers the portion of the loan commitment that is expected to be drawn within 12 months after the reporting date and for the lifetime, to determine the EAD for calculating the expected credit losses.

The Bank performs impairment assessment of debt instruments measured at FVTOCI and those measured at amortised cost in accordance with related requirements:

1) The EAD is measured at the amortised cost of a financial asset plus its interest receivable.

2) The PD is based on the information regularly published by Moody's and calculated on the basis of the adjusted historical data according to the currently observable data and the forward-looking macroeconomic information (e.g., gross domestic product and economic growth rate, etc.).

3) The LGD is selected according to the type of debt instruments based on the information regularly published by Moody's.

Indovina Bank

For the purpose of assessing the expected credit losses, Indovina Bank classifies the financial assets into the following groups based on credit category, credit rating, risk characteristics, enterprise size, product category, counterparty type, and so on.

Category	Definition
Loan portfolio	Grouped by counterparty type and enterprise size
Bond portfolio	Grouped by product category, external credit rating and payment ranks
Cash equivalents, due from and call loans to banks	Grouped by counterparty type

1) Loan portfolio

   The segmentation of Indovina Bank's loan portfolio is based on its risk characteristics, such as product category, counterparty type and enterprise size. The measurement of expected credit loss is estimated by three main parameters: Probability of default, loss given default and exposure at default. The probability of default (PD) and loss given default (LGD) were built using the Bank's historical delinquent information and recovery data and calibrated with selected macroeconomic factors for forward-looking adjustment. The estimated amounts of exposure at default were calculated by the amortised cost and interest receivable. At each financial reporting date, if the above criteria for a significant increase in credit risk since initial recognition are not met, the allowance loss shall be measured on the basis of the 12-month expected credit loss method. If financial assets meet the conditions of significant increases in credit risk or credit deterioration since initial recognition, the allowance losses shall be estimated according to the lifetime expected credit loss method.

2) Bond portfolio

   The segmentation of Indovina Bank's bond portfolio is based on its product category, external rating and payment rank. The measurement of expected credit loss is based on three main parameters: Probability of default, loss given default and exposure at default. The probability of default and loss given default were built using external information with sufficient historical default data and recovery rates and calibrated with selected macroeconomic factors for forward-looking adjustment. The estimated amounts of exposure at default were calculated by the amortised cost and interest receivable. At each financial reporting date, if the above criteria for a significant increase in credit risk since initial recognition are not met, the allowance loss shall be measured on the basis of the 12-month expected credit loss method. If financial assets meet the conditions of significant increases in credit risk or credit deterioration since initial recognition, the allowance losses shall be estimated according to the lifetime expected credit loss method.

3) Cash equivalents, due from and call loans to banks

   The segmentation of Indovina Bank's cash equivalents, due from and call loans to banks, is based on its counterparty type. The measurement of expected credit loss is estimated by three main parameters: Probability of default, loss given default and exposure at default. The probability of default is calculated using Sovereign PD of rating BB. The loss given default is determined by the foundation approach in Basel II. The estimated amounts of exposure at default were calculated by the amortised cost and interest receivable. At each financial reporting date, if the above criteria for a significant increase in credit risk since initial recognition are not met, the allowance loss shall be measured on the basis of the 12-month expected credit loss method. If financial assets meet the conditions of significant increases in credit risk or credit deterioration since initial recognition, the allowance losses shall be estimated according to the lifetime expected credit loss method.

CUBC Bank

CUBC Bank has grouped its exposures on the basis of shared credit risk characteristic, including product category and counterparty type as follows:

Category	Definition
Loan	Grouped by product characteristics, industry, counterparty type and Days Past Due (DPD) categories based on five-tier asset classification
Credit card	Grouped by product characteristics and Days Past Due (DPD) categories based on five-tier asset classification

The measurement of expected credit loss of CUBC Bank's loan portfolio is based on its credit category, Days Past Due (DPD) categories based on five-tier asset classification, counterparty type and product category. The probabilities of default and loss given default were built by the internal and external historical delinquent information, LGD supervised under Basel II and calibrated by selected macroeconomic factors for forward-looking adjustment. The estimated amounts of exposure at default were calculated by the amortised cost and interest receivable. At each financial reporting date, if the above criteria for a significant increase in credit risk since initial recognition are not met, the loss allowance shall be measured on the basis of the 12-month expected credit loss method. If financial assets meet the foregoing conditions of significant increases in credit risk or credit deterioration since initial recognition, the loss allowance shall be estimated according to the respective methods on the basis of lifetime expected credit losses.

CUBCN Bank

For the purpose of assessing the expected credit losses, CUBCN Bank classifies the credit assets into the following groups based on business category and forward-looking model:

1) CUBCN Bank classifies the credit assets into the following groups based on the assessment method and business category:

Business Category	Method
Loan activities	Grouped by method of evaluating and type of business
Interbank borrowing business	Grouped by method of evaluating and type of business
Bills and forfaiting business	Grouped by method of evaluating and type of business
Off-balance sheet credit business	Grouped by method of evaluating and type of business
Bond business and interbank deposit business	Grouped by method of evaluating and type of business
Due from banks, call loan to banks business, and reverse repurchase	Grouped by method of evaluating and type of business
Fees receivable and other receivables	Grouped by method of evaluating and type of business

2) CUBCN Bank grouped the non-retail business risk group according to the forward-looking model.

   a) The expected credit losses of financial instruments are measured on a case-by-case basis as follows:

      i. For financial instruments in Stage 1, the allowance for losses is measured by the expected credit losses within 12 months.

ii. For financial instruments in Stage 2, the allowance for losses is measured by the lifetime expected credit losses.

iii. For financial instruments in Stage 3, the discounted cash flow method can be used for individual assessment; if not using individual assessment, the allowance for losses is measured by the lifetime expected credit losses, and the PD is 100%.

b) The expected credit loss parameters of financial instruments are calculated according to the following principles respectively:

i. The PD is based on the internal/external credit rating of the borrower or issuer and is calculated using the historical data, which is adjusted according to the currently observable data and the forward-looking macroeconomic information.

ii. The LGD is based on the LGD regulated in the Rules on Capital Management of Commercial Banks published by the China banking supervisory authority as the reference for evaluation. Besides, the LGD also refers to types of products, types of bonds mapping, linear interpolation and so on.

iii. The EAD is measured using the current exposure method. Besides, off-balance sheet credit businesses also convert exposure using the credit conversion factor regulated in the Rules on Capital Management of Commercial Banks published by the China banking supervisory authority.

Write-off policy

Any non-performing loans or non-accrual loans, after subtracting the estimated recoverable portion, that have one of the following characteristics shall be written off:

1) The loan cannot be recovered in full or in part because the debtors have dissolved, gone into hiding, reached a settlement, declared bankruptcy, or for other reasons.

2) The collateral and property of the primary/subordinate debtors have been appraised at a very low value or have become insufficient to repay the loan after the subtraction of senior mortgages; or the execution cost approaches or possibly exceeds the amount that the Bank might collect from the debtors where there is no financial benefit in execution.

3) The primary/subordinate debtor's collateral has failed to sell at successive auctions where the price of such collateral has been successively lowered, and there is no financial benefit to be derived from the Bank's taking possession of such collateral.

4) More than two years have elapsed since the maturity date of the non-performing loans or non-accrual loans, and collection efforts have failed.

Non-performing loans or non-accrual loans, which have been written off by the Bank, can undergo the legal proceedings continuously under related policies.

Consideration of forward-looking information

The Bank

The Bank uses historical data to analyze and identify the significant economic factors that affect the credit risks and expected credit losses of each group of assets, and uses the regression model to estimate the impairment parameter after the prospective adjustment. The significant economic factors and their impact on PD differ depending on the type of financial instruments.

The significant economic factors identified by the Bank are as follows:

Credit Category	Probability of Default (PD)
Enterprise loan	Amortization of External debt to GDP (%) Inflation rate
Consumer loan	Government debt Annual nominal GDP growth rate (%) Consumer Price Index
Credit card	Consumer Price Index

Indovina Bank

Based on the qualitative and quantitative analysis of historical data, Indovina Bank identifies the local and global economic factors that affect the credit risks and expected credit losses of each group of assets, and uses the regression models, interpolation adjustment, and historical scenario analysis to estimate the impairment parameter after the prospective adjustment. The selected economic factors and their effects on PDs varied from different types of portfolios.

The significant economic factors identified by Indovina Bank are as follows:

Segment	Selected Factors
Loan portfolio	Vietnam Real GDP (%)
Bond portfolio	Global Real GDP (%) Global inflation rate (%)

CUBC Bank

CUBC Bank establishes ECL model based on historical default and loss data and uses the regression analysis to adjust the forward-looking parameters with local macroeconomic factors by considering local risk distribution and borrowers' characteristics.

The significant economic factors identified by CUBC Bank are as follows:

Segment	Selected Factors
Loan	Change of GDP (%) General government primary (net lending/net borrowing) as percent of GDP (%) Change of volume of exports (%) General government revenue
Credit card	Inflation rate General national total savings as percent of GDP (%) General government debt as percent of GDP (%)

CUBCN Bank

CUBCN Bank uses historical data and rate of non-performing banking industry loans issued by the authorities to analyze and identify the significant economic factors that affect the credit risks and expected credit losses of each group of assets, and uses the regression model to estimate the impairment parameter after the prospective adjustment, in order to obtain an unbiased estimate of expected credit losses.

The relevant economic factors identified by CUBCN Bank include but are not limited to gross domestic product (GDP), consumer price index (CPI) and broad money supply in circulation (M0), etc.

The valuation techniques or significant assumptions used by the Company for assessing the expected credit losses have no significant change.

Credit risk management policy

The category of credit asset and the grade of credit quality are described as follows:

1) Category of credit asset

   The credit assets of the Bank are classified into five categories. Normal credit assets are classified as “Category One”. The remaining unsound credit assets are evaluated based on the status of the loan collateral and the length of time the asset is overdue. Assets that require special mention are classified as “Category Two”, assets that are substandard are classified as “Category Three”, assets that are doubtful are classified as “Category Four”, and assets for which there is loss are classified as “Category Five”. For managing the default credits, the Bank established the regulations governing the procedures to deal with non-performing loans, non-accrual loans and bad debts.

2) Grade of credit quality

   The Bank sets the grade of credit quality based on the characteristics and scale of business (such as establishing the internal rating model of credit risk, setting the credit rating table or relevant rules to classify) to proceed with risk management.

   In order to measure the credit risk of the clients, the Bank develops the rating model of business credit by employing statistical methods and the professional judgment of the experts as well as considering the clients’ relevant information. The model is reviewed periodically to verify if the calculated results conform to the reality and the Bank will make necessary revisions to the parameters to optimize the results.

   With respect to consumer credit assets, such as housing mortgages, credit cards, and small-scale credit loans, the Bank also evaluates the default risk of clients by using the rating scores developed by the Bank.

   To ensure the reasonableness of the estimated values of the credit rating system’s design, process, and relevant risk factors, the Bank executes the relevant verification and tests the model according to the actual default regularly so that the calculated results will be close to actual default.

   The Bank evaluates the counterparties’ credit quality before transactions are made and refers to the domestic and foreign credit rating agencies, when rendering different lines of credit based on the credit quality.

3) Hedge of credit risk and easing policy

   a) Collateral

      The Bank adopts a series of policies to lower the credit risk, and one of the frequently used methods is requesting borrowers to provide collateral. To ensure the creditor’s rights, the Bank sets the scope of collateral and the procedures for appraising, managing, and disposing of the collateral. In addition, a credit contract stipulates the bases for credit claims, preservation of collateral, and offset provisions when a credit loss event occurs; the Bank may reduce the limit, cut down the payback period, or deem all debts as due. Also, the Bank may use the deposits that the borrowers saved in the Bank to offset the liabilities to lower the credit risk.

      Other non-credit business collateral depends on the characteristics of the financial instruments. Only asset-backed securities and other similar financial instruments are secured by an asset pool of financial instruments.

b) Limit of credit risk and control of credit risk concentration

To avoid the excessive risk concentration, the Bank limits the credit amounts of single counterparties and groups; the Bank also sets the investment guide and regulation of risk control of equity investment to restrict the investment limits of single person (company) or related company (group). Furthermore, the Bank establishes relevant regulations to control the concentration risk of assets, and sets the credit limits by industry, group, country, and stock types to monitor the credit concentration risk.

c) Net settlement agreement

The Bank usually settles by the gross balance, but signs contract with some counterparties to settle by net balance. If a default happens, the Bank will terminate all transactions with the counterparty and settle by net balance in order to lower the credit risk.

4) Maximum exposures to credit risk

Without taking into account the collateral or other credit enhancement instruments, the maximum credit risk exposures of on-balance-sheet financial assets equal their carrying amounts. The maximum credit risk exposures of off-balance-sheet items (without considering the collateral or other credit enhancement instruments) are as follows:

a) The Bank

Off-Balance Sheet Items	Maximum Exposure to Credit Risk		
	March 31, 2026	December 31, 2025	March 31, 2025
Irrevocable loan commitments	$ 193,275,531	$ 192,525,022	$ 185,576,576
Unused credit card commitments	748,963,211	738,966,067	730,274,979
Unused commercial letters of credit	8,912,615	6,495,809	7,465,550
Guarantees on duties and contracts	21,469,680	20,246,251	19,680,200

b) Indovina Bank

Off-Balance Sheet Items	Maximum Exposure to Credit Risk		
	March 31, 2026	December 31, 2025	March 31, 2025
Financial guarantee contracts	$ 1,378,216	$ 1,580,507	$ 1,617,289
Unused commercial letters of credit	1,396,161	1,487,796	1,343,054

c) CUBC Bank

Off-Balance Sheet Items	Maximum Exposure to Credit Risk		
	March 31, 2026	December 31, 2025	March 31, 2025
Financial guarantee contracts	$ 19,315	$ 19,931	$ 15,539
Unused credit card commitments	303,859	298,219	337,903
Irrevocable loan commitments	475,237	240,245	265,775

d) CUBCN Bank

Off-Balance Sheet Items	Maximum Exposure to Credit Risk		
	March 31, 2026	December 31, 2025	March 31, 2025
Financial guarantee contracts	$ 297,212	$ 241,165	$ 271,990
Unused commercial letters of credit	202,801	716,071	377,317

To reduce the risk from any businesses, the Bank conducts an overall assessment and takes appropriate risk reduction measures before undertaking the business, such as obtaining collateral and guarantors. For obtaining of collateral, the Bank has set Guidelines Governing Collateral to ensure that collateral meets the specific criteria and has the effect of reducing the business risk.

The management deems the Company is able to control and minimize the credit risk exposures in off-balance-sheet items as the Company uses stricter rating procedures when extending credits and conducts reviews regularly.

The carrying amounts of the maximum credit risk exposure of on-balance-sheet items were as follows:

March 31, 2026

	Discounts and Loans				
	Stage 1 12-month Expected Credit Losses	Stage 2 Lifetime Expected Credit Losses	Stage 3 Lifetime Expected Credit Losses	Differences of Impairment Loss under Regulations	Total
Total carrying amount	$ 2,955,459,923	$ 74,101,151	$ 24,165,545	$ -	$ 3,053,726,619
Less: Allowance for impairment	(3,739,017)	(2,674,902)	(9,694,243)	-	(16,108,162)
Less: Differences of impairment loss under regulations	-	-	-	(34,012,782)	(34,012,782)
	$ 2,951,720,906	$ 71,426,249	$ 14,471,302	$ (34,012,782)	$ 3,003,605,675

	Receivables				
	Stage 1 12-month Expected Credit Losses	Stage 2 Lifetime Expected Credit Losses	Stage 3 Lifetime Expected Credit Losses	Differences of Impairment Loss under Regulations	Total
Total carrying amount	$ 143,926,766	$ 1,246,282	$ 2,444,161	$ -	$ 147,617,209
Less: Allowance for impairment	(735,998)	(367,762)	(1,806,379)	-	(2,910,139)
Less: Differences of impairment loss under regulations	-	-	-	(100,141)	(100,141)
	$ 143,190,768	$ 878,520	$ 637,782	$ (100,141)	$ 144,606,929

December 31, 2025

	Discounts and Loans				
	Stage 1 12-month Expected Credit Losses	Stage 2 Lifetime Expected Credit Losses	Stage 3 Lifetime Expected Credit Losses	Differences of Impairment Loss under Regulations	Total
Total carrying amount	$ 2,824,433,030	$ 88,517,420	$ 22,370,543	$ -	$ 2,935,320,993
Less: Allowance for impairment	(4,258,964)	(2,844,425)	(8,819,705)	-	(15,923,094)
Less: Differences of impairment loss under regulations	-	-	-	(32,468,521)	(32,468,521)
	$ 2,820,174,066	$ 85,672,995	$ 13,550,838	$ (32,468,521)	$ 2,886,929,378

	Receivables				
	Stage 1 12-month Expected Credit Losses	Stage 2 Lifetime Expected Credit Losses	Stage 3 Lifetime Expected Credit Losses	Differences of Impairment Loss under Regulations	Total
Total carrying amount	$ 146,942,338	$ 1,993,718	$ 2,388,929	$ -	$ 151,324,985
Less: Allowance for impairment	(805,296)	(374,682)	(1,790,300)	-	(2,970,278)
Less: Differences of impairment loss under regulations	-	-	-	(99,998)	(99,998)
	$ 146,137,042	$ 1,619,036	$ 598,629	$ (99,998)	$ 148,254,709

March 31, 2025

	Discounts and Loans				
	Stage 1 12-month Expected Credit Losses	Stage 2 Lifetime Expected Credit Losses	Stage 3 Lifetime Expected Credit Losses	Differences of Impairment Loss under Regulations	Total
Total carrying amount	$ 2,701,127,442	$ 76,825,177	$ 20,637,797	$ -	$ 2,798,590,416
Less: Allowance for impairment	(4,365,246)	(3,577,728)	(8,427,409)	-	(16,370,383)
Less: Differences of impairment loss under regulations	-	-	-	(29,608,590)	(29,608,590)
	$ 2,696,762,196	$ 73,247,449	$ 12,210,388	$ (29,608,590)	$ 2,752,611,443

	Receivables				
	Stage 1 12-month Expected Credit Losses	Stage 2 Lifetime Expected Credit Losses	Stage 3 Lifetime Expected Credit Losses	Differences of Impairment Loss under Regulations	Total
Total carrying amount	$ 127,458,090	$ 1,753,738	$ 2,294,017	$ -	$ 131,505,845
Less: Allowance for impairment	(661,841)	(379,253)	(1,746,678)	-	(2,787,772)
Less: Differences of impairment loss under regulations	-	-	-	(74,069)	(74,069)
	$ 126,796,249	$ 1,374,485	$ 547,339	$ (74,069)	$ 128,644,004

5) Credit concentration risk of the Company

When the counterparties are obviously the same party, or there are several counterparties but engaging in similar business activities and sharing similar economic characteristics, and vulnerable to the same economic impacts or other changes, the credit concentration risk is apparent.

Credit concentration risk of the Company derives from the assets, liabilities and off-balance sheet items, and arises from performing obligations or engaging in transactions of cross-credit line portfolio with risk exposures including credit extension, due from and call loans to other banks, securities investment, receivables and derivatives. The Company does not significantly concentrate on a single client or counterparty, and the transaction amount with a single client or counterparty relative to the Company's total bills discounts and loans, including overdue loans, guarantees, bills purchased, and acceptances receivable is not significant. Credit concentration risk of the Company according to industry and geographic region is listed below:

a) Industry type

	March 31, 2026		December 31, 2025		March 31, 2025	
Industry Type	Amount	%	Amount	%	Amount	%
Manufacturing	$ 283,007,710	9.19	$ 249,603,868	8.43	$ 250,059,472	8.86
Financial institutions and insurance	164,908,003	5.36	162,565,496	5.49	151,704,694	5.38
Leasing and real estate	262,435,722	8.52	251,499,153	8.50	240,684,763	8.53
Individuals	1,988,468,332	64.58	1,939,467,198	65.53	1,836,658,943	65.08
Others	380,423,470	12.35	356,451,268	12.05	343,188,227	12.15
Total	$ 3,079,243,237	100.00	$ 2,959,586,983	100.00	$ 2,822,296,099	100.00

b) Geographic region

	March 31, 2026		December 31, 2025		March 31, 2025	
Geographic Region	Amount	%	Amount	%	Amount	%
Domestic	$ 2,675,711,151	86.90	$ 2,579,052,088	87.14	$ 2,465,215,054	87.35
Asia	316,002,650	10.26	302,185,572	10.21	279,853,492	9.91
America	51,597,161	1.68	46,494,481	1.57	46,205,392	1.64
Others	35,932,275	1.16	31,854,842	1.08	31,022,161	1.10
Total	$ 3,079,243,237	100.00	$ 2,959,586,983	100.00	$ 2,822,296,099	100.00

b. Liquidity risk

1) Source and definition of liquidity risk

Liquidity risk refers to the risk that the Bank may not be able to obtain sufficient funds in a timely manner at an acceptable cost to meet current or upcoming payment obligations.

2) Liquidity risk management strategy and principles

The principle of liquidity risk management strategy of the Company is to stabilize the liquidity of funds. The first priority of the source of funds is diversification and stability, and the Company adopts the conservative principle to estimate the funds. The use of funds should take into account both safety and profitability, and pay attention to diversifying liquidity risks, ensure it would have sufficient funding for obligations under normal or stressed scenarios. The Company has set up an Asset and Liability Management Committee, which is responsible for planning and monitoring liquidity risk management strategy and controlling liquidity risk with risk limits from different measuring dimensions and early warning indicators. When the liquidity has or expects significant changes, relevant authorities and responsible units jointly analyze the reasons and discuss solutions to deal with the impact of emergent events on liquidity risk. If necessary, the Asset and Liability Management Committee may be convened to discuss solutions.

3) Financial assets held to manage liquidity risk and maturity analysis of non-derivative financial liabilities of the Company

a) Financial assets held to manage liquidity risk

The Company holds highly marketable and diverse financial assets to meet payment obligations; assets that can be easily liquidated in the event of an unforeseen interruption of cash flow. The financial assets held to manage liquidity risk include cash and cash equivalents, due from the Central Bank and call loans to other banks, financial assets at FVTPL, financial assets at FVTOCI, investments in debt instruments at amortised cost, discounts and loans, and securities purchased under resell agreements.

b) Maturity analysis of non-derivative financial liabilities of the Bank

The table below shows the analysis of the cash outflow of non-derivative financial liabilities based on the number of days remaining from the balance sheet date until the contractual maturity date. The amount disclosed is based on the contractual cash flows and may be different from that included in the balance sheets.

	March 31, 2026				
	0-30 Days	31-180 Days	181 Days - 1 Year	Over 1 Year	Total
Deposits from the Central Bank and banks	$ 83,723,237	$ 6,620,013	$ 30,045,027	$ 22,568	$ 120,410,845
Non-derivative financial liabilities at fair value through profit or loss	-	807,335	202,860	41,254,200	42,264,395
Securities sold under repurchase agreements	30,836,435	1,304,801	-	-	32,141,236
Payables	15,794,688	20,726,704	7,537,270	946,940	45,005,602
Deposits and remittances	935,436,432	2,124,957,647	1,318,108,170	108,254,876	4,486,757,125
Financial debentures payable	-	-	-	18,929,819	18,929,819
Lease liabilities	168,170	847,374	861,595	4,503,574	6,380,713
Other capital outflow at maturity	15,787,819	14,355,448	5,532,526	1,206,560	36,882,353

	December 31, 2025				
	0-30 Days	31-180 Days	181 Days - 1 Year	Over 1 Year	Total
Deposits from the Central Bank and banks	$ 44,881,838	$ 16,838,729	$ 18,733,729	$ 19,628	$ 80,473,924
Non-derivative financial liabilities at fair value through profit or loss	-	-	624,778	40,555,020	41,179,798
Securities sold under repurchase agreements	394,440	1,271,215	-	-	1,665,655
Payables	17,327,114	19,340,177	46,257	874,611	37,588,159
Deposits and remittances	842,379,686	2,152,483,157	1,205,631,882	108,195,094	4,308,689,819
Financial debentures payable	-	-	-	18,838,589	18,838,589
Lease liabilities	165,545	773,724	978,197	4,749,772	6,667,238
Other capital outflow at maturity	12,546,960	17,487,912	5,539,926	1,164,273	36,739,071

	March 31, 2025				
	0-30 Days	31-180 Days	181 Days - 1 Year	Over 1 Year	Total
Deposits from the Central Bank and banks	$ 62,571,951	$ 7,525,128	$ 35,651,424	$ 220,786	$ 105,969,289
Non-derivative financial liabilities at fair value through profit or loss	-	837,680	210,484	42,804,780	43,852,944
Securities sold under repurchase agreements	9,420,461	10,334,539	-	-	19,755,000
Payables	9,378,394	13,427,228	4,325,221	524,358	27,655,201
Deposits and remittances	678,168,911	1,907,849,677	1,126,105,842	110,539,792	3,822,664,222
Financial debentures payable	-	-	-	12,924,007	12,924,007
Lease liabilities	165,713	744,323	803,357	4,488,074	6,201,467
Other capital outflow at maturity	13,101,025	23,874,708	7,270,256	1,068,781	45,314,770

Additional information about the maturity analysis of lease liabilities:

	March 31, 2026	December 31, 2025	March 31, 2025
Less than 1 year	$ 1,877,139	$ 1,917,466	$ 1,713,393
1-5 years	4,110,467	4,295,013	3,893,236
5-10 years	362,695	421,983	555,046
More than 10 years	30,412	32,776	39,792
	$ 6,380,713	$ 6,667,238	$ 6,201,467

c) Maturity analysis of derivative financial liabilities

Net settled derivative financial instruments engaged by the Bank include:

i. Foreign exchange derivative instruments: Non-delivery forwards and net settled foreign exchange options;

ii. Interest rate derivative instruments: Swaptions, net settled interest rate swaps and other interest rate agreements.

The table below shows the net settled derivative financial instruments based on the number of days remaining from the balance sheet date until the contractual maturity date. The analysis of contractual maturity dates illustrates all derivative financial instruments listed on the balance sheets. The amount disclosed is based on contractual cash flow and may be different from that included in the balance sheets. Maturity analysis of net settled derivative financial liabilities was as follows:

	March 31, 2026				
	0-30 Days	31-180 Days	181 Days-1 Year	Over 1 Year	Total
Derivative financial liabilities at fair value through profit or loss					
Foreign exchange derivative instruments	$ 30,403	$ 13,797	$ 1	$ -	$ 44,201
Interest rate derivative instruments	466,224	1,504,474	585,026	31,840,714	34,396,438
Total	$ 496,627	$ 1,518,271	$ 585,027	$ 31,840,714	$ 34,440,639

	December 31, 2025				
	0-30 Days	31-180 Days	181 Days-1 Year	Over 1 Year	Total
Derivative financial liabilities at fair value through profit or loss					
Foreign exchange derivative instruments	$ 13,051	$ 22,998	$ 7,177	$ -	$ 43,226
Interest rate derivative instruments	117,263	1,175,338	626,968	31,110,621	33,030,190
Total	$ 130,314	$ 1,198,336	$ 634,145	$ 31,110,621	$ 33,073,416

	March 31, 2025				
	0-30 Days	31-180 Days	181 Days-1 Year	Over 1 Year	Total
Derivative financial liabilities at fair value through profit or loss					
Foreign exchange derivative instruments	$ 50,162	$ 61,212	$ 46,665	$ -	$ 158,039
Interest rate derivative instruments	541,087	961,884	433,672	30,498,906	32,435,549
Total	$ 591,249	$ 1,023,096	$ 480,337	$ 30,498,906	$ 32,593,588

Gross settled derivative financial instruments engaged by the Bank include:

i. Foreign exchange derivative instruments: Foreign exchange forwards, foreign exchange swaps and gross settled foreign exchange options;

ii. Interest rate derivative instruments: Cross currency swaps;

iii. Credit derivative instruments: All credit default swaps are presented on a gross basis. The credit protection buyer makes periodic payments to the credit protection seller and gets the one-time payments in return if a credit event occurs.

The table below shows the Bank's gross settled derivative financial instruments based on the number of days remaining from the balance sheet date until the contractual maturity date. Contractual maturities are evaluated to be the most basic element for understanding all the derivative financial instruments presented on the balance sheets. The disclosed amounts are based on contractual cash flows and parts of the disclosed amounts are not in conformity with related items on consolidated balance sheets. Maturity analysis of gross settled derivative financial liabilities was as follows:

	March 31, 2026				
	0-30 Days	**31-180 Days**	**181 Days-1 Year**	**Over 1 Year**	**Total**
Derivative financial liabilities at fair value through profit or loss					
Foreign exchange derivative instruments					
Cash outflow	$ (668,247,763)	$ (348,821,311)	$ (107,456,400)	$ (1,376,997)	$(1,125,902,471)
Cash inflow	659,207,941	338,004,662	104,620,167	1,358,981	1,103,191,751
Interest rate derivative instruments					
Cash outflow	(28,782)	(8,384,723)	(4,809,727)	(7,551,602)	(20,774,834)
Cash inflow	28,294	8,072,979	4,727,126	7,249,782	20,078,181
Cash outflow subtotal	(668,276,545)	(357,206,034)	(112,266,127)	(8,928,599)	(1,146,677,305)
Cash inflow subtotal	659,236,235	346,077,641	109,347,293	8,608,763	1,123,269,932
Net cash flow	$ (9,040,310)	$ (11,128,393)	$ (2,918,834)	$ (319,836)	$ (23,407,373)

	December 31, 2025				
	0-30 Days	**31-180 Days**	**181 Days-1 Year**	**Over 1 Year**	**Total**
Derivative financial liabilities at fair value through profit or loss					
Foreign exchange derivative instruments					
Cash outflow	$ (487,376,606)	$ (399,215,506)	$ (115,682,802)	$ (165,533)	$(1,002,440,447)
Cash inflow	481,682,019	389,994,581	111,551,334	151,961	983,379,895
Interest rate derivative instruments					
Cash outflow	(2,094,747)	(3,847,312)	(6,324,180)	(10,122,777)	(22,389,016)
Cash inflow	2,052,832	3,690,664	6,112,438	9,741,868	21,597,802
Cash outflow subtotal	(489,471,353)	(403,062,818)	(122,006,982)	(10,288,310)	(1,024,829,463)
Cash inflow subtotal	483,734,851	393,685,245	117,663,772	9,893,829	1,004,977,697
Net cash flow	$ (5,736,502)	$ (9,377,573)	$ (4,343,210)	$ (394,481)	$ (19,851,766)

	March 31, 2025				
	0-30 Days	**31-180 Days**	**181 Days-1 Year**	**Over 1 Year**	**Total**
Derivative financial liabilities at fair value through profit or loss					
Foreign exchange derivative instruments					
Cash outflow	$ (407,298,537)	$ (413,166,207)	$ (89,938,069)	$ (3,656,598)	$ (914,059,411)
Cash inflow	403,296,601	403,426,367	86,989,749	3,468,423	897,181,140
Interest rate derivative instruments					
Cash outflow	(227,702)	(1,722,193)	(10,555,432)	(7,859,148)	(20,364,475)
Cash inflow	224,074	1,695,064	10,293,577	7,657,282	19,869,997
Cash outflow subtotal	(407,526,239)	(414,888,400)	(100,493,501)	(11,515,746)	(934,423,886)
Cash inflow subtotal	403,520,675	405,121,431	97,283,326	11,125,705	917,051,137
Net cash flow	$ (4,005,564)	$ (9,766,969)	$ (3,210,175)	$ (390,041)	$ (17,372,749)

d) Maturity analysis of off-balance sheet items

The table below shows the Bank's maturity analysis of off-balance sheet items based on the number of days remaining from the balance sheet date until the contractual maturity date. The amount of off-balance sheet items will be allocated to the earliest period when the obligation is exercised at any time by clients.

i. Irrevocable commitments: Include the Bank's irrevocable loan commitments and credit card commitments.

ii. Financial guarantee contracts: The Bank acts as a guarantor or an issuer of standby letter of credit.

Maturity analysis of off-balance sheet items is shown as follows:

	March 31, 2026				
	0-30 Days	31-180 Days	181 Days - 1 Year	Over 1 Year	Total
Irrevocable loan commitments	$ 193,275,531	$ -	$ -	$ -	$ 193,275,531
Credit card commitments	748,963,211	-	-	-	748,963,211
Financial guarantee contracts	30,382,295	-	-	-	30,382,295

	December 31, 2025				
	0-30 Days	31-180 Days	181 Days - 1 Year	Over 1 Year	Total
Irrevocable loan commitments	$ 192,525,022	$ -	$ -	$ -	$ 192,525,022
Credit card commitments	738,966,067	-	-	-	738,966,067
Financial guarantee contracts	26,742,060	-	-	-	26,742,060

	March 31, 2025				
	0-30 Days	31-180 Days	181 Days - 1 Year	Over 1 Year	Total
Irrevocable loan commitments	$ 185,576,576	$ -	$ -	$ -	$ 185,576,576
Credit card commitments	730,274,979	-	-	-	730,274,979
Financial guarantee contracts	27,145,750	-	-	-	27,145,750

c. Market risk

1) Source and definition of market risk

Market risk is the potential gain or loss arising from movements of market price, such as interest rates, foreign exchange rates and equity securities.

The Bank organized market risk management department and the committee of assets and liabilities management. The department and the committee periodically examine the Bank’s structure of assets and liabilities, plan the pricing principle of deposit and loan and financing, and use medium- and long-term funding schemes. While executing the market risk management, the market risk management department periodically provides the related information of management and reports to the authorized managers of the Bank for the management system, such as evaluating position, risk limit management, calculation of profit and loss, pricing model and risk analysis, in order to control the overall market risk.

2) Market risk management strategy and process

a) Identification and measurement

The operations department and risk management department of the Bank identify the market risk factors of risk exposure position, and measure the market risk. Market risk factors are the components that could have an impact on the value of financial instruments, such as interest rates, foreign exchange rates, equity securities price, etc., including position, gain and loss, stress testing, sensitivity (DV01, Delta, Vega, etc.) and Value at Risk (VaR), etc., are used to measure the extent of investment portfolio loss that is influenced by market risk factors.

b) Monitoring and reporting

The risk management department periodically reports the execution of market risk management target, position and gain/loss control, sensitivity analysis, stress testing, and value at risk to the board of directors, and helps the board of directors to fully understand the status of market risk management. The Bank also establishes a clear reporting process. Each transaction has the requirements about limitation and stop-loss points. Once the transaction reaches its stop-loss limitation, corresponding measures will be implemented immediately. In special circumstances, the transaction department should document the response plan, report to the executive management for approval and report to the board of directors regularly.

3) Risk management policy of the trading book

The trading book is the position of financial instruments and physical investments for the purpose of trading or the hedge on the trading book. Position is held for trading for the purpose of earning profit from the bid-ask spread. Any positions aside from the above trading book will be in the banking book.

a) Strategy

In order to control market risk effectively and ensure flexibility in operating the transaction strategy, the Bank carries out various assessment and control procedures. The portfolio of trading book has the risk limit for each investment portfolio which is set according to the transaction strategy, category of investment and the annual profit target.

b) Policy and procedure

The Bank sets the "Rules of Market Risk Management" as the important regulation that should be complied with when holding trading position.

c) Valuation policy

If the financial instruments of trading book have market values, they should be evaluated at least once each day based on information from independent and easily accessible sources. If the financial instruments are evaluated by a model, a mathematical model should be used prudently, and the assumptions and parameters of the valuation model should be regularly reviewed and examined.

d) Method of risk measurement

i. The calculation assumptions and calculation method are described in the VaR of the trading book section.

ii. The calculation assumptions and calculation method are described in the market risk sensitivity analysis section.

iii. The Bank executes the stress testing monthly and reports to the Risk Management Committee regularly.

4) Interest rate risk management of trading book

a) Definition of interest risk

Interest rate risk is the risk that the trading positions may suffer losses or changes in fair value due to fluctuations in interest rates. The main instruments include the securities and derivatives that are related to interest rates.

b) Interest rate risk management procedure of trading book

The Bank prudently chooses its investment target by studying the credibility and financial position of the securities issuers, and the sovereign risk and the trend of interest rates of the country. According to the operating strategy and the circumstances of the market, the Bank sets the transaction limit and stop-loss limit (including the limits of dealing room, traders, and investment, etc.) of the trading book that are reported to the executive management or the board of directors for approval.

c) Method of measurement

The interest rate risk of the trading book is mainly controlled based on positions and profit or loss.

5) Interest rate risk management of banking book

The interest rate risk of banking book means that adverse changes in interest rates affect the value and cash flow of the banking book position, resulting in current or potential risks to the Bank's capital and earnings.

a) Strategy

Based on the principle of prudent operation and conservation, the first priority is on the diversification and stability of assets and liabilities, and then on safety and profitability, and the Company should pay attention to risk diversification.

b) Management procedure

The Company has established interest risk indicators of banking book to control the banking book interest risk. If the indicators are abnormal, the possible offset treatment should be evaluated and reported to the Asset and Liability Management Committee to review the asset and liability structure and pricing principles, so as to reduce or control the adverse impact on earnings or net worth.

c) Method of measurement

Measurement methods of banking book interest risk include repricing gap analysis, earnings viewpoint (ΔNII) analysis, and economic value viewpoint (ΔEVE) analysis. The Company adopts appropriate measurement methods to manage banking book interest risk in accordance with local regulatory requirements or internal management needs.

6) Foreign exchange risk management

a) Definition of foreign exchange risk

Foreign exchange risk is the risk of gain/loss arising from exchange rate movements between two currencies at different times. The Bank's foreign exchange risk arises from the derivative instruments, such as spot exchange, forward exchange and foreign exchange option, etc.

b) Policy, procedure and measurement method of foreign exchange risk management

In order to control foreign exchange risk, the Bank sets the limits of position and stop-loss limits for the dealing room and traders. Meanwhile, the Bank also sets the maximum annual loss limit to control the loss within the tolerable extent. Foreign exchange risk is mainly controlled based on positions and profits or losses.

c) The significant portfolios of foreign currency financial assets and liabilities are as follows:

Unit: In Thousands of Foreign Currency

	March 31, 2026		
	Foreign Currency	**Exchange Rate**	**New Taiwan Dollar**
Financial assets			
Monetary items			
USD	$ 26,027,256	31.9800	$ 832,351,647
AUD	5,302,886	21.9559	116,429,635
HKD	9,586,785	4.0797	39,111,207
Non-monetary items			
USD	911,904	31.9800	29,162,690
HKD	1,552,365	4.0797	6,333,183
THB	3,473,375	0.9729	3,379,247
Financial liabilities			
Monetary items			
USD	20,954,299	31.9800	670,118,482
JPY	312,498,070	0.2003	62,593,363
HKD	9,357,474	4.0797	38,175,687
Non-monetary items			
USD	936,731	31.9800	29,956,657
HKD	1,460,092	4.0797	5,956,737
CNY	4,932	4.6275	22,823

	December 31, 2025		
	Foreign Currency	**Exchange Rate**	**New Taiwan Dollar**
Financial assets			
Monetary items			
USD	$ 23,734,225	31.4380	$ 746,156,566
AUD	4,514,957	21.0210	94,908,911
HKD	8,452,147	4.0390	34,138,222
Non-monetary items			
USD	847,407	31.4380	26,640,781
HKD	1,577,059	4.0390	6,369,741
THB	3,473,375	0.9968	3,462,260
Financial liabilities			
Monetary items			
USD	20,802,911	31.4380	654,001,916
JPY	314,290,729	0.2008	63,109,578
HKD	10,907,547	4.0390	44,055,582
Non-monetary items			
USD	931,316	31.4380	29,278,712
HKD	1,528,811	4.0390	6,174,868
EUR	694	36.9066	25,613

	March 31, 2025		
	Foreign Currency	**Exchange Rate**	**New Taiwan Dollar**
<u>Financial assets</u>			
Monetary items			
USD	$ 19,712,762	33.1820	$ 654,108,869
AUD	3,828,968	20.7985	79,636,791
HKD	11,729,673	4.2654	50,031,747
Non-monetary items			
USD	845,323	33.1820	28,049,508
HKD	3,625,677	4.2654	15,464,963
THB	3,473,375	0.9786	3,399,045
<u>Financial liabilities</u>			
Monetary items			
USD	18,823,543	33.1820	624,602,804
HKD	6,255,678	4.2654	26,682,969
AUD	1,239,873	20.7985	25,787,499
Non-monetary items			
USD	906,035	33.1820	30,064,053
HKD	3,703,719	4.2654	15,797,843
CNY	3,751	4.5700	17,142

As the Company has a large variety of foreign currencies, it is not practicable to disclose foreign currency exchange gain or loss based on each foreign currency’s exposure to major impact. The foreign currency exchange gains were $908,542 thousand and $735,641 thousand for the three months ended March 31, 2026 and 2025, respectively.

7) Risk management of equity securities price

a) Definition of risk of equity securities price

The market risk of equity securities held by the Bank includes the individual risk of price fluctuation caused by individual equity securities factors and risk of price fluctuation caused by overall market factors.

b) Purpose of risk management of equity securities price

The purpose is to avoid the massive fluctuation of equity securities price that worsens the Bank’s financial situation or earnings; to raise the operating efficiency of capital and strengthen the business operation.

c) Procedure of risk management of equity securities price

The Bank sets investment limits on market risk in addition to the countries, industries and companies. The above limitations are approved by the board of directors. Once the transaction reaches its stop-loss limit, the response will be implemented immediately. In special circumstances, the transaction department should document the response plan, report to the executive management for approval and report to the board of directors regularly.

d) Measurement method

The risk of equity securities price in a trading book is mainly controlled based on position and profit or loss.

8) Value-at-risk of the trading books

Value-at-risk (VaR) is the Bank's tool to control market risk. VaR is a statistical measure that assesses potential losses of financial instruments caused by changes in risk factors over a specified period of time and at a specific level of statistical confidence. The Bank applies historical simulation with a statistical confidence of 99%. The following form indicates the VaR which is the estimation of potential amount of loss within one day. The statistical confidence of 99% represents the possible fluctuations that would be included in assumed adverse market changes. Based on the assumption, the VaR may exceed the amounts listed in 1 of 100 days due to the price changes in the market. The overall VaR in the market may be less than the aggregate VaR of individual market risk factors.

March 31, 2026				
Factors of Market Risk	**Average**	**Maximum**	**Minimum**	**Ending**
Interest rate	$ 91,174	$ 374,527	$ 51,575	$ 62,161
Foreign exchange rate	114,973	492,395	37,008	103,222
Equity securities price	207,891	627,569	2,743	2,743
Commodity	918	3,779	-	-

December 31, 2025				
Factors of Market Risk	**Average**	**Maximum**	**Minimum**	**Ending**
Interest rate	$ 154,013	$ 374,527	$ 51,575	$ 51,575
Foreign exchange rate	112,354	492,395	37,008	37,675
Equity securities price	269,341	627,569	20,645	106,659
Commodity	881	3,240	110	3,240

March 31, 2025				
Factors of Market Risk	**Average**	**Maximum**	**Minimum**	**Ending**
Interest rate	$ 333,783	$ 434,940	$ 263,214	$ 374,527
Foreign exchange rate	68,142	255,079	16,930	37,008
Equity securities price	356,369	487,862	186,943	346,212
Commodity	406	2,976	-	110

The Bank transacts derivative contracts within the allowed market risk limit. The objectives in trading derivative instruments are to meet customers' hedging and trading needs or to manage the Bank's exposure to risks and to generate revenues through trading activities.

9) Market risk stress testing

Stress testing is a hypothetical measure of losses on risk asset portfolios under severe scenarios. The Bank takes into consideration various types of risk factors for holding positions during market risk stress testing and the results will be reported to the executive management regularly.

Stress Testing				
Market/Product	**Scenarios**	**March 31, 2026**	**December 31, 2025**	**March 31, 2025**
Stock market	Major domestic stock exchanges + 15%	$ 4,123	$ 263,726	$ 1,605,390
	Major domestic stock exchanges - 15%	(4,123)	(263,726)	(1,605,390)
	Major foreign stock exchanges + 20%	-	13,232	152,504
	Major foreign stock exchanges - 20%	-	(13,232)	(152,504)
Interest rate market	Major interest rate + 150bps	(2,728,998)	(2,542,114)	(4,533,167)
	Major interest rate - 150bps	1,930,904	1,940,081	3,707,976
Foreign exchange market	Major currencies +5%	(251,239)	(181,799)	323,255
	Major currencies - 5%	251,239	181,799	(323,255)
Commodity market	Market prices +25%	-	20,832	(612)
	Market prices - 25%	-	(20,832)	612

Note: The information of stress testing is defined by market risk management.

10) Market risk sensitivity analysis

a) Interest rate risk

Interest rate factor sensitivities represent the change in the net present value of the interest rate derivative portfolios caused by a parallel shift in the interest rates in various yield curves affecting the portfolio. The Bank’s interest rate-sensitive portfolios include government bonds, corporate bonds, interest rate swaps, interest rate collars and swaptions.

b) Foreign exchange risk

Foreign exchange rate factor sensitivities (“FX delta”) represent the change of the foreign exchange portfolios (i.e., forward exchange transactions and currency swaps) caused by the underlying currency exchange rate fluctuation.

c) Equity securities price risk

Equity securities price factor sensitivities (“Equity delta”) represent the change of the equity securities price portfolio caused by a parallel shift in the underlying stock price fluctuation. The Bank’s equity portfolios include stocks and equity index options.

d) Commodity risk

Profit and loss impact from commodity positions (commodity futures, commodity swap contracts, etc.) due to price fluctuations of underlying commodities (e.g., carbon credits, crude oil, etc.).

Risk Factors	Changes (+/-)	March 31, 2026 Sensitivity of Profit or Loss	March 31, 2026 Sensitivity of Equity
Foreign exchange rate factor sensitivity (FX Delta)	Exchange rate of each currency + 1%	$ (50,248)	$ -
	Exchange rate of each currency - 1%	50,248	-
Interest rate factor sensitivity (PVBP)	Yield curves parallel shift + 1bp	(18,193)	-
	Yield curves parallel shift - 1bp	12,873	-
Equity securities price factor sensitivity (Equity Delta)	Equity securities price + 1%	275	-
	Equity securities price - 1%	(275)	-

Risk Factors	Changes (+/-)	December 31, 2025 Sensitivity of Profit or Loss	December 31, 2025 Sensitivity of Equity
Foreign exchange rate factor sensitivity (FX Delta)	Exchange rate of each currency + 1%	$ (36,360)	$ -
	Exchange rate of each currency - 1%	36,360	-
Interest rate factor sensitivity (PVBP)	Yield curves parallel shift + 1bp	(16,947)	-
	Yield curves parallel shift - 1bp	12,934	-
Equity securities price factor sensitivity (Equity Delta)	Equity securities price + 1%	18,243	-
	Equity securities price - 1%	(18,243)	-
Commodity risk sensitivity	Commodity price + 1%	833	-
	Commodity price - 1%	(833)	-

Risk Factors	Changes (+/-)	March 31, 2025 Sensitivity of Profit or Loss	March 31, 2025 Sensitivity of Equity
Foreign exchange rate factor sensitivity (FX Delta)	Exchange rate of each currency + 1%	$ 64,651	$ -
	Exchange rate of each currency - 1%	(64,651)	-
Interest rate factor sensitivity (PVBP)	Yield curves parallel shift + 1bp	(30,221)	-
	Yield curves parallel shift - 1bp	24,720	-
Equity securities price factor sensitivity (Equity Delta)	Equity securities price + 1%	794	113,858
	Equity securities price - 1%	(794)	(113,858)
Commodity risk sensitivity	Commodity price + 1%	(24)	-
	Commodity price - 1%	24	-

Note: The information of sensitivity analysis is defined by market risk management.

d. ESG and climate risk

The Bank complies with Cathay Financial Holdings' investment and lending exclusion policies by establishing a list of industries, enterprises, and operational activities with which it does not engage. The industries and activities on this list are classified as ineligible for business transactions.

Additionally, the Bank has formulated corporate banking credit rules incorporating Environmental, Social, and Governance (ESG) considerations. These rules align with international standards such as the United Nations Principles for Responsible Banking and the Equator Principles, integrating frameworks like the Task Force on Climate-related Financial Disclosures (TCFD) and the Task Force on Nature-related Financial Disclosures (TNFD) into its credit review and decision-making processes. To comprehensively assess the ESG risks of its counterparties, the Bank requires the completion of an "ESG and Climate Risk Assessment Checklist" for each credit application. If a counterparty presents significant risks or negative impacts in environmental, social, or governance aspects, the Bank conducts enhanced due diligence and implements post-lending monitoring and management based on the counterparty's risk profile.

Furthermore, the Bank has clearly defined climate-related risks and integrated ESG, climate and nature risk identification processes into the Bank's existing investment and credit assessment frameworks. The Bank has also established investment and lending management guidelines to ensure thorough pre-investment and pre-lending evaluations of ESG, climate and nature risks, implementing a tiered management system to effectively oversee long-term risks within its investment and loan portfolios.

e. Transfers of financial assets

Financial assets transferred that have not been fully removed

During the Company's daily operations, transferred financial assets that do not meet the criteria for full derecognition are mostly made up of debt securities used as counterparty collateral for repurchase agreements or equity securities lent as part of securities lending agreement. The cash flows of these transactions have been transferred and reflects the liability where the Company is obligated to repurchase the transferred financial assets according to a fixed price in future periods. With respect to such transactions, the Company will not be able to use, sell or pledge such transferred financial assets during the effective period. However, the Company is still exposed to interest rate risk and credit risk, hence they are not derecognized.

The following table is an analysis of financial assets and financial liabilities that have not been fully derecognized:

March 31, 2026					
Category of Financial Assets	**Transferred Financial Assets Carrying Value**	**Related Financial Liabilities Carrying Value**	**Transferred Financial Assets Fair Value**	**Related Financial Liabilities Fair Value**	**Net Fair Value**
Financial assets at fair value through other comprehensive income					
Repurchase agreements	$ 27,171,901	$ 26,642,172	$ 27,171,901	$ 26,642,172	$ 529,729
Investments in debt instruments measured at amortised cost					
Repurchase agreements	8,734,333	7,400,689	7,926,157	7,400,689	525,468

December 31, 2025					
Category of Financial Assets	**Transferred Financial Assets Carrying Value**	**Related Financial Liabilities Carrying Value**	**Transferred Financial Assets Fair Value**	**Related Financial Liabilities Fair Value**	**Net Fair Value**
Financial assets at fair value through other comprehensive income					
Repurchase agreements	$ 1,315,012	$ 1,661,079	$ 1,315,012	$ 1,661,079	$ (346,067)
Investments in debt instruments measured at amortised cost					
Repurchase agreements	459,267	449,821	463,768	449,821	13,947

March 31, 2025					
Category of Financial Assets	Transferred Financial Assets Carrying Value	Related Financial Liabilities Carrying Value	Transferred Financial Assets Fair Value	Related Financial Liabilities Fair Value	Net Fair Value
Financial assets at fair value through other comprehensive income					
Repurchase agreements	$ 8,421,860	$ 8,623,658	$ 8,421,860	$ 8,623,658	$ (201,798)
Investments in debt instruments measured at amortised cost					
Repurchase agreements	13,304,184	10,950,947	11,272,070	10,950,947	321,123

f. Offsetting financial assets and liabilities

The Company engages in financial instrument transactions that are offset in accordance with IAS 32, section 42, and the financial assets and financial liabilities that are relevant to such transactions are presented in the balance sheets at net amount.

The Company is also engaged in financial instrument transactions that are not offset in accordance with the regulations, but entered into enforceable master netting arrangements or other similar agreements with counterparties, for example, global master repurchase agreements, global securities lending agreements, or other similar agreements. Financial instruments subject to enforceable master netting arrangement or other similar agreements could be settled at net amount as chosen by the counterparties, or, if not, the financial instruments could be settled at gross amount. However, if one of the counterparty defaults, the other party could choose to settle the transaction at net amount.

Information related to offsetting of financial assets and financial liabilities is disclosed as follows:

March 31, 2026

Financial Assets Subject to Offsetting, Master Netting Arrangement or Similar Agreement						
Item	Gross Amount of Recognized Financial Assets (a)	Gross Amount of Recognized Financial Liabilities Offset in the Balance Sheets (b)	Amount Presented in the Balance Sheets (c)= (a)-(b)	Amount Not Offset in the Balance Sheets (d)		Net Amount (e)=(c)-(d)
				Financial Instruments (Note)	Cash Collateral Received/Pledged	
Derivative financial instruments	$ 66,894,587	$ -	$ 66,894,587	$ 66,894,587	$ -	$ -

Financial Liabilities Subject to Offsetting, Master Netting Arrangement or Similar Agreement						
Item	Gross Amount of Recognized Financial Liabilities (a)	Gross Amount of Recognized Financial Assets Offset in the Balance Sheets (b)	Amount Presented in the Balance Sheets (c)= (a)-(b)	Amount Not Offset in the Balance Sheets (d)		Net Amount (e)=(c)-(d)
				Financial Instruments (Note)	Cash Collateral Received/Pledged	
Derivative financial instruments	$ 68,609,644	$ -	$ 68,609,644	$ 66,894,587	$ 1,715,057	$ -
Repurchase agreements	34,042,861	-	34,042,861	33,091,849	951,012	-

December 31, 2025

Financial Assets Subject to Offsetting, Master Netting Arrangement or Similar Agreement						
Item	Gross Amount of Recognized Financial Assets (a)	Gross Amount of Recognized Financial Liabilities Offset in the Balance Sheets (b)	Amount Presented in the Balance Sheets (c)= (a)-(b)	Amount Not Offset in the Balance Sheets (d)		Net Amount (e)=(c)-(d)
				Financial Instruments (Note)	Cash Collateral Received/Pledged	
Derivative financial instruments	$ 58,748,632	$ -	$ 58,748,632	$ 58,748,632	$ -	$ -

Financial Liabilities Subject to Offsetting, Master Netting Arrangement or Similar Agreement						
Item	Gross Amount of Recognized Financial Liabilities (a)	Gross Amount of Recognized Financial Assets Offset in the Balance Sheets (b)	Amount Presented in the Balance Sheets (c)= (a)-(b)	Amount Not Offset in the Balance Sheets (d)		Net Amount (e)=(c)-(d)
				Financial Instruments (Note)	Cash Collateral Received/Pledged	
Derivative financial instruments	$ 62,755,494	$ -	$ 62,755,494	$ 58,748,632	$ 4,006,862	$ -
Repurchase agreements	2,110,900	-	2,110,900	1,231,297	879,603	-

March 31, 2025

Financial Assets Subject to Offsetting, Master Netting Arrangement or Similar Agreement						
Item	Gross Amount of Recognized Financial Assets (a)	Gross Amount of Recognized Financial Liabilities Offset in the Balance Sheets (b)	Amount Presented in the Balance Sheets (c)= (a)-(b)	Amount Not Offset in the Balance Sheets (d)		Net Amount (e)=(c)-(d)
				Financial Instruments (Note)	Cash Collateral Received/Pledged	
Derivative financial instruments	$ 69,697,821	$ -	$ 69,697,821	$ 69,697,821	$ -	$ -

Financial Liabilities Subject to Offsetting, Master Netting Arrangement or Similar Agreement						
Item	Gross Amount of Recognized Financial Liabilities (a)	Gross Amount of Recognized Financial Assets Offset in the Balance Sheets (b)	Amount Presented in the Balance Sheets (c)= (a)-(b)	Amount Not Offset in the Balance Sheets (d)		Net Amount (e)=(c)-(d)
				Financial Instruments (Note)	Cash Collateral Received/Pledged	
Derivative financial instruments	$ 71,184,740	$ -	$ 71,184,740	$ 69,697,821	$ 1,486,919	$ -
Repurchase agreements	19,574,605	-	19,574,605	18,606,753	967,852	-

Note: Master netting arrangement and non-cash collateral are included.

51. CAPITAL MANAGEMENT

a. Capital adequacy maintain strategy

The eligible capital of the Company must conform to the regulatory capital requirements and achieve the minimum adequacy ratio. The calculation of the eligible capital and regulatory capital should comply with the rules issued by the authorities.

b. Capital assessment procedure

To ensure the Company possesses sufficient capital to assume various risk, the Company assesses required capital for the portfolios and characteristics of risk and execute risk management through capital allocation to realize optimization of resources.

52. UNCONSOLIDATED STRUCTURED ENTITIES

The Company does not provide financial support or other support to the unconsolidated structured entities. The Company's maximum exposure to loss from its interests in these structured entities is limited to the carrying amount of assets the Company recognized. The information of the recognized unconsolidated structured entities is disclosed as follows:

Type of Structured Entity	Nature and Purpose	Interests Owned
Asset securitization products	Investment in asset securitization products to receive returns	Investment in asset-backed securities issued by the entity

The carrying amounts of assets recognized by the Company as of March 31, 2026, December 31, 2025 and March 31, 2025 relating to its interests in unconsolidated structured entities are disclosed as follows:

	March 31, 2026	December 31, 2025	March 31, 2025
Financial assets at FVTOCI	$ 42,776,883	$ 31,028,033	$ 31,219,698
Investments in debt instruments measured at amortised cost	125,841,842	106,514,001	81,679,052
	$ 168,618,725	$ 137,542,034	$ 112,898,750

53. ASSET QUALITY, CONCENTRATION OF CREDIT EXTENSIONS, INTEREST RATE SENSITIVITY, PROFITABILITY AND MATURITY ANALYSIS OF ASSETS AND LIABILITIES

The Bank

a. Credit risk

1) Asset quality: Please refer to Table 2.

2) Concentration of credit extensions

(Unit: In Thousands of New Taiwan Dollars, %)

March 31, 2026			
Rank	**Industry Category of Company or Group**	**Credit Extension Balance**	**% to Net Asset Value**
1	Group A - other financial service activities not elsewhere classified	$ 27,625,794	8.29
2	Group B - packaging and testing of semi-conductors	16,130,297	4.84
3	Group C - other computers and peripheral equipment manufacturing	14,295,060	4.29
4	Group D - other electronic components manufacturing not elsewhere classified	11,935,251	3.58
5	Group E - convenience stores, chain	10,502,366	3.15
6	Group F - casting of aluminum	10,184,405	3.06
7	Group G - real estate development activities	9,100,000	2.73
8	Group H - wholesale of electric and communication equipment components	8,840,092	2.65
9	Group I - other financial service activities not elsewhere classified	8,510,509	2.55
10	Group J - chemical raw materials manufacturing	7,832,945	2.35

March 31, 2025			
Rank	**Industry Category of Company or Group**	**Credit Extension Balance**	**% to Net Asset Value**
1	Group A - other financial service activities not elsewhere classified	$ 22,987,201	7.44
2	Group B - other electronic components manufacturing not elsewhere classified	15,082,285	4.88
3	Group C - packaging and testing of semi-conductors	14,491,391	4.69
4	Group D - casting of aluminum	10,000,000	3.24
5	Group E - real estate development activities	9,100,000	2.95
6	Group F - manufacture of computers	8,032,377	2.60
7	Group G - convenience stores, chain	7,674,525	2.48
8	Group H - other computers and peripheral equipment manufacturing	7,216,750	2.34
9	Group I - real estate development activities	6,937,827	2.25
10	Group J - other computers and peripheral equipment manufacturing	6,157,475	1.99

b. Market risk

Interest Rate Sensitivity (New Taiwan Dollars)

(Unit: In Thousands of New Taiwan Dollars, %)

March 31, 2026

Items	**1 - 90 Days**	**91 - 180 Days**	**181 Days - 1 Year**	**Over 1 Year**	**Total**
Interest rate-sensitive assets	$ 3,309,974,731	$ 29,855,278	$ 123,880,749	$ 177,726,062	$ 3,641,436,820
Interest rate-sensitive liabilities	636,244,077	2,524,212,773	453,439,177	54,689,111	3,668,585,138
Interest rate sensitivity gap	2,673,730,654	(2,494,357,495)	(329,558,428)	123,036,951	(27,148,318)
Net worth					333,118,337
Ratio of interest rate-sensitive assets to liabilities					99.26%
Ratio of interest rate sensitivity gap to net worth					(8.15%)

March 31, 2025

Items	1 - 90 Days	91 - 180 Days	181 Days - 1 Year	Over 1 Year	Total
Interest rate-sensitive assets	$ 2,913,521,027	$ 24,094,082	$ 73,033,320	$ 182,578,672	$ 3,193,227,101
Interest rate-sensitive liabilities	509,923,517	2,143,413,485	351,955,654	47,659,054	3,052,951,710
Interest rate sensitivity gap	2,403,597,510	(2,119,319,403)	(278,922,334)	134,919,618	140,275,391
Net worth					308,906,194
Ratio of interest rate-sensitive assets to liabilities					104.59%
Ratio of interest rate sensitivity gap to net worth					45.41%

Note 1: The above amounts included only New Taiwan dollar amounts held by the Bank (i.e., excluding foreign currency).

Note 2: Interest rate-sensitive assets and liabilities mean the revenues or costs of interest-earning assets and interest-bearing liabilities are affected by interest rate changes.

Note 3: Interest rate sensitivity gap = Interest rate-sensitive assets - Interest rate-sensitive liabilities

Note 4: Ratio of interest rate-sensitive assets to liabilities = Interest rate-sensitive assets ÷ Interest rate-sensitive liabilities (in New Taiwan dollars)

Interest Rate Sensitivity (U.S. Dollars)

(Unit: In Thousands of U.S. Dollars, %)

March 31, 2026

Items	1 - 90 Days	91 - 180 Days	181 Days - 1 Year	Over 1 Year	Total
Interest rate-sensitive assets	$ 14,069,305	$ 1,710,868	$ 1,690,152	$ 13,214,408	$ 30,684,733
Interest rate-sensitive liabilities	14,493,729	3,915,300	4,053,992	4,507,688	26,970,709
Interest rate sensitivity gap	(424,424)	(2,204,432)	(2,363,840)	8,706,720	3,714,024
Net worth					10,416,458
Ratio of interest rate-sensitive assets to liabilities					113.77%
Ratio of interest rate sensitivity gap to net worth					35.66%

March 31, 2025

Items	1 - 90 Days	91 - 180 Days	181 Days - 1 Year	Over 1 Year	Total
Interest rate-sensitive assets	$ 10,440,558	$ 1,832,674	$ 1,136,473	$ 10,533,862	$ 23,943,567
Interest rate-sensitive liabilities	12,601,126	3,577,365	4,244,369	4,351,519	24,774,379
Interest rate sensitivity gap	(2,160,568)	(1,744,691)	(3,107,896)	6,182,343	(830,812)
Net worth					9,309,451
Ratio of interest rate-sensitive assets to liabilities					96.65%
Ratio of interest rate sensitivity gap to net worth					(8.92%)

Note 1: The above amounts included only U.S. dollar amounts held by the Bank and excluded contingent assets and contingent liabilities.

Note 2: Interest rate-sensitive assets and liabilities mean the revenues or costs of interest-earning assets and interest-bearing liabilities are affected by interest rate changes.

Note 3: Interest rate sensitivity gap = Interest rate-sensitive assets - Interest rate-sensitive liabilities

Note 4: Ratio of interest rate-sensitive assets to liabilities = Interest rate-sensitive assets ÷ Interest rate-sensitive liabilities (in U.S. dollars)

c. Liquidity risk

1) Profitability (consolidated information)

(Unit: %)

Items		For the Three Months Ended March 31, 2026	For the Three Months Ended March 31, 2025
Return on total assets	Before income tax	0.30	0.32
	After income tax	0.25	0.26
Return on equity	Before income tax	4.78	4.81
	After income tax	3.98	3.97
Net income ratio		41.40	41.22

Note 1: Return on total assets = Income before (after) income tax ÷ Average total assets

Note 2: Return on equity = Income before (after) income tax ÷ Average equity

Note 3: Net income ratio = Income after income tax ÷ Total net revenue

Note 4: Income before (after) income tax represents income for the three months ended March 31, 2026 and 2025.

2) Maturity analysis of assets and liabilities

Maturity Analysis of Assets and Liabilities (New Taiwan Dollars)

(Unit: In Thousands of New Taiwan Dollars)

March 31, 2026

	Total	Remaining Period to Maturity					
		0-10 Days	11-30 Days	31-90 Days	91-180 Days	181 Days - 1 Year	Over 1 Year
Main capital inflow on maturity	$ 4,572,746,928	$ 724,360,720	$ 537,483,624	$ 420,069,255	$ 310,853,436	$ 488,862,776	$ 2,091,117,117
Main capital outflow on maturity	5,782,621,387	308,181,763	392,851,490	780,185,472	902,468,630	1,390,732,028	2,008,202,004
Gap	(1,209,874,459)	416,178,957	144,632,134	(360,116,217)	(591,615,194)	(901,869,252)	82,915,113

March 31, 2025

	Total	Remaining Period to Maturity					
		0-10 Days	11-30 Days	31-90 Days	91-180 Days	181 Days - 1 Year	Over 1 Year
Main capital inflow on maturity	$ 4,044,918,705	$ 457,972,429	$ 506,219,383	$ 379,682,277	$ 337,080,433	$ 431,755,185	$ 1,932,208,998
Main capital outflow on maturity	5,113,864,127	155,566,528	386,340,323	839,831,990	863,780,867	1,056,428,429	1,811,915,990
Gap	(1,068,945,422)	302,405,901	119,879,060	(460,149,713)	(526,700,434)	(624,673,244)	120,293,008

Note: The above amounts included only New Taiwan dollar amounts held by the Bank (i.e., excluding foreign currency).

Maturity Analysis of Assets and Liabilities (U.S. Dollars)

(Unit: In Thousands of U.S. Dollars)

March 31, 2026

	Total	Remaining Period to Maturity				
		0-30 Days	31-90 Days	91-180 Days	181 Days - 1 Year	Over 1 Year
Main capital inflow on maturity	$ 90,655,285	$ 42,158,557	$ 15,249,992	$ 8,241,702	$ 8,809,056	$ 16,195,978
Main capital outflow on maturity	100,608,917	45,254,498	18,840,351	10,955,655	15,978,690	9,579,723
Gap	(9,953,632)	(3,095,941)	(3,590,359)	(2,713,953)	(7,169,634)	6,616,255

March 31, 2025

	Total	Remaining Period to Maturity				
		0-30 Days	31-90 Days	91-180 Days	181 Days - 1 Year	Over 1 Year
Main capital inflow on maturity	$ 108,264,242	$ 40,543,413	$ 25,921,510	$ 17,273,816	$ 11,162,658	$ 13,362,845
Main capital outflow on maturity	115,870,998	41,799,536	28,918,716	19,370,754	16,942,919	8,839,073
Gap	(7,606,756)	(1,256,123)	(2,997,206)	(2,096,938)	(5,780,261)	4,523,772

Note: The above amounts included only U.S. dollar amounts held by the Bank.

54. OPERATING SEGMENTS

For management purposes, the Company divides operating units based on different products and services. The four reportable segments are as follows:

a. Corporate banking unit: Syndicated loan, large-scale, group and general credit business;

b. Individual banking unit: Deposits and consumer loans, foreign exchange service, endorsement guarantees business, note discounting, safe deposits boxes, credit card-related products, and trust business;

c. International banking unit: Offshore banking units, overseas branches and representative offices; and

d. Other units: These segments includes the Company's assets, liabilities, revenues and expenses that cannot be attributed to, or allocated reasonably to, specific operating segments.

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss.

The analysis of the Company's operating revenue and results by reportable segment was as follows:

	For the Three Months Ended March 31, 2026				
	Corporate Banking	**Individual Banking**	**International Banking**	**Others**	**Total**
Net interest (externally)	$ 4,922,666	$ 4,075,660	$ 2,102,207	$ 7,183,707	$ 18,284,240
Segment revenue (expense)	$ (2,504,456)	$ 9,620,464	$ -	$ (7,116,008)	$ -
Segment net income	$ 2,026,915	$ 12,670,333	$ 1,210,335	$ (84,970)	$ 15,822,613
Income tax expense					(2,625,983)
Income after income tax					$ 13,196,630

	For the Three Months Ended March 31, 2025				
	Corporate Banking	**Individual Banking**	**International Banking**	**Others**	**Total**
Net interest (externally)	$ 4,271,174	$ 3,911,285	$ 1,994,449	$ 6,011,700	$ 16,188,608
Segment revenue (expense)	$ (2,167,740)	$ 7,727,373	$ -	$ (5,559,633)	$ -
Segment net income	$ 2,118,230	$ 11,697,605	$ 1,228,473	$ (275,877)	$ 14,768,431
Income tax expense					(2,590,212)
Income after income tax					$ 12,178,219

Note 1: No revenue from transactions with a single external customer amounted to 10% or more of the Company's total revenue.

Note 2: Operating segments' profit are measured on a pre-tax income basis, the income taxes are not allocated to reporting segments for the purpose of making decisions about resource allocation and performance assessment.

Note 3: As the Company provided the average amount of deposits and loans to measure assets and liabilities, the measured amount of assets and liabilities is not disclosed.

55. CASH FLOW INFORMATION

Changes in liabilities arising from financing activities:

For the three months ended March 31, 2026

	Opening Balance	Cash Flows	Non-cash Changes: New Leases	Non-cash Changes: Fair Value Adjustments	Non-cash Changes: Others	Closing Balance
Financial debentures payable	$ 18,600,000	$ -	$ -	$ -	$ -	$ 18,600,000
Financial liabilities designated as at fair value through profit or loss - bonds	41,480,624	-	-	740,425	-	42,221,049
Lease liabilities	7,038,916	(486,092)	172,250	-	36,481	6,761,555

For the three months ended March 31, 2025

	Opening Balance	Cash Flows	Non-cash Changes: New Leases	Non-cash Changes: Fair Value Adjustments	Non-cash Changes: Others	Closing Balance
Financial debentures payable	$ 12,700,000	$ -	$ -	$ -	$ -	$ 12,700,000
Financial liabilities designated as at fair value through profit or loss - bonds	42,151,047	-	-	1,243,710	-	43,394,757
Lease liabilities	6,198,477	(433,293)	861,682	-	35,962	6,662,828

Note: Others include finance costs and exchange differences related to lease liabilities.

56. ADDITIONAL DISCLOSURES

a. Related information of significant transactions:

1) Financing provided: The Bank - not applicable; subsidiaries - not applicable

2) Endorsement/guarantee provided: The Bank - not applicable; subsidiaries - not applicable

3) Significant marketable securities held: The Bank - not applicable; subsidiaries - not applicable

4) Allowance of service fees to related parties amounting to at least $5 million: None

5) Receivables from related parties amounting to at least $300 million or 10% of the paid-in capital: Table 1 (attached)

6) Sale of nonperforming loans: None

7) Asset securitization under the “Regulations for Financial Asset Securitization”: None

8) Other significant transactions which may affect the decisions of users of financial reports: None

b. Related information and proportionate share in investees: Quarterly report is exempt from disclosure.

c. Investments in mainland China: Table 3 (attached)

d. Intercompany relationships and significant intercompany transactions

For the detailed information of intercompany relationships and significant intercompany transactions, refer to Table 4 (attached).

CATHAY UNITED BANK CO., LTD. AND SUBSIDIARIES

RECEIVABLES FROM RELATED PARTIES AMOUNTING TO AT LEAST NT$300 MILLION OR 10% OF THE PAID-IN CAPITAL
AS OF MARCH 31, 2026
(In Thousands of New Taiwan Dollars)

Company Name	Related Party	Relationship	Ending Balance	Turnover Rate	Overdue		Amounts Received in Subsequent Period	Allowance for Impairment Loss
					Amount	Actions Taken		
Cathay United Bank Co., Ltd.	Cathay Life Insurance Co., Ltd. (Note)	Other related party	$ 1,174,565	-	$ -	-	$ 1,174,565	$ -

Note: Receivables for commission of collecting insurances.

CATHAY UNITED BANK CO., LTD.

ASSET QUALITY - NONPERFORMING LOANS
AS OF MARCH 31, 2026 AND 2025
(In Thousands of New Taiwan Dollars, %)

Period			March 31, 2026					March 31, 2025				
Items			Nonperforming Loans (Note 1)	Loans	Ratio of Nonperforming Loans (Note 2)	Allowance for Credit Losses	Coverage Ratio (Note 3)	Nonperforming Loans (Note 1)	Loans	Ratio of Nonperforming Loans (Note 2)	Allowance for Credit Losses	Coverage Ratio (Note 3)
Corporate banking	Secured		$ 389,878	$ 452,835,789	0.09%	$ 2,987,392	766.24%	$ 196,818	$ 427,927,187	0.05%	$ 3,064,730	1557.14%
	Unsecured		303,525	547,439,881	0.06%	14,236,143	4690.27%	112,065	467,873,726	0.02%	12,189,738	10877.42%
Consumer banking	Housing mortgage (Note 4)		965,131	569,513,724	0.17%	9,136,866	946.70%	663,655	582,121,167	0.11%	9,279,137	1398.19%
	Cash cards		-	-	-	-	-	-	-	-	-	-
	Small-scale credit loans (Note 5)		674,684	155,624,059	0.43%	6,987,786	1035.71%	945,424	152,992,183	0.62%	7,018,839	742.40%
	Other (Note 6)	Secured	2,212,911	1,031,629,190	0.21%	11,831,708	534.67%	1,414,644	907,267,372	0.16%	10,100,248	713.98%
		Unsecured	73,560	189,718,430	0.04%	2,456,997	3340.11%	29,815	151,349,161	0.02%	1,948,102	6533.87%
Loans			$ 4,619,689	$ 2,946,761,073	0.16%	$ 47,636,892	1031.17%	$ 3,362,421	$ 2,689,530,796	0.13%	$ 43,600,794	1296.71%
			Nonperforming Receivables	Receivables	Ratio of Nonperforming Receivables	Allowance for Credit Losses	Coverage Ratio	Nonperforming Receivables	Receivables	Ratio of Nonperforming Receivables	Allowance for Credit Losses	Coverage Ratio
Credit cards			$ 245,647	$ 115,524,783	0.21%	$ 2,584,555	1052.14%	$ 307,082	$ 103,735,682	0.30%	$ 2,525,227	822.33%
Accounts receivable factored without recourse (Note 7)			-	8,387,760	-	133,253	-	-	5,710,222	-	59,365	-

Note 1: Nonperforming loans are reported to the authorities and disclosed to the public, as required by the “Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Nonperforming/Non-accrued Loans.” Nonperforming credit card receivables are reported to the authorities and disclosed to the public, as required by the Banking Bureau’s letter dated July 6, 2005 (Ref. No. 0944000378).

Note 2: Ratio of nonperforming loans: Nonperforming loans ÷ Outstanding loan balance.
Ratio of nonperforming credit card receivables: Nonperforming credit card receivables ÷ Outstanding credit card receivables balance.

Note 3: Coverage ratio of loans: Allowance for credit losses for loans ÷ Nonperforming loans.
Coverage ratio of credit card receivables: Allowance for credit losses for credit card receivables ÷ Nonperforming credit card receivables.

Note 4: The mortgage loan is for house purchase or renovation and is fully secured by housing that is purchased (owned) by the borrower, the spouse or the minor children of the borrowers.

Note 5: Based on the Banking Bureau’s letter dated December 19, 2005 (Ref. No. 09440010950), small-scale credit loans are unsecured, involve small amounts and exclude credit cards and cash cards.

Note 6: Other consumer banking loans refer to secured or unsecured loans that exclude housing mortgage, cash cards and small-scale credit loans, excluding credit cards.

Note 7: As required by the Banking Bureau in its letter dated July 19, 2005 (Ref. No. 0945000494), accounts receivable factored without recourse are reported as nonperforming receivables within three months after the factors or insurance companies refuse to indemnify banks for any liabilities on these accounts.

(Continued)

Not reported as nonperforming loans or nonperforming receivables

Types \ Items	March 31, 2026		March 31, 2025	
	Not Reported as Nonperforming Loans	**Not Reported as Nonperforming Receivables**	**Not Reported as Nonperforming Loans**	**Not Reported as Nonperforming Receivables**
Amounts of executed contracts on negotiated debts not reported as nonperforming loans and receivables (Note 1)	$ 88	$ 4,339	$ 149	$ 7,987
Amounts of discharged and executed contracts on clearance of consumer debts not reported as nonperforming loans and receivables (Note 2)	360,413	1,110,695	241,517	1,043,491
Total	$ 360,501	$ 1,115,034	$ 241,666	$ 1,051,478

Note 1: Amounts of executed contracts on negotiated debts that are not reported as nonperforming loans or receivables are reported in accordance with the Banking Bureau's letter dated April 25, 2006 (Ref. No. 09510001270).

Note 2: Amounts of discharged and executed contracts on clearance of consumer debts that are not reported as nonperforming loans or receivables are reported in accordance with the Banking Bureau's letter dated September 15, 2008 and September 20, 2016 (Ref. No. 09700318940 and No. 10500134790).

(Concluded)

CATHAY UNITED BANK CO., LTD. AND SUBSIDIARIES

INVESTMENTS IN MAINLAND CHINA
FOR THE THREE MONTHS ENDED MARCH 31, 2026
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Investee Company Name	Main Businesses and Products	Total Amount of Paid-in Capital	Investment Type	Accumulated Outflow of Investment from Taiwan as of January 1, 2026 (Note 1)	Investment Flows: Outflow	Investment Flows: Inflow	Accumulated Outflow of Investment from Taiwan as of March 31, 2026	Investee Net Income	% Ownership of Direct or Indirect Investment	Investment Income	Carrying Value as of March 31, 2026	Accumulated Inward Remittance of Earnings as of March 31, 2026	Note
Cathay United Bank (China) Limited	Local government approved banking	$ 14,377,562 (CNY 3,000,000 thousand)	Direct	$ 14,377,562 (CNY 3,000,000 thousand)	$ -	$ -	$ 14,377,562 (CNY 3,000,000 thousand)	$ 54,610	100	$ 54,610	$ 18,477,573	$ -	

Accumulated Investment in Mainland China as of March 31, 2026	Investment Amount Approved by the Investment Commission, MOEA (Note 2)	Upper Limit on the Amount of Investment Stipulated by Investment Commission, MOEA (Note 3)
$14,377,562 (CNY3,000,000 thousand)	$14,377,562 (CNY3,000,000 thousand)	$202,823,691

Note 1: The registered capital of Cathay United Bank (China) Limited was CNY3,000,000,000, which was transferred to the working capital of Cathay United Bank (China) Limited after the authorities approved the merger of Cathay United Bank Shanghai branch, Qingdao branch and Shenzhen branch.

Note 2: The Investment Commission of the Ministry of Economic Affairs (“MOEAIC”) authorized the Bank to remit US$60,067,239 (CNY400,000,000). Based on the capital verification report issued by local accountants in mainland China, the Shanghai branch of the Bank was authorized to remit the total amount of working capital of US$59,768,397.46, and the remaining amount of US$298,841.54 was repatriated on November 5, 2010. The Bank reported to MOEAIC to revise the amount of the investment on January 18, 2011, and it was authorized by MOEAIC on January 24, 2011. Also, MOEAIC authorized the Bank to remit US$95,024,128 (CNY600,000,000). Based on the capital verification report issued by local accountants in mainland China, Shanghai branch of the Bank was authorized to remit the total amount of working capital of US$94,929,198.64, and the remaining amount of US$94,929.36 was repatriated on February 1, 2012. The Bank reported to MOEAIC to revise the amount of the investment on March 20, 2012, and it was authorized by MOEAIC on March 26, 2012. MOEAIC agreed to the Bank to increase the working capital of Shanghai branch by US$164,000,000 (CNY1,000,000,000) on February 27, 2014, and was authorized by MOEAIC on July 10, 2014. MOEAIC agreed to the Bank to increase the working capital of the Qingdao branch by US$98,199,673 (CNY600,000,000) on January 21, 2014, and was authorized by MOEAIC on October 30, 2014. The Bank obtained approval from MOEAIC to increase the working capital of Shenzhen branch by US$60,708,160.70 (CNY400,000,000) on January 5, 2015, and was authorized by MOEAIC on December 22, 2016.

Note 3: Based on the Investment Commission’s “Regulation on Examination of Investment or Technical Cooperation in Mainland China” investments are limited to the larger of 60% of the Bank’s net asset value or 60% of the Company’s consolidated net asset value.

TABLE 4

CATHAY UNITED BANK CO., LTD. AND SUBSIDIARIES

BUSINESS RELATIONSHIP AND SIGNIFICANT TRANSACTIONS AMONG THE BANK AND SUBSIDIARIES
FOR THE THREE MONTHS ENDED MARCH 31, 2026
(In Thousands of New Taiwan Dollars, %)

No. (Note 1)	Transacting Company	Counterparty	Flow of Transaction (Note 2)	Description of Transaction			
				Financial Statement Account	Amounts	Terms of Transaction	Percentage of Total Revenue or Total Assets (Note 3)
0	Cathay United Bank	CUBC Bank	a	Due from banks	$ 2,911,136	Note 4	0.05
		CUBCN Bank	a	Call loans to banks	760,865	Note 4	0.01

Note 1: The transacting company is identified in the No. column as follows:

a. 0 for parent company.
b. Sequentially from 1 for subsidiaries.

Note 2: The flow of transactions is as follows:

a. From parent company to subsidiary.
b. From subsidiary to parent company.
c. Between subsidiaries.

Note 3: The percentage is calculated as follows:

a. Assets and liabilities: Ending balance divided by total consolidated assets.
b. Income and expenses: The accumulated amount at the end of the period divided by consolidated net income.

Note 4: The terms of the transactions between the Bank and related parties were similar to those for unrelated parties.

Note 5: Transactions amounting to at least $100 million.