Cathay Financial Holding Co., Ltd.

GENERAL SHAREHOLDERS MEETING 2026

Meeting Minutes

Time: 09:00 AM, 12 June 2026 (Friday)

Place: 1F, No. 9, Songren Road, Taipei, Taiwan, R.O.C.
Cathay Financial Conference Hall

Convening method: Hybrid Shareholders' Meeting

E-Meeting Platform: Taiwan Depository & Clearing Corporation "Shareholders meeting e-Services Platform – Hybrid Shareholders' Meeting"
website: https://stockservices.tdcc.com.tw

Attendance: The shareholders and proxies of shareholders present in the meeting represented 12,992,880,491 shares (including 12,483,701,982 shares represented by shareholders participating in the meeting through electronic and video means). Share without voting right – 0. The presence of the shareholders and proxies of shareholders accounted for 80.19% of the total of 16,202,510,128 shares entitled to attend the meeting.
The attendance rate less the shares represented by shareholders attending the online shareholders' meeting is 80.19%.

Attendance list of the Board of Directors：

Chairman of the Board of Directors Hong-Tu Tsai, Vice Chairman Tzung-Han Tsai, Director Cheng-Chiu Tsai, Director Chi-Wei Joong, Director Andrew Ming-Jian Kuo, Director Ming-Ho Hsiung, Director Chang-Ken Lee, Independent Director Tang-Chieh Wu (Audit Committee, Remuneration Committee, Corporate Governance and Nomination Committee, Corporate Sustainability Committee Convener), Independent Director Li-Ling Wang (Risk Management and Information Security Committee Convener), Independent

Director Pei-Pei Yu, Independent Director Denny Cheng-Hung Kuo. Eleven (11) directors were present, which is more than half of the thirteen (13) seats of directors.

Observers: Mark Wei-Chen Tu, Attorney-at-Law of Baker & McKenzie, Su-Yin Liu, Attorney-at-Law of Stellex Law Firm; Shu-Wan Lin and Shiuh-Ran Cheng, CPA of Deloitte & Touche.

Chairperson: Hong-Tu Tsai, Chairman of the Board of Directors

Recorder: Chia-Yu Chang

I. Announcement of the Commencement of the Meeting:

The Company has 16,202,510,128 outstanding shares and shareholders representing the 16,202,510,128 shares. As of 09:00 AM, the meeting was attended by 12,992,549,689 shares (including 12,483,675,349 shares represented by shareholders participating in the meeting through electronic and video means), which constituted 80.19% of the shares entitled to the meeting, which qualified for a quorum. The chairperson hereby announced this meeting is in session.

The hybrid shareholders' meeting is convened physically, supplemented by video conferencing. In order to improve the parliamentary efficiency, The chairperson decide that the meeting should be convened in the following manner and adopt the following voting model and order, in accordance with Article 10 of the Company's Rules for Procedure of the Shareholders' Meeting: Motions for acknowledgement, and discussion and election, shall be read out by the master of ceremonies of the meeting, and then all motions are voted in one step after completion of the discussion.

Where the online meeting platform is interrupted for more than 30 minutes due to force majeure, before the voting results on all motions are disclosed, and the attendance rate is still held meeting the statutory requirement after the attendance disclosed on the site less the shares represented by shareholders attending the online meeting, the shareholders' meeting shall be continued and there is no need to postpone the meeting for not more than, or reconvene the meeting within 5 days.

II. The Opening Address of the Chairperson: (Omitted)

III. Matters to Report

1. Business Report for 2025. (Refer to Appendix I)

2. Audit Committee Report. (Refer to Appendix II)

3. 2025 report on compensation to Employees and Directors of the Company.

Proposed by the Board of Directors

Explanation:

(1) The remuneration distribution was conducted pursuant to Article 29-1 of the Company's Articles of Incorporation.

(2) In 2025, the remuneration for employees of the Company was 0.01% of profits earned of that year, amounting to NT$10,685,305, of which no less than 50% was distributed to grassroots employees. The remuneration for directors was no more than 0.05% of the profits, amounting to NT$2,400,000. The remuneration was distributed in cash.

4. Report on the Company's 2025 issuance of Unsecured Corporate Bonds

Proposed by the Board of Directors

Explanation:

(1) The Company's Board of Directors approved on August 15, 2024 the issuance of unsecured corporate bonds with a total amount of NT$40 billion. On April 1, 2025, the Company received the approval letter of Jin Guan Yin Kong Zi No. 1140208855 from the Banking Bureau for the total amount, allowing the company to raise funds by issuing the bond through multiple issuances within two years upon receipt of the approval letter. The first issuance of NT$6.2 billion was approved by TPEx's letter No. 11400040672 on May 22, 2025 and issued on May 23, 2025. The second issuance of NT$25.8 billion was approved by TPEx's letter No. 11400079022 on September 5, 2025 and issued on September 10, 2025. The third issuance of NT$8 billion was approved by TPEx's letter No. 11400103922 on December 5, 2025 and issued on December 8, 2025. The total amount raised was NT$40 billion, all of which was used to

repay debts, enabling the company to secure low-cost funds for the medium to long term, thereby mitigating the impact of interest rate fluctuations and capital management risk.

(2) The issuance terms of the 2025 Unsecured Corporate Bonds are as follows:

Term	Tranche	Issue Amount (NT$ hundred million)	Maturity Term (Year)	Fixed Interest Rate	Date of Issuance	Date of Maturity
114-1	A	17	5	1.93%	2025/5/23	2030/5/23
	B	45	10	2.07%		2035/5/23
114-2	A	119	5	1.84%	2025/9/10	2030/9/10
	B	17	7	1.89%		2032/9/10
	C	122	10	1.96%		2035/9/10
114-3	A	45	5	1.53%	2025/12/8	2030/12/8
	B	35	10	1.60%		2035/12/8

IV. Matters for Acknowledgement

Agenda 1：Acknowledgement of Business Report and Financial Statements for 2025

Proposed by the Board of Directors

Explanation：

(1) The 2025 financial statements of the Company were completed by the Board of Directors and audited by Shu-Wan Lin, CPA and Shiuh-Ran Cheng, CPA of Deloitte & Touche.

(2) The aforementioned financial statements and the business report were ex-amended by the audit committee. We hereby propose for acknowledgement. (Refer to Appendix I and Appendix III).

RESOLUTION：

The result of balloting indicated that votes representing 11,351,623,967 rights were cast in favor of the motion (of which 10,852,337,478 rights were exercised through electronic and video means), while votes representing 1,798,742 rights were cast in objection to the motion (of which 1,798,742 rights were exercised through electronic and video means) , while votes representing 2,863 rights were cast in invalid to the motion ,while votes representing 416,554,251 rights were abstention votes/no votes to the motion (of which 415,264,371 rights were exercised through electronic and video means).The votes in favor of the motion accounted for 96.45% of the total votes and favorable action has been taken in favor of the motion.

Agenda 2：Acknowledgement of earnings distribution for 2025 (Refer to Appendix IV)

Proposed by the Board of Directors

Explanation：

(1) The paid-in capital of the Company is NT$162,025,101,280, divided into 16,202,510,128 shares. Among all shares, there are 14,669,210,128 common shares and 1,533,300,000 preferred shares. After distributing NT$3,701,376,074 in dividends for preferred shares, we plan to distribute NT$3.5 of dividends, all in cash, for common shares, and the total amount is NT$51,342,235,448.

(2) If, after the proposed dividend has been approved, there is a change in the number of shares outstanding on the dividend record date as a result of any buyback, transfer, conversion, or cancellation by the Company in accordance with Article 28-2 of the Securities and Exchange Act, any issuance of global depository receipts, or other causes to issue new shares, the common shareholders' payout ratio for the cash dividends will be adjusted by the actual number of shares outstanding on the dividend record date.

(3) Once the proposal is approved at the shareholders meeting, the Board and/or the Chairman will be authorized to determine the ex-dividend date

and adjust the common shareholders’ payout ratio based on actual conditions. We hereby propose for acknowledgement.

RESOLUTION：

The result of balloting indicated that votes representing 11,358,011,300 rights were cast in favor of the motion (of which 10,858,724,812 rights were exercised through electronic and video means), while votes representing 2,053,002 rights were cast in objection to the motion (of which 2,053,002 rights were exercised through electronic and video means) , while votes representing 2,864 rights were cast in invalid to the motion ,while votes representing 409,912,657 rights were abstention votes/no votes to the motion (of which 408,622,777 rights were exercised through electronic and video means). The votes in favor of the motion accounted for 96.50% of the total votes and favorable action has been taken in favor of the motion.

V. Matters for Discussion

Agenda 1：Discussion on the amendment to the Company’s Procedures for the Acquisition or Disposal of Assets

Proposed by the Board of Directors

Explanation：

(1) In order to correspond to the amendment made to the Regulations Governing the Acquisition and Disposal of Asset by Public Companies by the Financial Supervisory Commission, R.O.C. on July 24, 2025, we propose to amend the corresponding articles to the Company’s Procedures for the Acquisition or Disposal of Assets.

(2) The contents of the amendment in comparison with the contents before amendment are provided in Appendix V.

RESOLUTION：

The result of balloting indicated that votes representing 11,302,751,365 rights were cast in favor of the motion (of which 10,803,463,514 rights were exercised through electronic and video means), while votes representing

2,022,668 rights were cast in objection to the motion (of which 2,022,668 rights were exercised through electronic and video means) , while votes representing 1,501 rights were cast in invalid to the motion ,while votes representing 465,204,289 rights were abstention votes/no votes to the motion (of which 463,914,409 rights were exercised through electronic and video means). The votes in favor of the motion accounted for 96.03% of the total votes and favorable action has been taken in favor of the motion.

Agenda 2：Discussion on the Company’s proposal to raise long-term capital

Proposed by the Board of Directors

Explanation：

(1) In response to the future capital needs for the Company's long-term strategic development and business growth (including but not limited to increasing working capital, raising capital adequacy ratio, repaying loans or one or more purposes for the development of long-term strategies) as well as the large variety of capital-raising avenues with global characteristics, we ask that the shareholders' meeting authorize the Board of Directors to raise the Company's long-term capital by Domestic cash capital increase for issuance of common shares or preferred shares; cash capital increase for issuance of common shares in participation of Global Depositary Receipts (choose one or more than two for combination), at an appropriate time in accordance with the Company's Articles of Incorporation and relevant laws and regulations (hereinafter collectively referred to as the "cash capital increase proposal").

(2) The number of common shares and preferred shares issued by cash capital increase (including the number of common shares from GDR) will be limited to a maximum of 1.5 billion shares.

(3) We ask that shareholders' meeting authorize the Board of Directors and/or the Chairman of the Board to consider the content of the cash capital increase proposal (including but not limited to the actual issue price, offering terms, project items, amount of capital raised, schedule of completion, expected benefits and other matters relevant to the proposal),

make all necessary adjustments based on market conditions and regulatory requirements, work out the final details and implement the proposal. If the cash capital increase proposal must be changed as ordered by the regulatory authority or required by the circumstances, we also ask that the Board of Directors and/or the Chairman be given full authorization to carry out the corresponding changes.

(4) For the related details on the long-term fund raising proposal, please refer to Appendix VI. We hereby propose for discussion.

RESOLUTION：

The result of balloting indicated that votes representing 12,446,434,115 rights were cast in favor of the motion (of which 11,938,617,247 rights were exercised through electronic and video means), while votes representing 80,992,015 rights were cast in objection to the motion (of which 80,989,015 rights were exercised through electronic and video means) , while votes representing 2,863 rights were cast in invalid to the motion ,while votes representing 465,416,451 rights were abstention votes/no votes to the motion (of which 464,077,561 rights were exercised through electronic and video means). The votes in favor of the motion accounted for 95.79 % of the total votes and favorable action has been taken in favor of the motion.

VI. Provisional Motions:

Remarks from Shareholder:

1. Summary of remarks raised by the shareholder account No. 1528723 at a video conference:

   Regarding the Company’s target to reach a renewable energy credit balance of 85% in the power generation industry by 2025, a question was raised as to whether this target would be relaxed or if alternative measures would be adopted should customers’ renewable energy progress fall short of expectations.

The chairperson instructed the President of Cathay Financial Holdings to give a reply:

The Company aligns corporate strategy with the national 2050 net-zero emissions target. Given Taiwan's heavy reliance on energy imports and the lack of regional power grid support, the development of renewable energy is a critical priority. Accordingly, the Group has integrated resources across its subsidiaries to comprehensively advance strategic positioning in investment, financing, and insurance underwriting.

The Company will dynamically adjust its implementation timeline based on the external environment (such as the supply of renewable energy) to avoid premature advancement under unfavorable conditions. Furthermore, the Company will continue to invest in renewable energy-related initiatives to support energy transition and climate risk management, while balancing operational stability with shareholder interests.

2. Summary of remarks raised by shareholder account No. 124102 at a video conference:

A question was raised regarding how the Company maintains its long-term operational stability in a robust capital market environment.

The chairperson instructed the President of Cathay Financial Holdings to give a reply:

The Company maintains a sound overall operating structure, with each subsidiary delivering consistent profit growth over the years. Past financial volatility was primarily attributable to the life insurance business, driven by factors such as interest rate, exchange rate, and capital market fluctuations.

Following the adoption of IFRS 17 and the foreign exchange AC amortization method this year, the impact of the interest and exchange rate fluctuations on financial performance has stabilized, and hedging costs have decreased. With improvements in these key variables, Cathay Life Insurance's financial performance has become more stable than in the past, driving the overall financial holding company's operations and profit structure toward greater robustness.

Looking forward, the Company will continue to strengthen risk management and operational governance, striving to create stable, long-term investment value for shareholders while ensuring steady corporate development.

3. Summary of remarks raised by shareholder account No. 1257875 at a video conference:

   A question regarding whether Cathay Life Insurance's new overseas capital allocation and recurring yield this year are performing in line with expectations.

   The chairperson instructed the President of Cathay Life Insurance to give a reply:

   Cathay Life Insurance's foreign bond investment is allocated based on liability duration. Given the long-term nature of life insurance liabilities, the investment focus is primarily on U.S. long-term bonds, with asset allocation mainly in maturities of 10 years and above (primarily 10-year and 30-year corporate bonds).

   As of the end of the first quarter of this year, the new money investment yield of U.S. Treasuries was approximately 5.4% to 5.5%. Following recent interest rate increases, the new money yield has further improved from the first-quarter level. The current overall recurring yield stands at approximately 3.5%. Given the sustained increase in new money yields on overseas bonds and a favorable spread with interest cost currently at approximately 2.1% to 2.2%, the recurring yield is expected to trend upward gradually.

4. Summary of remarks raised by shareholder account No. 1540683 at a video conference:

   A question regarding whether Cathay United Bank has any relevant plans, given that many banks have already implemented zero subscription fees and zero trust management fees for their fund regular savings plans.

The chairperson instructed the President of Cathay United Bank to give a reply: Cathay United Bank offers a variety of discount programs for fund subscription fees and trust management fees. For example, investors who conduct regular fixed-amount investment through digital channels for three years or more are exempt from subscription fees; furthermore, no custody fee is charged for funds held in custody by Cathay United Bank.

Cathay United Bank will continue to monitor industry peers and market product trends, making timely adjustments to relevant fees and promotional programs based on the characteristics of various channels and customer segments.

5. Summary of remarks raised by shareholder account No. 580612:
   A statement regarding the upgrade of Kikumoto Department Store as a municipally designated historic site.

   Chairperson’s reply:

   Kikumoto Department Store was originally an asset of Cathay United Bank and was subsequently acquired by Cathay Real Estate. Located at the intersection of Hengyang Road and Boai Road in Taipei City, the building is one of Taiwan’s earliest department stores. Established even before the Hayashi Department Store in Tainan, it was the first building in Taiwan to be equipped with an elevator and stands as a landmark of profound historical significance.

   In response to shareholder recommendations and in consideration of cultural heritage preservation, the Company has actively pursued relevant preservation initiatives and applied for designation as a municipally designated historic site. Following a formal review process, it was officially upgraded to a municipally designated historic site on April 27 of this year.

   Cathay Real Estate Development has commenced planning for subsequent restoration and adaptive reuse, which will be conducted in accordance with cultural heritage preservation principles. By integrating diverse functional uses (such as cultural and creative commercial space), while maintaining the site’s historical appearance, the project aims to revitalize the building’s value and sustain its historical significance. The Company appreciates the ongoing interest and suggestions of our shareholders.

6. Summary of remarks raised by shareholder account No. 1001372:
   A statement regarding the philosophy and demands of the Cathay Life Insurance Labor Union.

   Chairperson's reply:
   The Company has always regarded its employees as the most valuable asset and places great importance on establishing and maintaining internal communication mechanisms. The management team will carefully evaluate and respond to the suggestions and issues raised by the labor union.
   The Company has established various internal communication channels (including the chairman's mailbox), to ensure that employee feedback is fully expressed and appropriately addressed, while continuously enhancing the flow of internal communication.
   Regarding differences of opinion between labor and management, the Company views such occurrences as normal and will continue to seek consensus through ongoing communication and negotiation. Issues involving implementation schedules or conditional constraints will continue to be advanced at the appropriate time.
   The Company remains committed to the principle of open communication, working alongside the labor union and all employees to foster harmonious labor-management relations and a positive corporate culture. We look forward to the continued support of our employees, shareholders, and customers as we work together to drive the Company's long-term, sustainable development.

7. Summary of remarks raised by shareholder account No. 1428605:
   Questions regarding the Company's ROE target for the next 3 to 5 years and related inquiries.

The chairperson instructed the President of Cathay Financial Holdings to give a reply:

Prior to the establishment, the Company had already set internal targets for overall operating indicators (including return on equity (ROE)). However, influenced by changes in the financial regulatory environment, global capital requirements for financial institutions have continued to rise in recent years, leading to a structural adjustment in ROE levels.

In response to changes in the market environment, the Company has adopted a more pragmatic operating strategy, placing the continuous enhancement of ROE as key objective while focusing on long-term steady growth as its core direction. The management team also closely monitors return on capital and market competitiveness, striving to enhance the Company’s fundamentals and capital utilization efficiency to gain the support of the capital market.

In recent years, the subsidiaries have delivered consistent growth in profitability, with several units reaching record highs, demonstrating that the overall business strategy is yielding results.

The Company will continue to refine its operating efficiency and capital management, striving to enhance shareholder investment value while maintaining steady development and strengthening market competitiveness to sustain long-term growth momentum.

8. Summary of remarks raised by shareholder account No. 1015027:

A question regarding how to enhance the Company’s market capitalization and increase investment performance.

Chairperson’s reply:

The Company remains committed to enhancing return on equity (ROE) and overall market capitalization performance, while strengthening various operating measures to bolster its overall competitiveness.

As of the end of May this year, overall operating performance remained steady with positive results. The Company will continue its efforts to maintain stable and robust growth momentum throughout the year.

Regarding business strategy, in addition to continuously enhancing capital market operations, the Company places significant emphasis on positioning stable income sources. In particular, the long-term earning capability of the life insurance business serves as a vital foundation for supporting overall profitability. Furthermore, the Company will capitalize on market opportunities to continuously optimize asset allocation.

The Company expresses its gratitude to shareholders for their long-term support and their expectations for the Company's management; looking ahead, the Company will continue to strengthen its operations.

9. Summary of remarks raised by shareholder account No. 581848:
   A question regarding shareholder meeting gifts and dividend distribution.

   Chairperson's reply:

   Regarding shareholder meeting gifts, the Company has not distributed such gifts for over 10 years, which is consistent with the practices of many other listed companies in the industry. The Company's core focus remains on enhancing shareholder equity. The company is committed to strengthening operating performance to improve the dividend level and meet shareholder expectations.

   Regarding the combined distribution of dividends for common stock and preferred stock, the Company's dividend distribution is conducted in accordance with relevant laws and regulations, as well as the requirements of the competent authority.

   Regarding other questions raised by shareholders, relevant departments will be instructed to follow up and give replies after the meeting.

VII. Meeting Adjourned (at 10:31 AM the same day.)

According to article 183 paragraph IV in Company Act that the Meeting Minutes shall record a summary of the essential points of the proceedings and the results of the meeting；In which the meeting’s content, procedures and shareholders' speech were recorded the video conferences.

Chairperson: Hong-Tu Tsai, Chairman of the Board of Directors

Recorder: Chia-Yu Chang

【Appendix I】

Business Report for 2025

In 2025, uncertainty surrounding global trade policies increased financial market volatility. Nevertheless, the rapid development of artificial intelligence drove investment in AI infrastructure, supporting economic growth and reinforcing the resilience of the global economy, which continued to expand. Taiwan also delivered strong economic growth and equity market performance. Through the concerted efforts of all our employees, Cathay Financial Holdings (Cathay FHC) recorded a consolidated after-tax profit of NT$107.6 billion (US$ 3.43 billion) and earnings per share of NT$7.06. Our subsidiaries—Cathay United Bank, Cathay Century Insurance, and Cathay Securities—each achieved record-high profits.

Strong Core Business Momentum Across Subsidiaries in 2025

Cathay Life Insurance continued to strengthen asset-liability management and maintain a value-driven product strategy, while incorporating wellness-linked features across all health insurance products and further expanding its health ecosystem to support both customers' physical and mental well-being as well as their financial protection. First-year premiums recorded robust growth, and Cathay Life Insurance continued to rank first in the insurance industry in terms of total premium income.

Cathay United Bank achieved record-high after-tax profit for the fifth consecutive year. Deposits and loans grew steadily, while wealth management maintained strong momentum, with continued growth in both the customer base and assets under management. Through digitalization and innovation, Cathay United Bank has provided a one-stop, personalized financial experience.

Cathay Century Insurance continued to grow its business with a balanced approach that focuses on both quality and growth, broadened its business base, achieved steady growth in written premiums, and ranked second in the industry by market share. Cathay Securities continued to optimize the digital customer experience, with Taiwan equity brokerage market share reaching another record high, while its sub-brokerage ranked first in market share for the tenth consecutive year. Cathay

FHC is committed to developing asset management into the third profit engine. Assets under management grew to NT$2.4 trillion (US$76.31 billion).

Deepening Overseas Markets and Expanding the Operating Footprint

Cathay FHC continued to deepen its overseas market presence. Cathay United Bank remained focused on localization, digital transformation, and green finance, and continued to strengthen its overall service capabilities. In Vietnam, Cathay United Bank deepened its corporate banking franchise while enhancing digital consumer finance; in Cambodia, it continued to optimize its digital platforms; in Singapore, it steadily developed its corporate banking and private banking business; and in Hong Kong, it actively advanced sustainable finance. To expand its overseas presence and meet the cross-border financial needs of Taiwanese enterprises, Cathay United Bank received approval from the Financial Supervisory Commission to establish branches in Mumbai and Tokyo, as well as a sub-branch in Fukuoka, moving closer to its goal of becoming a regional bank in Asia. In insurance, Cathay FHC continued to deepen its presence in ASEAN and Greater China. Cathay Life Insurance maintained stable operations in Vietnam, focusing on enhancing efficiency and optimizing distribution channels, while in Mainland China it continued to expand premium scale and further improve asset-liability management. Cathay Insurance (Vietnam) continued to promote digital transformation and mobile insurance applications, while Cathay Insurance (China) adopted a technology-driven strategy to deliver fully digitalized, end-to-end services.

Advancing Toward the Goal of Becoming a Technology Company that Provides Financial Services

Cathay FHC continued to drive growth through digitalization, data, and technology. Cathay FHC's digital users exceeded 9.85 million. We remained an industry leader in developing the "Cathay Generative AI Architecture (GAIA 2.0)" framework and implemented a cloud-first strategy, further strengthening AI applications, technology governance, and risk management. We also actively expanded use cases and created new business opportunities through our loyalty points ecosystem.

Cathay Life Insurance enhanced personalized customer experiences by applying AI and data to optimize underwriting, claims, and marketing processes, thereby strengthening risk management and operating efficiency. Cathay United Bank's digital brand, CUBE, delivered a highly personalized user experience by integrating generative AI to upgrade its intelligent customer service, A-Fa, and conversational search functions. Cathay Century Insurance reshaped its insurance business model through AI, cross-industry collaboration, and customer experience initiatives, including the introduction of industry's first CarTech smart auto insurance value added service to enhance risk identification capabilities. Cathay Securities led the industry in introducing recurring dividend reinvestment service, allowing customers to activate the service with a single click, with 240,000 customers enrolled to date. Cathay SITE digitalized the end-to-end account-opening process, offering customers an innovative experience, including real-time identity verification and automated debit authorization.

Cathay FHC continued to expand our loyalty points ecosystem by leveraging "Tree Points" to connect cross-industry scenarios, financial products, and digital platforms. Key applications included integrating Cathay United Bank's CUBE Card with the CUBE Rewards App to broaden points usage, enabling points redemption for Cathay Century Insurance and Cathay Life Insurance premiums, and subscribing to recurring investments through Cathay Securities. By integrating loyalty points across multiple scenarios, we accumulated more data, strengthened customer insights, and thus enhanced customer loyalty and long-term value.

Keeping Pace with Global Trends and Enhancing Our Corporate Governance

In 2025, Cathay FHC continued to strengthen corporate governance and was recognized as one of the Taiwan FINI FIG 10 Companies. We also continued to align with international best practices and further enhanced our corporate governance framework through the following initiatives: (1) elevating the Corporate Sustainability Committee to the status of a functional committee of the Board and appointing a Chief Sustainability Officer; (2) incorporating information security into the scope of the Risk Management Committee and renaming it the Risk Management and Information Security Committee; (3) completing an external board performance evaluation and revising the internal evaluation methodology to enhance differentiation; (4) maintaining ISO 22301 Business Continuity Management and BS 10012 Personal Information Management System certifications, while obtaining ISO 27001 Information Security Management certification across the group; and (5) promoting the group-wide systematic management of compliance risk and the group's AML/CFT joint risk-defense management platform.

Expanding the Impact of Sustainability and Creating Sustainable Value Across Sectors

Cathay FHC continued to advance our three pillars of sustainability—climate, health, and empowerment—to implement our strategic sustainability roadmap. We have been selected as a constituent of the Dow Jones Best-in-Class (DJBIC) World Index for the eighth consecutive year and the DJBIC Emerging Markets Index for the eleventh consecutive year, demonstrating strong international recognition for our sustainability performance.

Cathay FHC continued to broaden the scale and scope of our health service initiatives, advocating health promotion, enhancing digital experiences and advancing financial inclusion. Key initiatives included building a comprehensive anti-fraud defense to safeguard customer assets and promoting financial well-being for all. As a long-time supporter of youth and women's empowerment, we organized campus tours on impact investing, financial literacy, and entrepreneurship programs for women.

Cathay FHC advanced climate action and sustainability advocacy by hosting the "Cathay Sustainable Finance and Climate Change Summit" for the ninth consecutive year, bringing together global sustainability experts and business leaders, with participating companies representing approximately 80% of Taiwan's stock market capitalization. Cathay FHC also participated in the United Nations Conference of the Parties (COP) for the fifth consecutive year and remained the only financial institution in Taiwan to have hosted events in the Blue Zone for three consecutive conferences. At the conference, Cathay FHC engaged in discussions on climate and nature-related financial solutions in Asia and contributed to global climate policy dialogue, demonstrating our international influence.

Looking ahead to 2026, the global economy is expected to continue growing, although uncertainties remain with respect to the pace of AI development, global trade policies, geopolitical developments, and the monetary policies of major central banks. In the face of the rapidly changing environment, Cathay FHC will prudently address risks and challenges, leverage financial technology to drive innovation, strengthen sustainability resilience, and continue striving for strong results on a solid foundation, as we advance towards our vision of becoming “a leading financial institution in the Asia-Pacific region.”

Chairman Hong-Tu Tsai
President Chang-Ken Lee
Chief Accountant Jui-Hung Hung

【Appendix II】Audit Committee Report

1. Audit Report from the Auditing Committee

Audit Report from the Auditing Committee

The Company's 2025 business report, financial statements (including consolidated financial statements), and earnings distribution plan were prepared by the Board of Directors, in which the financial statements (including consolidated financial statements) have been audited and certified by Shu-Wan Lin, CPA and Shiuh-Ran Cheng, CPA of Deloitte & Touche, to which the firm issued an independent auditor's report.

Said reports and statements prepared by the Board of Directors have been audited by the Committee, and the Committee found them to be in compliance with regulatory requirements. The Committee hereby issues this report in accordance with Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Act. Please review it accordingly.

To:

2026 Annual General Shareholders’ Meeting of Cathay Financial Holdings

Audit Committee
Tang-Chieh Wu, Convener

April 28, 2026

2. Report on the 2025 operation of the Audit Committee

Proposed by the Board of Directors

Explanation:

(a) Review on Appointment/Renewal of CPA:
The motion to appoint the CPA in 2025 has been assessed by the Audit Committee. As a result, Shu-Wan Lin, CPA and Shiuh-Ran Cheng, CPA of Deloitte & Touche were both held satisfying the professional standing and independence requirements, and the Committee approved the appointment of both CPAs upon review.

(b) Appraisal on effectiveness of the internal control system:
The Statement of Declaration of Internal Control submitted in accordance with Paragraph 3, Article 14-1 of the “Securities and Exchange Act” was issued upon the assessment on the overall effectiveness of internal control system by the Chairman, President, Chief Internal Auditor and Chief Compliance Officer of the Company based on the Group members’ self-inspection report, improvement status about the deficiencies and abnormality in the internal control founded by the internal audit unit, and other sources of information, and subject to the authorization by the Audit Committee and Board of Directors.
The Company has issued the “Declaration of Statement for Internal Control System of Cathay Financial Holding Co., Ltd. 2025” on March 11, 2026. Except the matters identified in the Declaration of Statement, each unit of the Company has executed the internal control and compliance practices precisely and effectively.

(c) Communication between Audit Committee and Chief Internal Auditor, and the CPAs:
The CPAs attended the Company’s Audit Committee meetings periodically, and reported to the Audit Committee about the scope of audit, adjustment of audit, key audit matters, and update on securities management and taxation laws and regulations, etc. in each quarter of 2025. They also interacted with the Audit Committee members

separately before the audit planning and issuance of audit opinions in 2025. The internal audit unit would communicate with independent directors periodically. For example, the Company convened the “conference on discussion about deficiencies in the internal control system” attended by the whole Audit Committee members to discuss with the internal auditors about the deficiencies in the internal control system and produce the meeting minute therefor. For details of “Communication Between Independent Directors and Chief Internal Auditor, and the CPAs”, please refer to the Company's website:
https://www.cathayholdings.com/holdings/governance/committee/audit

【Appendix III】Financial Statements

INDEPENDENT AUDITORS' REPORT

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

Opinion

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

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2025 and 2024, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Financial Holding Companies, Regulations Governing the Preparation of Financial Reports by Insurance Enterprises, Regulations Governing the Preparation of Financial Reports by Securities Firms, Regulations Governing the Preparation of Financial Reports by Futures Commission Merchants, Regulations Governing the Preparation of Financial Reports by Public Banks and International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

Basis for Opinion

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

Key Audit Matters

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

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

Valuation of Policy Reserve

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

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

1. We understood the internal controls related to management's valuation of policy reserves as well as evaluated the operating effectiveness of these internal controls.

2. We obtained an understanding of the actuarial report issued by the contracted actuary, which was used as the basis for the management's valuation of policy reserves, and evaluated the contracted actuary's professional competence and capability.

3. The following procedures were performed by our actuarial specialist, and the results were compared to the results of the actuarial report published by the contracted actuary in order to assess the reasonableness of the actuarial model and its significant assumptions used by the management in the valuation of the policy reserve. The actuarial specialist:

   a. Randomly sampled the insurance products to examine whether the calculations of the policy reserve were made in accordance with the requirements.

   b. Evaluated the actuarial model and significant assumptions used in its valuation of policy reserve based on the sampled insurance policies and verified the recognized amount of the policy reserve.

   c. Performed profiling tests on long-term insurance policies as of December 31, 2025 to identify any abnormalities in the recognized amounts of policy reserve in each individual insurance policy.

   d. Assessed the reasonableness of the amount of provision for the policy reserve by considering the amount of policy reserve as of the end of the prior year and the business development for the year ended December 31, 2025.

Assessment of the Fair Values of Investment Properties

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

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

1. We evaluated the professional competence, capability and objectivity of the external independent appraisers, and we verified the qualification of the appraisers.

2. We appointed an internal valuation specialist to evaluate the reasonableness of the appraisal reports adopted by its management, including the appraisal methods, main parameters and discount rate of the appraisal reports.

<u>Impairment Assessment on Loans</u>

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

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

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

1. We obtained an understanding of and tested its internal controls for impairment assessment on loans.

2. We tested the classification of the credit assets into their respective categories out of the total five categories and confirmed that such classification complies with the relevant regulations issued by the authorities.

3. We performed the tests on selected samples and confirmed the appropriateness of impairment by the length of the overdue period and the value of the collateral for each respective loan.

4. We calculated the provision of impairment loss by classifying the credit assets into their respective categories and confirmed that such provision complies with the relevant regulations issued by the authorities.

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

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Financial Holding Companies, Regulations Governing the Preparation of Financial Reports by Insurance Enterprises, Regulations Governing the Preparation of Financial Reports by Securities Firms, Regulations Governing the Preparation of Financial Reports by Futures Commission Merchants, Regulations Governing the Preparation of Financial Reports by Public Banks and International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

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

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

2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.

5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

6. Obtain sufficient and appropriate audit evidence regarding the financial information of entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision, and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements for the year ended December 31, 2025 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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

Deloitte & Touche
Taipei, Taiwan
Republic of China

March 11, 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 audit such consolidated financial statements are those generally applied in the Republic of China.

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

CATHAY FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES

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

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

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

CATHAY FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES

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

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

(Continued)

CATHAY FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES

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

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

(Continued)

CATHAY FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES

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

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

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

CATHAY FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES

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

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

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

CATHAY FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES

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

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

(Continued)

CATHAY FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES

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

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

(Continued)

CATHAY FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES

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

	2025	2024
CASH FLOWS FROM FINANCING ACTIVITIES		
(Decrease) increase in commercial paper payable	$ (6,822,953)	$ 15,367,554
Proceeds from issuance of convertible bonds	40,000,000	90,739,712
Repayment of convertible bonds	(4,300,000)	(4,000,000)
Proceeds from issuance of bank debentures	5,900,000	-
Repayment of financial debentures	-	(14,400,000)
Increase in other borrowings	7,131,899	26,867,766
Repayment of the principal portion of lease liabilities	(1,725,588)	(1,660,919)
Dividends paid	(54,938,151)	(32,742,823)
Acquisition of ownership interests in subsidiaries	(386,100)	-
Changes in non-controlling interests	(79,054)	(335,906)
Net cash (used in) generated from financing activities	(15,219,947)	79,835,384
EFFECTS OF EXCHANGE RATE AND PURCHASING POWER CHANGES ON CASH AND CASH EQUIVALENTS	5,883,511	130,830
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	131,711,609	(44,924,491)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	557,527,266	602,451,757
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	$ 689,238,875	$ 557,527,266

Reconciliation of cash and cash equivalents:

	December 31	
	2025	2024
Cash and cash equivalents presented in the consolidated balance sheets	$ 361,911,485	$ 331,924,124
Due from the Central Bank and call loans to banks qualified for cash and cash equivalents under the definition of IAS 7	284,499,824	186,378,013
Notes and bonds purchased under resale agreements qualified for cash and cash equivalents under the definition of IAS 7	42,827,566	39,225,129
Cash and cash equivalents at the end of the year	$ 689,238,875	$ 557,527,266

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

Cathay Financial Holding Co., Ltd.

Balance Sheets
(In Thousands of New Taiwan Dollars)

ASSETS	December 31 2025	December 31 2024
CASH AND CASH EQUIVALENTS	$ 7,524,687	$ 7,536,527
FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS	34,706,000	34,342,000
FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME	284,638	229,331
RECEIVABLES, NET	10,962,731	7,846,814
CURRENT TAX ASSETS	1,697,962	1,713,864
INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD, NET	1,085,302,377	1,014,413,760
PROPERTY AND EQUIPMENT, NET	403,085	464,773
RIGHT-OF-USE ASSETS	242,568	351,045
INTANGIBLE ASSETS	525	525
DEFERRED TAX ASSETS	1,892,711	1,881,272
OTHER ASSETS	745,025	361,889
TOTAL	$ 1,143,762,309	$ 1,069,141,800

LIABILITIES AND EQUITY	December 31 2025	December 31 2024
COMMERCIAL PAPER PAYABLE, NET	$ 69,140,000	$ 75,097,554
PAYABLES	1,419,579	13,826,199
CURRENT TAX LIABILITIES	23,162,768	5,945,882
BONDS PAYABLE	111,700,000	76,000,000
OTHER BORROWINGS	7,900,000	7,990,000
PROVISIONS	1,640,741	971,861
LEASE LIABILITIES	245,949	352,012
DEFERRED TAX LIABILITIES	266,716	266,757
OTHER LIABILITIES	48	14
Total liabilities	215,475,801	180,450,279
EQUITY		
Share capital		
Ordinary shares	146,692,102	146,692,102
Preference shares	15,333,000	15,333,000
Capital surplus	203,119,254	203,143,822
Retained earnings		
Legal reserve	89,275,069	78,018,683
Special reserve	422,149,878	230,128,217
Unappropriated earnings	126,383,769	273,370,397
Other equity	(74,666,564)	(57,994,700)
Total equity	928,286,508	888,691,521
TOTAL	$ 1,143,762,309	$ 1,069,141,800

Cathay Financial Holding Co., Ltd.

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

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

Cathay Financial Holding Co., Ltd.

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

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

Cathay Financial Holding Co., Ltd.

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

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

【Appendix IV】

Cathay Financial Holding Co., Ltd.

Earnings Distribution Plan of the year 2025

Unit：NT Dollar

Item	Amount
(I) Undistributed earnings at the beginning of the period	**15,154,947,089**
Net income of the current period	107,141,920,111
Add: Any items other than net profit- Disposal of equity instruments measured at fair value through other comprehensive income	4,149,708,794
Add: Any items other than net profit- Net effect of fair value by disposal of investment property (Note 1)	34,443,330
Less: Changes in recognition of subsidiaries, affiliates and joint ventures using the equity method	(62,806,581)
(II) Any items other than net profit after tax plus any items other than net profit	**126,418,212,743**
Less: Legal reserve	(11,126,326,565)
Less: Special reserve – net effect of investment property at fair value (Note 1)	(7,006,801,132)
Add: Allocate of special reserves – net reduction to the other shareholders' equity (Note 2)	5,173,426,709
(III) Distributable earnings	113,458,511,755
Less: Cash Dividends on preferred shares A, (NT$ 2.526 per share)	(2,104,915,800)
Less: Cash Dividends on preferred shares B, (NT$2.28065753 per share)	(1,596,460,274)
Less: Cash Dividends on common shares, (NT$3.5 per share)	(51,342,235,448)
Balance	**58,414,900,233**

Note1: Pursuant to the Financial Supervisory Commission (FSC) Order No. 10310000140 dated February 19, 2014, companies that account for investment properties using the fair value method are required to provide special reserves for any fair value gains that have the effect of increasing retained earnings. Subsequently, when the fair value of the investment property declines, or when the investment property is disposed of, the company may reverse the increase.

Note2: According to Jin-Guan-Zheng-Fa-Zi No. 1090150022 Order dated March 31, 2021, for the net amount of other shareholders' equity deduction recognized in the current year, for the net income after tax of the current period with addition of the items other than net income after tax of the current period, it is included in the amount of the undistributed earnings for the current period, and special reserve of the same amount is appropriated. If the deduction net amount of other shareholders' equity reverses subsequently, the earnings of the reversing part can be distributed. In case of any deficiency, it is appropriated from the undistributed earnings of last period. Furthermore, according to Jin-Guan-Yin-Fa-Zi No.11102279031 Order dated November 4, 2022 and letters from other competent authorities, during the distribution of the distributable earnings, the financial holdings company shall allocate special reserve of the same amount with respect to the change in the fair value of the financial assets reclassified by the insurance subsidiary

Note3: The cash dividend is calculated to the nearest NT dollar based on the distribution ratio. The remainder is rounded up. The difference is paid as an expense of the company.

【Appendix V】

Cathay Financial Holding Co., Ltd.

Procedures for the Acquisition or Disposal of Assets, the Parts Amended, Contents Before & After Amendment in Comparison

Contents after amendment	Current Contents	Reasons for amendment
Article 4 Professional appraisers and their officers, accountants, attorneys, and securities underwriters that provide the Company with appraisal reports, accountant's opinions, attorney's opinions, or underwriter's opinions shall meet the following requirements: A.May not have previously received a final and unappealable sentence to imprisonment for 1 year or longer for a violation of <u>the Securities and Exchange Act</u>, the Company Act, the Banking Act of The Republic of China, the Insurance Act, the Financial Holding Company Act, or the Business Entity Accounting Act, or for fraud, breach of trust, embezzlement, forgery of documents, or occupational crime. However, this provision does not apply if 3 years have already passed since completion of service of the sentence, since expiration of the period of a suspended sentence, or since a pardon was received. B.May not be a related party or de facto related party of any party to the transaction. C.If the Company is required to obtain appraisal reports from two or more professional appraisers, the different professional appraisers or appraisal officers may not be related parties or de facto related parties of each other. When issuing an appraisal report or opinion, the personnel referred	Article 4 Professional appraisers and their officers, accountants, attorneys, and securities underwriters that provide the Company with appraisal reports, accountant's opinions, attorney's opinions, or underwriter's opinions shall meet the following requirements: A.May not have previously received a final and unappealable sentence to imprisonment for 1 year or longer for a violation of <u>this Act</u>, the Company Act, the Banking Act of The Republic of China, the Insurance Act, the Financial Holding Company Act, or the Business Entity Accounting Act, or for fraud, breach of trust, embezzlement, forgery of documents, or occupational crime. However, this provision does not apply if 3 years have already passed since completion of service of the sentence, since expiration of the period of a suspended sentence, or since a pardon was received. B.May not be a related party or de facto related party of any party to the transaction. C.If the Company is required to obtain appraisal reports from two or more professional appraisers, the different professional appraisers or appraisal	The text was revised for clarity.

Contents after amendment	Current Contents	Reasons for amendment
to in the preceding paragraph shall comply with the self-discipline standards of their affiliated associations and also the following: A.Prior to accepting a case, they shall prudently assess their own professional capabilities, practical experience, and independence. B.When executing a case, they shall appropriately plan and execute adequate working procedures, in order to form a conclusion and use the conclusion as the basis for issuing the report or opinion. The related implementation procedures, data collected, and conclusion shall be fully and accurately specified in the case working papers. C.They shall undertake an item-by-item evaluation of the appropriateness and reasonableness of the sources of data used, the parameters, and the information, as the basis for issuance of the appraisal report or the opinion. D.They shall issue a statement attesting to the professional competence and independence of the personnel who prepared the report or opinion, and that they have evaluated and found that the information used is reasonable and appropriate, and that they have complied with applicable laws and regulations.	officers may not be related parties or de facto related parties of each other. When issuing an appraisal report or opinion, the personnel referred to in the preceding paragraph shall comply with the self-discipline standards of their affiliated associations and also the following: A.Prior to accepting a case, they shall prudently assess their own professional capabilities, practical experience, and independence. B.When executing a case, they shall appropriately plan and execute adequate working procedures, in order to form a conclusion and use the conclusion as the basis for issuing the report or opinion. The related implementation procedures, data collected, and conclusion shall be fully and accurately specified in the case working papers. C.They shall undertake an item-by-item evaluation of the appropriateness and reasonableness of the sources of data used, the parameters, and the information, as the basis for issuance of the appraisal report or the opinion. D.They shall issue a statement attesting to the professional competence and independence of the personnel who prepared the report or opinion, and that they have evaluated and found that the information used is reasonable and appropriate, and that they have complied with applicable laws and	

Contents after amendment	Current Contents	Reasons for amendment
	regulations.	
Article 33 Under any of the following circumstances, the Company shall, within 2 days from the date of occurrence of the event, publicly announce and report the relevant information about the acquisition or disposal of assets on the designated website of the Financial Supervisory Commission using the specified format based on the nature of the transaction: A.Acquisition or disposal of real estate or its lease assets from or to a related party, or acquisition or disposal of assets other than real estate or its lease assets from or to a related party where the transaction amount reaches 20% or more of paid-in capital, 10% or more of the Company's total assets, or NT$300 million or more. However, this shall not apply to trading of domestic government bonds or bonds under repurchase and resale agreements, or subscription or redemption of money market funds issued by domestic securities investment trust enterprises. B.Merger, split, acquisition, or assignment of shares. C.Losses from derivatives trading reaching the limits on aggregate losses or losses on individual contracts set out in the Rules adopted by the Company. D.Where equipment or its lease	Article 33 Under any of the following circumstances, the Company shall, within 2 days from the date of occurrence of the event, publicly announce and report the relevant information about the acquisition or disposal of assets on the designated website of the Financial Supervisory Commission using the specified format based on the nature of the transaction: A.Acquisition or disposal of real estate or its lease assets from or to a related party, or acquisition or disposal of assets other than real estate or its lease assets from or to a related party where the transaction amount reaches 20% or more of paid-in capital, 10% or more of the Company's total assets, or NT$300 million or more. However, this shall not apply to trading of domestic government bonds or bonds under repurchase and resale agreements, or subscription or redemption of money market funds issued by domestic securities investment trust enterprises. B.Merger, split, acquisition, or assignment of shares. C.Losses from derivatives trading reaching the limits on aggregate losses or	The relevant texts were amended in accordance with the Financial Supervisory Commission, Jin-Guan-Zheng-Fa-Zi No. 1140383333 Order dated July 24, 2025. Given that the acquisition or disposal of equipment for business use by public companies constitutes a normal course of business activity, and that such companies may have a need to conduct fund allocation through investments in fixed-income bonds to enhance cash yield, and based on the Principle of Materiality for information disclosure, the transaction amount announcement thresholds have been relaxed for public companies with paid-in capital of NT$50 billion or more. This relaxation applies to transactions with non-related parties involving equipment for business use,

Contents after amendment	Current Contents	Reasons for amendment
assets for business use are acquired or disposed of, and furthermore the transaction counterparty is not a related party, and the transaction amount meets any of the following criteria: 1.For a public company whose paid-in capital is less than NT$10 billion, the transaction amount reaches NT$500 million or more. 2.For a public company whose paid-in capital is NT$10 billion or more<u> but less than NT$50 billion</u>, the transaction amount reaches NT$1 billion or more. 3.<u>For a public company whose paid-in capital is NT$50 billion or more, the transaction amount reaches 5 percent or more of paid-in capital.</u> E.Where real estate is acquired under an arrangement engaging in the development of self-owned land, development of leased land, joint construction and allocation of housing units, joint construction and allocation of ownership percentages, or joint construction and separate sale, and furthermore the transaction counterparty is not a related party, and the amount the Company expects to invest in the transaction falls below NT$500 million. <u>F. In the case of the Company, transactions in government bonds, ordinary corporate bonds, and general bank debentures without equity characteristics (excluding subordinated debentures) traded on securities exchanges or at securities firms' places of business, which do not fall under any of the circumstances set out in the proviso to</u>	losses on individual contracts set out in the Rules adopted by the Company. D.Where equipment or its lease assets for business use are acquired or disposed of, and furthermore the transaction counterparty is not a related party, and the transaction amount meets any of the following criteria: 1.For a public company whose paid-in capital is less than NT$10 billion, the transaction amount reaches NT$500 million or more. 2.For a public company whose paid-in capital is NT$10 billion or more, the transaction amount reaches NT$1 billion or more. E.Where real estate is acquired under an arrangement engaging in the development of self-owned land, development of leased land, joint construction and allocation of housing units, joint construction and allocation of ownership percentages, or joint construction and separate sale, and furthermore the transaction counterparty is not a related party, and the amount the Company expects to invest in the transaction falls below NT$500 million. <u>F.</u> Where an asset transaction other than any of those referred to in the preceding <u>five</u> subparagraphs, a disposal of receivables, or an investment in the	government bonds, ordinary corporate bonds, and general bank debentures without equity characteristics. Therefore, the text pertaining to the above announcement thresholds has been added, and the relevant item numbers have been adjusted.

Contents after amendment	Current Contents	Reasons for amendment
subparagraph G, where the transaction counterparty is not a related party, and the transaction amount reaches 5 percent or more of the Company's paid-in capital. G. Where an asset transaction other than any of those referred to in the preceding six subparagraphs, a disposal of receivables, or an investment in the Mainland China area reaches 20% or more of paid-in capital or NT$300 million or more; provided that this shall not apply to the following circumstances: 1.Trading of domestic government bonds, or foreign government bonds issued by a foreign central government with a sovereign rating not lower than the sovereign rating of the ROC. 2.Where done by professional investors - Securities trading on securities exchanges or OTC markets, or subscription for foreign government bonds, or ordinary corporate bonds and general bank debentures without equity characteristics (excluding subordinated debt) that are offered and issued in the primary market, or subscription for or redemption of securities investment trust funds or futures trust funds, or subscription for or reverse sale of ETNs. 3.Trading of bonds under repurchase and resale agreements, or subscription or redemption of money market funds issued by domestic securities	Mainland China area reaches 20% or more of paid-in capital or NT$300 million or more; provided that this shall not apply to the following circumstances: 1.Trading of domestic government bonds, or foreign government bonds issued by a foreign central government with a sovereign rating not lower than the sovereign rating of the ROC. 2.Where done by professional investors - Securities trading on securities exchanges or OTC markets, or subscription for foreign government bonds, or ordinary corporate bonds and general bank debentures without equity characteristics (excluding subordinated debt) that are offered and issued in the primary market, or subscription for or redemption of securities investment trust funds or futures trust funds, or subscription for or reverse sale of ETNs. 3.Trading of bonds under repurchase and resale agreements, or subscription or redemption of money market funds issued by domestic securities investment trust enterprises. The amount of transactions above shall be calculated as follows: A.The amount of any	

Contents after amendment	Current Contents	Reasons for amendment
investment trust enterprises. The amount of transactions above shall be calculated as follows: A.The amount of any individual transaction. B.The cumulative transaction amount of acquisitions or disposals of the same type of underlying asset with the same transaction counterparty within one year. C.The cumulative transaction amount of real estate or its lease assets acquired or disposed of (to be accumulated separately for acquisition and disposals) for the same development project within one year. D.The cumulative transaction amount of the same securities acquired or disposed of (to be accumulated separately for acquisition and disposals) within one year. "Within one year" as used in the preceding paragraph refers to the year preceding the date of occurrence of the current transaction. Items which have been announced according to these Rules may be excluded. The Company shall compile monthly reports on the status of derivatives trading conducted up to the end of the preceding month for its own transactions and those of its subsidiaries (that are not domestic public companies) and enter the information in the prescribed format into the information reporting website designated by the Financial Supervisory Commission before the 10th of each month. When the Company, at the time of public announcement, makes an	individual transaction. B.The cumulative transaction amount of acquisitions or disposals of the same type of underlying asset with the same transaction counterparty within one year. C.The cumulative transaction amount of real estate or its lease assets acquired or disposed of (to be accumulated separately for acquisition and disposals) for the same development project within one year. D.The cumulative transaction amount of the same securities acquired or disposed of (to be accumulated separately for acquisition and disposals) within one year. "Within one year" as used in the preceding paragraph refers to the year preceding the date of occurrence of the current transaction. Items which have been announced according to these Rules may be excluded. The Company shall compile monthly reports on the status of derivatives trading conducted up to the end of the preceding month for its own transactions and those of its subsidiaries (that are not domestic public companies) and enter the information in the prescribed format into the information reporting website designated by the Financial Supervisory Commission before the 10th of each month. When the Company, at the time of public announcement, makes an error or omission in an item required by regulations	

Contents after amendment	Current Contents	Reasons for amendment
error or omission in an item required by regulations to be publicly announced and so is required to correct it, all the items shall be again publicly announced and reported in their entirety within two days counting inclusively from the date of knowing of such error or omission. When acquiring or disposing of assets, the Company shall retain for itself a file of the relevant contracts, meeting minutes, logbooks, appraisal reports, opinions from the accountants, attorneys and securities underwriters for at least five years, unless otherwise provided by law.	to be publicly announced and so is required to correct it, all the items shall be again publicly announced and reported in their entirety within two days counting inclusively from the date of knowing of such error or omission. When acquiring or disposing of assets, the Company shall retain for itself a file of the relevant contracts, meeting minutes, logbooks, appraisal reports, opinions from the accountants, attorneys and securities underwriters for at least five years, unless otherwise provided by law.	
Article 35 When a subsidiary is not a public company, the Company shall publicly announce the subsidiary's acquisition or disposal of assets requiring public announcement as prescribed by this Chapter. <u>The paid-in capital or total assets of the Company shall be the standard applicable to a subsidiary referred to in the preceding paragraph in determining whether, relative to paid-in capital or total assets, it reaches a threshold requiring public announcement and regulatory filing under Article 33, paragraph 1.</u> The total assets stated in the Company's most recent individual financial report shall be used for the calculation of 10% of the total assets under these Rules.	Article 35 When a subsidiary is not a public company, the Company shall publicly announce the subsidiary's acquisition or disposal of assets requiring public announcement as prescribed by this Chapter. <u>With regard to the threshold for announcement or reporting by subsidiaries prescribed in Subparagraph 4, Paragraph 1, Article 33, herein (i.e., 20% of paid-in capital or 10% of total assets), the calculation basis for the threshold shall be the paid-in capital or total assets of the Company.</u> The total assets stated in the Company's most recent individual financial report shall be used for the calculation of 10% of the total assets under these Rules.	The text was revised for clarity.

【Appendix VI】

Description of the long-term fund raising proposal

I. Issuance of common shares and/or preferred shares via domestic cash capital increase

A. In this cash capital increase proposal, we plan to issue common shares and/or preferred shares either through book building or public subscription.

B. Via book building

1. If book building is adopted, apart from reserving 10% to 15% of the total number of newly issued shares for subscription by the Company's employees (including employees of the subsidiaries specified by Article 30 of the Financial Holding Company Act), as required by Article 267 of the Company Act, the remaining shares shall be offered publicly via book building with existing shareholders abstaining from exercising their priority subscription rights with respect to the new shares in accordance with Article 28-1 of the Securities and Exchange Act. The Chairman is authorized to place any portion of the new issued shares not subscribed to by the Company's employees for subscription in the full quantity by designated individuals at the issue price.
2. According to Article 7 of “Self-Regulation Rules Governing Underwriter Members of Taiwan Securities Association Guiding Issuance Companies to Offer and Issue Securities”, the issue price of common shares shall be no less than 90% of the simple arithmetic average closing price of the common shares of the Company for either one, three or five consecutive business days before pricing date, after adjustment for any distribution of shares dividends, cash dividends or capital reduction. (If changes in the laws should be coordinate the pricing adjustments.). The Board of Directors and/or Chairman of the Board shall determine the actual issue price based on the pricing principles set out in the paragraphs above, the status of the book building in consultation with the underwriter, as well as on the conditions of the market where the securities are issued and regulatory requirements.
3. The determination of issuance price of preferred shares shall be within the variation scope of 10% of theoretical price pursuant to Article 12 of “Self-Regulation Rules Governing Underwriter Members of Taiwan Securities Association Guiding Issuance Companies to Offer and Issue Securities” The board of directors and/or the chairman is authorized to determine the price with the underwriter after taking into consideration the circumstances of book building consolidation, the situation of the issuance market, and the relevant laws and regulations.

C. Via public offering

1. If public offering and distribution is adopted, apart from reserving 10% to 15% of the total number of newly issued shares for subscription by the Company's employees (including employees of the subsidiaries specified by Article 30 of the Financial Holding Company Act) and also allocating 10% for subscription by the general public in accordance with Article 28-1 of the Securities and Exchange Act, the remaining shares shall be available for subscription by existing shareholders based on their respective percentages of shareholding in the Company on the subscription reference date. The Chairman is authorized to place any portion of the newly issued shares not subscribed

to by the Company's employees or existing shareholders for subscription in the full quantity by designated individuals at the issue price.

2. According to Article 6 of “Self-Regulation Rules Governing Underwriter Members of Taiwan Securities Association Guiding Issuance Companies to Offer and Issue Securities”, the issue price of common shares shall be no less than 70% of the simple arithmetic average closing price of the common shares of the Company for either one, three or five consecutive business days before pricing date, after adjustment for any distribution of shares dividends, cash dividends or capital reduction. (If changes in the laws, should be coordinate the pricing adjustments.). The Board of Directors is authorized to assign the ex-dividend date as the valuation reference date.
3. The determination of issuance price of preferred shares shall be within the variation scope of 10% of theoretical price pursuant to Article 12 of “Self-Regulation Rules Governing Underwriter Members of Taiwan Securities Association Guiding Issuance Companies to Offer and Issue Securities” The board of directors and/or the chairman is authorized to determine the price with the underwriter after taking into consideration the circumstances of book building consolidation, the situation of the issuance market, and the relevant laws and regulations.

II. Cash capital increase by issuing common shares and participation in the issuance of GDR

A. If participation in the issuance of GDR is adopted for the cash capital increase and issuance of common shares, apart from reserving 10% to 15% of the total number of newly issued shares for subscription by the Company's employees (including employees of the subsidiaries specified by Article 30 of the Financial Holding Company Act), as required by Article 267 of the Company Act, the remaining of the newly issued shares shall be allocated for participation in the issuance of GDR with existing shareholders abstaining from exercising their priority subscription rights with respect to the new shares in accordance with Article 28-1 of the Securities and Exchange Act. The Chairman is authorized to place any portion of the newly issued shares not subscribed to by the Company's employees for subscription in the full quantity by designated individuals at the issue price or reallocated it to the original securities that are participating in the issuance of GDR.

B. Pursuant to Article 9 of “Self-Regulation Rules Governing Underwriter Members of Taiwan Securities Association Guiding Issuance Companies to Offer and Issue Securities” and prevailing market issuance practices, the issue price for the common shares that are participating in the issuance of GDR for cash capital increase shall be no less than 90% of the simple arithmetic average closing price of the common shares of the Company for either one, three or five consecutive business days before pricing date, after adjustment for any distribution of shares dividends, cash dividends or capital reduction. However, in the event of changes in domestic regulations, corresponding changes to the above formula shall also be made.

The Chairman and/or a designated person by the Chairman shall be authorized by the Board of Directors to determine the actual issue price based on actual market conditions, domestic laws and regulations and common practices in the market where the securities are issued, as well as in consultation with the underwriter.

C. In conjunction with the issuance of common shares for capital increase in cash and participation in GDR issuance, we request that the Board of Directors authorize the Chairman and/or a designated people by the Chairman to represent the Company in signing all documents related to the participation in the issuance of GDR as well as in handling all required matters related to the participation in the issuance of GDR.

III. Impact of this cash capital increase proposal on shareholders' equity：

In this cash capital increase proposal, we plan to issue common shares or preferred shares; cash capital increase for issuance of common shares in participation of Global Depositary Receipts (choose one or more than two for combination). Since the preferred shares issued this time may not be transformed into common shares, if it is conducted by issuing preferred shares, there will be no effect of diluting the equity of shareholders. If it is conducted by issuing common shares, it will account for 9.3% of current outstanding shares of the Company calculated with the common shares issuance limit of 1.5 billion shares. Although the equity of shareholders will be partially diluted, it is expected to enhance the competitiveness and improve the operational efficiency of the Company. This is because the estimated fund will meet one or more purpose of enhancing the financial structure of the Company, increasing capital adequacy ratio of the Company, repaying loans, and coping with the long-term development strategy. It will not cause significant impacts on the common equity of shareholders；if it is conducted by issuing common shares that are participating in the issuance of GDR for cash capital increase, the issue price is determined based on the market price of the Company's common shares traded in domestic stock exchange market. It remains that the original shareholders may purchase the Company's common shares in domestic stock exchange market at a price close to the GDR issuance price. Since the original shareholders don’t bear any exchange rate or liquidity risk, this arrangement is not expected to have any negative impact on the interests of the original shareholders.

IV. The capital raised in this cash capital increase plan is expected to be used for the following: strengthening the Company's financial structure, enhancing the Company's capital adequacy ratio, repaying loans or one or more purposes for the development of the Company's long-term strategies. The capital raised is expected to enhance the Company's competitiveness and improve our operational efficiency, and it will have a positive impact on shareholders' equity.

V. We ask that shareholders' meeting authorize the Board of Directors and/or the Chairman of the Board to consider the content of the cash capital increase proposal (including but not limited to the actual issue price, offering terms, project items, amount of capital raised, schedule of completion, expected benefits and other matters relevant to the proposal), make all necessary adjustments based on market conditions and regulatory requirements, work out the final details and implement the proposal. If the cash capital increase proposal must be changed as ordered by the regulatory authority or required by the circumstances, we also ask that the Board of Directors and/or the Chairman be given full authorization to carry out the corresponding changes.

VI. For matters not covered herein, the Board of Directors and/or the Chairman shall proceed with full authorization and in accordance with relevant laws and regulations.